Staple Issue Slip Here

BEST AVAILABLE COPY

POSITION		ID NO.	DATE
CLASSIFIER		46	7-11-95
EXAMINER		716	7-12-95
TYPIST		716	7-12-95
VERIFIER			
CORPS CORR.			
SPEC. HAND			
FILE MAINT.			
DRAFTING			

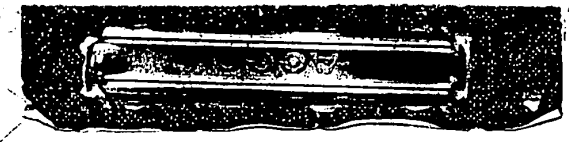
INDEX OF CLAIMS

Claim Final	Claim Original	Date 12/95	Date 10/96	Date 7/97
1	(1)	✓	✓	✓
5	2	✓		
6	3	✓		
7	4	✓		
8	5	✓		
9	6	✓		
10	7	✓		
11	(8)	✓		
12	(9)	✓		
13	10	✓		
14	11	✓		
15	12	✓		
16	13	✓		
17	14	✓		
18	15	✓		
22	(16)	✓		
23	(17)	✓		
24	18	✓		
25	19	✓		
26	20	✓		
27	21	✓		
28	22	✓		
29	(23)	✓		
31	24	✓		
32	25	✓		
33	26	✓		
34	27	✓		
35	28	✓		
36	(29)	✓		
40	30	✓		
41	(31)	✓		
2	32			
3	33			
4	34			
31	35			
38	36			
39	37			
42	(38)			
43	39			
44	40			
45	41			
46	(42)			
47	(43)			
48	44			
49	45			
50	46			
51	47			
52	48			
53	49			
54	50	✓	✓	—

SYMBOLS

✓ ..... Rejected
= ..... Allowed
- (Through numeral) Canceled
. ..... Restricted
N ..... Non-elected
I ..... Interference
A ..... Appeal
O ..... Objected

Claim Final	Claim Original	Date 10/96	Date 7/97
55	51	✓	✓
56	52		
57	53		
19	54		
20	55		
21	56		
58	(57)		
59	58		
60	59		
61	60		
30	61		
62	(62)		
63	(63)	✓	✓
	64		
	65		
	66		
	67		
	68		
	69		
	70		
	71		
	72		
	73		
	74		
	75		
	76		
	77		
	78		
	79		
	80		
	81		
	82		
	83		
	84		
	85		
	86		
	87		
	88		
	89		
	90		
	91		
	92		
	93		
	94		
	95		
	96		
	97		
	98		
	99		
	100		



5966440

5966440

ISSUE CLASSIFICATION: Class 380 Subclass

08/471964

UTILITY SERIAL NUMBER 08/471964	PATENT DATE OCT 12 1999	PATENT NUMBER

SERIAL NUMBER / FILING DATE	CLASS	SUBCLASS	GROUP ART UNIT	EXAMINER
	380	4		

APPLICANTS

BEST AVAILABLE COPY

HN YES

HN NONE

Foreign priority claimed 35 USC 119 conditions met Verified and Acknowledged	yes / no	Examiner's initials	AS FILED	STATE OR COUNTRY	SHEETS DRWGS.	TOTAL CLAIMS	INDEP. CLAIMS	FILING FEE RECEIVED	ATTORNEY'S DOCKET NO.
	☐ yes ☑ no	HN							

ADDRESS

Angel N. Schwartz
Attorneys at Law
One Sterling Plaza
201 North Craig Street, Ste. 304
Pittsburgh, PA 15213

TITLE #16 A System and Method for Transmitting Received Digital Video or Digital Audio Signals

U.S. DEPT. OF COMM./ PAT. & TM—PTO-436L (Rev.12-84)

PARTS OF APPLICATION FILED SEPARATELY

Applications Examiner 9/11/98

NOTICE OF ALLOWANCE MAILED: 9/15/98

Assistant Examiner

CLAIMS ALLOWED

Total Claims	Print Claim
63	1

ISSUE FEE

Amount Due	Date Paid
660	

DRAWING

Sheets Drwg.	Figs. Drwg.	Print Fig.
2	2	2

HOA T. NGUYEN
PRIMARY EXAMINER
Primary Examiner

ISSUE BATCH NUMBER 516

Label Area

PREPARED FOR ISSUE

WARNING: The information disclosed herein may be restricted. Unauthorized disclosure may be prohibited by the United States Code Title 35, Sections 122, 181 and 368. Possession outside the U.S. Patent & Trademark Office is restricted to authorized employees and contractors only.

Form PTO-436A (Rev. 8/92)

ISSUE FEE IN FILE

(FACE)

SEARCHED

Class	Sub.	Date	Exmr.
235	381	12/95	HN
364	479		
369	33,34		
	84,85		
364	410		
235	380		
	375		
updated		9/98	HN
360	15		
380	4		
364	918		
364	918.51		
364	921		
364	926.9		
	926.91		
	926.92		
	926.93		

INTERFERENCE SEARCHED

Class	Sub.	Date	Exmr.
380	4	9/98	HN
360	15		
364	918.51		

SEARCH NOTES

	Date	Exmr.
Orbit (wpat) searched enclosed	2/97	HN

676/20

OR/471964 A

Attorney's Docket No. HAIR-1 CONT III **PATENT**

2/A
A, Wms
9/1/95

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Anticipated Classification of this application:

Class _____ Subclass _____

Prior application:

Examiner: H. Nguyen

Art Unit: 2313

Box Patent Application
Commissioner of Patents and Trademarks
Washington, D.C. 20231

TRANSMITTAL OF FILING UNDER 37 CFR 1.60(b)

WARNING: *A C-I-P (continuation-in-part) cannot be filed under 37 CFR 1.60.*

WARNING: *Filing under 37 CFR 1.60 is permitted only if filed by the same or less than all the inventors named in the prior application. 37 CFR 1.60(b)(3).*

WARNING: *The filing of an application at the United States stage of an International Application requires an oath or declaration. 37 CFR 1.61(a)(4).*

WARNING: *The claims of this new application may be finally rejected in the first Office action where all claims of the new application are drawn to the same invention claimed in the earlier application and would have been properly finally rejected on the grounds or art of record in the next Office action if they had been entered in the earlier application. MPEP § 706.07(b).*

This is a request for filing a

☒ Continuation

☐ Divisional

application under 37 CFR 1.60, of pending prior application

Serial No. 08/ 023,398 filed on February 26, 1993
(*Date*)

of Arthur R. Hair
(*Inventor(s)*)

for A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS
(*Title of invention*)

CERTIFICATION UNDER 37 CFR 1.10

I hereby certify that this 37 CFR 1.60 request and the documents referred to as attached therein are being deposited with the United States Postal Service on this date June 6, 1995 in an envelope as "Express Mail Post Office to Addressee" service under 37 CFR 1.10, Mailing Label Number TB736361428US addressed to the: Commissioner of Patents and Trademarks, Washington, D.C. 20231.

Tracey L. Milka
(*type or print name of person mailing paper*)

Tracey L. Milka
(Signature of person mailing paper)

NOTE: *Each paper or fee filed by "Express Mail" must have the number of the "Express Mail" mailing label placed thereon prior to mailing. (37 CFR 1.10(b)).*

WARNING: *Certificate of mailing (first class) or facsimile transmission procedures of 37 CFR 1.8 cannot be used to obtain a date of mailing or transmission for this correspondence.*

NOTE: *37 CFR 1.60 permits the omission of a declaration only if the prior application was complete as set forth in 37 CFR 1.51(a), namely, the prior application comprised at least (1) a specification, including a claim or claims; (2) a declaration; (3) drawings when necessary; and (4) the prescribed filing fee. Accordingly, as presently worded, 37 CFR 1.60 does not permit this procedure to be used where the prior application is pending but only the processing and retention fee required by 37 CFR 1.21(l) is paid or where the declaration was not filed.*

1. Copy of Prior Application as Filed Which is Attached

NOTE: *Under 37 CFR 1.60, practice signing and execution of the application by the applicant may be omitted provided the copy is supplied by and accompanied by a statement by the applicant or his or her attorney or agent that the application papers comprise a true copy of the prior application as filed and that no amendments referred to in the declaration filed to complete the prior application introduced new matter therein.*

NOTE: *This statement need not be verified if made by an attorney registered to practice before the PTO. (37 CFR 1.60(b)).*

☒ I hereby verify that the attached papers are a true copy of what is shown in my records to be the above identified prior application, including the oath or declaration originally filed (37 CFR 1.60).

The copy of the papers of prior application as filed which are attached are as follows:

☒ 11 page(s) of specification

☒ 11 page(s) of claims

☒ 1 page(s) of abstract

☒ 2 sheet(s) of drawing

(also complete part 6 below if drawings are to be transferred)

☒ 2 pages of declaration and power of attorney

(If the copy of the declaration being filed does not show applicant's signature, because the attorney's records do not contain a copy of the signed declaration actually filed for the application, indicate thereon that it was signed and complete the following:)

☐ in accordance with the indication required by 37 CFR 60(b), my records reflect that the original signed declaration showing applicant's signature was filed on _____.

☐ the amendment referred to in the declaration filed to complete the prior application and I hereby state, in accordance with the requirements of 37 CFR 1.60(b), that this amendment did not introduce new matter therein.

2. Amendments

WARNING: *"The claim of a new application may be finally rejected in the first Office action in those situations where (1) the new application is a continuing application of, or a substitute for, an earlier application, and (2) all the claims of the new application (a) are drawn to the same invention claimed in the earlier application, and (b) would have been properly finally rejected on the grounds or art of record in the next Office action if they had been entered in the earlier application." MPEP § 706.07(b).*

☐ Cancel in this application original claims _____ of the prior application before calculating the filing fee. (At least one original independent claim must be retained for filing purposes.)

☐ A preliminary amendment is enclosed. (Claims added by this amendment have been properly numbered consecutively beginning with the number next following the highest numbered original claim in the prior application.)

NOTE: Only amendments reducing the number of claims or adding a reference to the prior application (Rule 1.78(a)) will be entered before calculating the filing fee and granting the filing date. 37 CFR 1.60(b).

NOTE: "When filing under Rule 1.60 retain at least one original claim from the patent application to assure a complete application." Notice of March 3, 1986 (1064 O.G. 37-38).

3. Petition for Suspension of Prosecution for the Time Necessary to File an Amendment

NOTE: Where it is possible that the claims on file will give rise to a first action final for this continuation application and for some reason an amendment cannot be filed promptly (e.g., experimental data is being gathered) it may be desirable to file a petition for suspension of prosecution for the time necessary).

(check the next item, if applicable)

☐ There is provided herewith a Petition To Suspend Prosecution For The Time Necessary to File An Amendment (New Application Filed Concurrently).

4. Information Disclosure Statement

(check this item, if applicable)

☐ An information disclosure statement is submitted herewith.

5. Fee Calculation (37 CFR 1.16)

CLAIMS AS FILED					
Number filed	Number Extra			Rate	Basic Fee 37 CFR 1.16(a) $730.00
Total Claims (37 CFR 1.16(c))	31 −20=	11	×	$ 22.00	242.00
Independent Claims (37 CFR 1.16(b))	8 −3=	5	×	$ 76.00	380.00
Multiple dependent claim(s), if any (37 CFR 1.16(d))			+	$240.00	

☐ Fee for extra claims is not being paid at this time. (37 CFR 1.16(d))

NOTE: If the fees for extra claims are not paid on filing they must be paid or the claims cancelled by amendment, prior to the expiration of the time period set for response by the PTO in any notice of fee deficiency. 37 CFR 1.16(d).

Filing Fee Calculation $ 1,352.00

6. Small Entity Status

☒ A verified statement that this filing is by a small entity:

☐ is attached

☒ has been filed in the parent application and such status is still proper and desired (37 CFR 1.28(a))

Filing Fee Calculation (50% of above) $ 676.00

NOTE: Any excess of the full fee paid will be refunded if a verified statement is filed within 2 months of the date of timely payment of a full fee then the excess fee paid will be refunded on request. 37 CFR 1.28(a).

NOTE: 37 CFR 1.28(a), last sentence states: "Applications filed under § 1.60 or § 1.62 of this part must include a reference to a verified statement in a parent application if status as a small entity is still proper and desired."

7. Drawings

☐ Drawings are enclosed

☐ formal

☐ informal

WARNING: *DO NOT submit original drawings. A high quality copy of drawings should be supplied when filing a patent application. The drawings that are submitted to the Office must be on strong, white, smooth, and non-shiny paper and meet the standards of § 1.84. If corrections to the drawings are necessary, they should be made to the original drawings and a high-quality copy of the corrected original drawing then submitted to the Office. Only one copy is required or desired. Comments on proposed new 37 CFR 1.84. Notice of March 9, 1988 (1090 O.G. 57-62).*

NOTE: "Identifying indicia, if provided, should include the application number or the title of the invention, inventor's name, docket number (if any), and the name and telephone number of a person to call if the Office is unable to match the drawings to the proper application. This information should be placed on the back of each sheet of drawing a minimum distance of 1.5 cm. (5/8 inch) down from the top of the page." 37 C.F.R. 1.84(c)).

8. Priority—35 U.S.C. 119

☐ Priority of application Serial No. 0 /_____ filed on _____ in _____ is claimed under 35 U.S.C. 119. (country)

☐ The certified copy has been filed in prior U.S. application Serial No. 0 /_____ on _____.

☐ The certified copy will follow.

9. Relate Back—35 U.S.C. 120

☒ Amend the specification by inserting, before the first line, the following sentence:

"This is a

☒ continuation

☐ divisional

of copending application(s)

☒ Serial number 0 8/ 023,398 filed on 2/26/93 "

which is a cont of 07/586,291 filed on 9-18-90 now U.S. Pat. No. 5,191,573 which is a cont of 07/206,447 filed on 6-13-88

A'

☐ International Application _____ filed on _____ and which designated the U.S."

NOTE: The proper reference to a prior filed PCT application which entered the U.S. national phase is the U.S. serial number and the filing date of the PCT application which designated the U.S.

10. Inventorship Statement

NOTE: If the continuation or divisional application is filed by less than all the inventors named in the prior application a statement must accompany the application when filed requesting deletion of the names of the person or persons who are not inventors of the invention being claimed in the continuation or divisional application. 37 CFR 1.60(b) [emphasis added].

(complete appropriate items (a) and (b))

(a) With respect to the prior copending U.S. application from which this application claims benefit under 35 USC 120 the inventor(s) in this application is (are):

(complete applicable item below)

☒ the same

☐ less than those named in the prior application and it is requested that the following inventor(s) identified above for the prior application be deleted:

_____

(type name(s) of inventor(s) to be deleted)

(b) The inventorship for all the claims in this application are

☒ the same

☐ not the same, and an explanation, including the ownership of the various claims at the time the last claimed invention was made, is submitted.

11. Assignment

☐ The prior application is assigned of record to

_____

☐ An assignment of the invention to _____

_____

is attached. A separate ☐ "COVER SHEET FOR ASSIGNMENT (DOCUMENT) ACCOMPANYING NEW PATENT APPLICATION" or ☐ FORM PTO 1595 is also attached.

NOTE: "If an assignment is submitted with a new application, send two separate letters - one for the application and one for the assignment." Notice of May 4, 1990 (1114 O.G. 77-78).

NOTE: When an assignee files a . . . divisional application (under . . . 1.60 . . .) reference may be made to a statement filed under 37 CFR 3.73(b) in the parent application, or a copy of that statement may be filed. Notice of April 30, 1993, 1150 O.G. 62-64.

12. Fee Payment Being Made At This Time

☐ Not Enclosed

☐ No filing fee is submitted. *(This and the surcharge required by 37 CFR 1.16(e) can be paid subsequently).*

☒ Enclosed

☒ basic filing fee $ 676.00

☐ recording assignment ($40.00; 37 CFR 1.21(h)) (See attached "COVER SHEET FOR ASSIGNMENT ACCOMPANYING NEW PATENT APPLICATION".)

☐ processing and retention fee ($130.00; 37 CFR 1.53(d) and 1.21(l)) $ _____

NOTE: 37 CFR 1.21(l) establishes a fee for processing and retaining any application which is abandoned for failing to complete the application pursuant to 37 CFR 1.53(d) and this, as well as the changes to 37 CFR 1.53 and 1.78 indicate that in order to obtain the benefit of a prior U.S. application, either the basic filing fee must be paid or else the processing and retention fee of § 1.21(l) must be paid within 1 year from notification under § 53(d).

Total fees enclosed $ 676.00

13. Method of Payment of Fees

☒ Enclosed is a check in the amount of $ 676.00

☐ Charge Account No. _____ in the amount of $_____. A duplicate of this request is attached.

NOTE: Fees should be itemized in such a manner that is clear for which purpose the fees are paid. 37 CFR 1.22(b).

14. Authorization To Charge Additional Fees

WARNING: *If no fees are being paid on filing do not complete this item.*

WARNING: *Accurately count claims, especially multiple dependent claims, to avoid unexpected high charges if extra claim charges are authorized.*

☒ The Commissioner is hereby authorized to charge the following additional fees which may be required by this paper and during the entire pendency of the application to Account No. 19-0737

☒ 37 CFR 1.16 (a), (f) or (g) (filing fees)

☒ 37 CFR 1.16 (b), (c) and (d) (presentation of extra claims)

NOTE: Because additional fees for excess or multiple dependent claims not paid on filing or on later presentation must only be paid or these claims cancelled by amendment prior to the expiration of the time period set for response by the PTO in any notice of fee deficiency (37 CFR 1.16(d)) it might be best not to authorize the PTO to charge additional claim fees, except possibly when dealing with amendments after final action.

☐ 37 CFR 1.17 (application processing fees)

WARNING: *While 37 CFR 1.17(a), (b), (c) and (d) deal with extensions of time under § 1.136(a) this authorization should be made only with the knowledge that: "Submission of the appropriate extension fee under 37 CFR 1.136(a) is to no avail unless a request or petition for extension is filed." [emphasis added]. Notice of November 5, 1985 (1060 O.G. 27).*

☐ 37 CFR 1.18 (issue fee at or before mailing Notice of Allowance, pursuant to 37 CFR 1.311(b)).

NOTE: Where an authorization to charge the issue fee to a deposit account has been filed before the mailing of a Notice of Allowance, the issue fee will be automatically charged to the deposit account at the time of mailing the notice of allowance. 37 CFR 1.311(b)).

NOTE: 37 CFR 1.28(b) requires "Notification of any change in status resulting in loss of entitlement to small entity status must be filed in the application . . . prior to paying or at the time of paying . . . issue fee." From the wording of 37 CFR 1.28(b): (a) notification of change of status must be made even if the fee is paid as "other than a small entity" and (b) no notification is required if the change is to another small entity.

15. Power of Attorney

☒ The power of attorney in the prior application is to

Ansel M. Schwartz — 30,587

(Attorney) — *(Reg. No.)*

a. ☒ The power appears in the original papers in the prior application.

b. ☐ Since the power does not appear in the original papers, a copy of the power in the prior application is enclosed.

c. ☐ A new power has been executed and is attached.

d. ☒ Address all future communications to

(item d may only be completed by applicant, or attorney or agent of record)

Ansel M. Schwartz
425 N. Craig Street
Suite 301
Pittsburgh, PA 15213

16. Maintenance of Copendency of Prior Application

(this item must be completed and the papers filed in the prior application if the period set in the prior application has run.)

☐ A petition, fee and response has been filed to extend the term in the pending prior application until _____.

NOTE: The PTO finds it useful if a copy of the petition filed in the prior application extending the term for response is filed with the papers constituting the filing of the Continuation Application. Notice of November 5, 1985 (1060 O.G. 27).

☐ A copy of the petition for extension of time in the prior application is attached.

17. Conditional Petition for Extension of Time in Prior Application

(complete this item and file conditional petition in the prior application if previous item not applicable)

☐ A conditional petition for extension of time is being filed in the pending parent application.

NOTE: The PTO finds it useful if a copy of the petition filed in the prior application extending the term for response is filed with the paper constituting the filing of the continuation application. Notice of November 5, 1985 (1060 O.G. 27).

☐ A copy of the conditional petition for extension of time in the prior application is attached.

18. Abandonment of Prior Application (*if applicable*)

WARNING: *(Do not complete this item if the application being filed is a divisional of the prior application which is not being abandoned).*

NOTE: "A registered attorney or agent acting under the provisions of § 1.34(a), or of record, may also expressly abandon a prior application as of the filing date granted to a continuing application when filing such a continuing application." 37 CFR 1.138.

☐ Please abandon the prior application at a time while the prior application is pending or when the petition for extension of time or to revive in that application is granted and when this application is granted a filing date so as to make this application copending with said prior application.

19. Notification in Parent Application of the Filing of This Continuation Application

☐ A notification of the filing of this continuation is being filed in the parent application from which this application claims priority under 35 USC § 120.

20. Statement by Assignee (*if applicable*)

☐ In accordance with 37 CFR 3.73, I have reviewed the evidentiary documents establishing my/our ownership of the application identified herein, and certify that to the best of my/our knowledge and belief, title is with me/us who seek to take action.

☐ Assignment submitted herewith for recordal

I hereby declare further that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

Ansel M. Schwartz
(type or print name of person signing declaration)

6/6/95
Date

Ansel M. Schwartz
Signature

425 N. Craig Street
(P.O. Address of Signatory)
Suite 301
Pittsburgh, PA 15213

☐ Inventor
☐ Assignee of complete interest
☐ Person authorized to sign on behalf of assignee
☒ Attorney or agent of record
☐ Filed under Rule 34(a)

(1) Tel. No. :(412) 621-9222
Reg. No. 30,587
(if applicable)

(complete the following if applicable)

(Type name of assignee)

(Title of person authorized to sign on behalf of assignee)

(Address of assignee)

Assignment recorded in PTO on

Reel _____
Frame _____

The statement under 37 CFR 3.73(b)

☐ has been filed in the parent application.

☐ a copy of the statement previously filed in the parent application is attached.

08/471964

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

CROSS REFERENCE TO OTHER PATENTS

This is a continuation application of U.S. patent application serial number 07/586,391 filed September 18, 1990, now U.S. Patent No. 5,191,573, issued March 2, 1993, which is a continuation application of U.S. patent application serial number 07/206,497, filed June 13, 1988, abandoned.

FIELD OF THE INVENTION

The present invention is related to a system and associated method for the electronic sales and distribution of digital audio or video signals, and more particularly, to a system and method which a user may purchase and receive digital audio or video signal from any location which the user has access to telecommunications lines.

BACKGROUND OF THE INVENTION

The three basic mediums (hardware units) of music: records, tapes, and compact discs, greatly restricts the transferability of music and results in a variety of inefficiencies.

CAPACITY: The individual hardware units as cited above are limited as to the amount of music that can be stored on each.

MATERIALS: The materials used to manufacture the hardware units are subject to damage and deterioration during normal operations, handling, and exposure to the elements.

SIZE: The physical size of the hardware units imposes constraints on the quantity of hardware units which can be housed for playback in confined areas such as in automobiles, boats, planes, etc.

RETRIEVAL: Hardware units limit the ability to play, in a sequence selected by the user, songs from different albums. For example, if the user wants to play one song from ten different albums, the user would spend an inordinate amount of time handling, sorting, and cueing the ten different hardware units.

SALES AND DISTRIBUTION: Prior to final purchase, hardware units need to be physically transferred from the manufacturing facility to the wholesale warehouse to the retail warehouse to the retail outlet, resulting in lengthy lag time between music creation and music marketing, as well as incurring unnecessary and inefficient transfer and handling costs. Additionally, tooling costs required for mass production of the hardware units and the material cost of the hardware units themselves, further drives up the cost of music to the end user.

QUALITY: Until the recent invention of Digital Audio Music, as used on Compact Discs, distortion free transfer from the hardware units to the stereo system was virtually impossible. Digital Audio Music is simply music converted into a very basic computer language known as binary. A series of commands known as zeros or ones encode the music for future playback. Use of laser retrieval of the binary commands results in distortion free transfer of the music from the compact disc to the stereo system. Quality Digital Audio Music is defined as the binary structure of the Digital Audio Music. Conventional analog tape recording of Digital Audio Music is not to be considered quality inasmuch as the binary structure itself is not recorded. While Digital Audio Music

on compact discs is a technological breakthrough in audio quality, the method by which the music is sold, distributed, stored, manipulated, retrieved, played and protected from copyright infringements remains as inefficient as with records and tapes.

COPYRIGHT PROTECTION: Since the invention of tape recording devices, strict control and enforcement of copyright laws have proved difficult and impossible with home recorders. Additionally, the recent invention of Digital Audio Tape Recorders now jeopardizes the electronic copyright protection of quality Digital Audio Music on Compact Discs or Digital Audio Tapes. If music exists on hardware units, it can be copied.

Accordingly, it is an objective of this invention is to provide a new and improved methodology/system to electronically sell and distribute Digital Audio Music or digital video.

A further objective of this invention to provide a new and improved methodology/system to electronically store and retrieve Digital Audio Music or digital video.

Another objective of this invention is to provide a new and improved methodology/system to electronically manipulate, i.e., sort, cue, and select, Digital Audio Music or digital video for playback.

Still another objective of this invention is to offer a new and improved methodology/system which can prevent unauthorized electronic copying of quality Digital Audio Music or digital video.

SUMMARY OF THE INVENTION

Briefly, this invention accomplishes the above cited objectives by providing a new and improved methodology/system of

electronic sales, distribution, storage, manipulation, retrieval, playback, and copyright protection of Digital Audio Music. The high speed transfer of Digital Audio Music as prescribed by this invention is stored onto one piece of hardware, a hard disk, thus eliminating the need to unnecessarily handle records, tapes, or compact discs on a regular basis. This invention recalls stored music for playback as selected/programmed by the user. This invention can easily and electronically sort stored music based on many different criteria such as, but not limited to, music category, artist, album, user's favorite songs, etc. An additional feature of this invention is the random playback of songs, also based on the user's selection. For example, the user could have this invention randomly play all jazz songs stored on the user's hard disk, or randomly play all songs by a certain artist, or randomly play all of the user's favorite songs which the user previously electronically "tagged" as favorites. Further, being more specific, the user can electronically select a series of individual songs from different albums for sequential playback.

This invention can be configured to either accept direct input of Digital Audio Music from the digital output of a Compact Disc, such transfer would be performed by the private user, or this invention can be configured to accept Digital Audio Music from a source authorized by the copyright holder to sell and distribute the copyrighted materials, thus guaranteeing the protection of such copyrighted materials. Either method of electronically transferring Digital Audio Music by means of this invention is intended to comply with all copyright laws and restrictions and any such transfer is subject to the appropriate authorization by the copyright holder. Inasmuch as Digital Audio Music is software and this invention electronically transfers and stores such music, electronic sales and distribution of the music can take place via telephone lines onto a hard disk. This new methodology/system of

music sales and distribution will greatly reduce the cost of goods sold and will reduce the lag time between music creation and music marketing from weeks down to hours.

The present invention is a system for transmitting desired digital video or audio signals stored on a first memory of a first party preferably to a second memory of a second party. The system comprises means or mechanism for electronically selling the desired digital video or audio signals preferably via telecommunications lines to the first party from the second party. Moreover, the system preferably comprises means or mechanism for connecting electronically via telecommunications lines the first memory preferably with the second memory such that the desired digital video or audio signals can pass therebetween. Additionally, the system comprises means or mechanism for transmitting the desired digital video or audio signals from the first memory with a transmitter in control and in possession of the first party to a receiver preferably having the second memory ~~at a location determined by the second party~~. While the ~~The~~ receiver is in possession and in control of the second party. Preferably, there is also means or mechanism for ~~There is also means for~~ storing the digital video or digital audio signal in the second memory.

Further objectives and advantages of this invention will become apparent as the following description proceeds and the particular features of novelty which characterize this invention will be pointed out in the claims annexed to and forming a part of this declaration.

BRIEF DESCRIPTION OF THE DRAWINGS

For a better understanding of this invention, reference should be made to the following detailed description, taken in conjunction with the accompanying drawings, in which:

Fig. 1 is a pictorial flow chart which may be used in carrying out the teachings of this invention for the purposes of electronic sales, distribution, storage, manipulation, retrieval, playback, and copyright protection of Digital Audio Music; and

Fig. 2 is a pictorial flow chart which may be used in carrying out the teachings of this invention for the purposes of electronic storage, manipulation, retrieval, and playback of Digital Audio Music.

DESCRIPTION OF THE PREFERRED EMBODIMENT

Referring now to the drawings wherein like reference numerals refer to similar or identical parts throughout the several views, and more specifically to figure thereof, there is shown

Referring now to the Fig. 1, this preferably invention is comprised of the following:

- 10 Hard Disk of the copyright holder
- 20 Control Unit of the copyright holder
  - 20a Control Panel
  - 20b Control Integrated Circuit
  - 20c Sales Random Access Memory Chip
- 30 Telephone Lines/Input Transfer
- 50 Control Unit of the user
  - 50a Control Panel
  - 50b Control Integrated Circuit
  - 50c Incoming Random Access Memory Chip
  - 50d Play Back Random Access Memory Chip
- 60 Hard Disk of the user
- 70 Video Display Unit
- 80 Stereo Speakers

The Hard Disk 10 of the first party or agent authorized to electronically sell and distribute the copyrighted Digital Audio Music is the originating source of music in the configuration as outlined in Fig. 1. The Control Unit 20 of the authorized agent is the means by which the electronic transfer of the Digital Audio Music from the agent's Hard Disk 10 via the Telephone Lines 30 to the user's or second party's Control Unit 50 is possible. The user's Control Unit is comprised of a Control Panel 50a, a Control Integrated Circuit 50b, an Incoming Random Access Memory Chip 50c, and a Play Back Random Access Memory Chip 50d. Similarly, the authorized agent's Control Unit 20 has a control panel and control integrated circuit similar to that of the user's Control Unit 50. The authorized agent's Control Unit 20, however, only requires the Sales Random Access Memory Chip 20c. The other components in Fig. 1 include a Hard Disk 60, a Video Display Unit 70, and a set of Stereo Speakers 80.

Referring now to Fig. 2, with the exception of a substitution of a Compact Disc Player 40 (as the initial source of Digital Audio Music) for the agent's Hard Disk 10, the agent's Control Unit 20, and the Telephone Lines 30 in Fig. 1, Fig. 2 is the same as Fig. 1.

In Fig. 1 and Fig. 2, the following components are already commercially available: the agent's Hard Disk 10, the Telephone Lines 30, the Compact Disc Player 40, the user's Hard Disk 60, the Video Display Unit 70, and the Stereo Speakers 80. The Control Units 20 and 50, however, would be designed specifically to meet the teachings of this invention. The design of the control units would incorporate the following functional features:

1) the Control Panels 20a and 50a would be designed to permit the agent and user to program the respective Control Integrated Circuits 20b and 50b,

2) the Control Integrated Circuits 20b and 50b would be designed to control and execute the respective commands of the agent and user and regulate the electronic transfer of Digital Audio Music throughout the system, additionally, the sales Control Integrated Circuit 20b could electronically code the Digital Audio Music in a configuration which would prevent unauthorized reproductions of the copyrighted material,

3) the Sales Random Access Memory Chip 20c would be designed to temporarily store user purchased Digital Audio Music for subsequent electronic transfer via telephone lines to the user's Control Unit 50,

4) the Incoming Random Access Memory Chip 50c would be designed to temporarily store Digital Audio Music for subsequent electronic storage to the user's Hard Disk 60,

5) the Play Back Random Access Memory Chip 50d would be designed to temporarily store Digital Audio Music for sequential playback.

The foregoing description of the Control Units 20 and 50 is intended as an example only and thereby is not restrictive with respect to the exact number of components and/or its actual design.

Once the Digital Audio Music has been electronically stored onto the user's Hard Disk 60, having the potential to store literally thousands of songs, the user is free to perform the many functions of this invention. To play a stored song, the user types

in the appropriate commands on the Control Panel 50a, and those commands are relayed to the Control Integrated Circuit 50b which retrieves the selected song from the Hard Disk 60. When a song is retrieved from the Hard Disk 60 only a replica of the permanently stored song is retrieved. The permanently stored song remains intact on the Hard Disk 60, thus allowing repeated playback. The Control Integrated Circuit 50b stores the replica onto the Play Back Random Access Memory Chip 50d at a high transfer rate. The Control Integrated Circuit 50b then sends the electronic output to the Stereo Speakers 80 at a controlled rate using the Play Back Random Access Memory Chip 50d as a temporary staging point for the Digital Audio Music.

Unique to this invention is that the Control Unit 50 also serves as the user's personal disk jockey. The user may request specific songs to be electronically cued for playback, or may request the Control Unit 50 to randomly select songs based on the user's criteria. All of these commands are electronically stored in random access memory enabling the control unit to remember prior commands while simultaneously performing other tasks requested by the user and, at the same time, continuing to play songs previously cued.

Offering a convenient visual display of the user's library of songs is but one more new and improved aspect of this invention. As the Control Unit 50 is executing the user's commands to electronically sort, select, randomly play, etc., the Video Display Screen 70 is continually providing feedback to the user. The Video Display Screen 70 can list/scroll all songs stored on the Hard Disk 60, list/scroll all cued songs, display the current command function selected by the user, etc. Further expanding upon the improvements this invention has to offer, the Video Display Screen 70 can display the lyrics of the song being played, as well

as the name of the song, album, artist, recording company, date of recording, duration of song, etc. This is possible if the lyrics and other incidental information are electronically stored to the Hard Disk 60 with the Digital Audio Music.

The present invention is a method for transmitting desired digital video or audio signals stored on a first memory of a first party, preferably to a second memory of a second party. The method comprises the steps of transferring money via telecommunications lines to the first party from the second party or electronically selling to the second party by the first party. Additionally, the method comprises the step of then connecting electronically via telecommunications lines the first memory, preferably with the second memory such that the desired digital video or audio signals can pass therebetween. Next, there is the step of transmitting the desired digital video or audio signals from the first memory with a transmitter in control and in possession of the first party to a receiver, preferably having the second memory ~~at a location determined by the second party~~. ~~The~~ while the receiver is in possession and in control of the second party. There is also the step of then storing the desired digital video or audio signals in the second memory.

In summary, there has been disclosed a new and improved methodology/system by which Digital Audio Music or digital video can be electronically sold, distributed, transferred, and stored. Further, there has been disclosed a new and improved methodology/system by which Digital Audio Music or digital video can be electronically manipulated, i.e., sorted, cued, and selected for playback. Further still, there has been disclosed a new and improved methodology/system by which the electronic manipulation of Digital Audio Music can be visually displayed for the convenience of the user. Additionally, there has been disclosed a new and improved methodology/system by which electronic copyright

protection of quality Digital Audio Music is possible through use of this invention.

Since numerous changes may be made in the above described process and apparatus and different embodiments of the invention may be made without departing from the spirit thereof, it is intended that all matter contained in the foregoing description or shown in the accompanying drawings shall be interpreted as illustrative, and not in a limiting sense. Further, it is intended that this invention is not to be limited to Digital Audio Music and can include Digital Video, Digital Commercials, and other applications of digital information.

B5> B5>

Although the invention has been described in detail in the foregoing embodiments for the purpose of illustration, it is to be understood that such detail is solely for that purpose and that variations can be made therein by those skilled in the art without departing from the spirit and scope of the invention except as it may be described by the following claims.

WHAT IS CLAIMED IS:

1. A method for transferring desired digital video or audio signals comprising the steps of:

forming a connection through telecommunications lines between a first memory of a first party and a second memory of a second party, said first memory having said desired digital video or audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or audio signals in the first memory; and

transferring the desired digital video or audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines.

2. A method as described in Claim 1 including after the transferring step, the step of storing the desired digital video or audio signals in the second memory.

3. A method as described in Claim 2 including before the transferring step, the step of electronically coding the desired digital video or audio signals into a configuration which would prevent unauthorized reproduction of the desired digital video or audio signals.

4. A method as described in Claim 3 wherein the first memory includes a first party hard disk having a plurality of digital video or audio signals, and a sales random access memory chip which temporarily stores a replica of the desired digital video or audio signals purchased by the second party for subsequent

transfer via telecommunications lines to the second memory of the second party; and including before the transferring step, there is the step of storing a replica of the desired digital video or audio signals from the hard disk into the sales random access memory chip.

5. A method as described in Claim 4 wherein there is a second party integrated circuit which controls and executes commands of the second party, and a second party control panel connected to the second party integrated circuit, and before the forming step, there is the step of commanding the second party integrated circuit with the second party control panel to initiate the purchase of the desired digital video or audio signals from the first party.

6. A method as described in Claim 5 wherein the second memory includes an incoming random access memory chip which temporarily stores the desired digital video or audio signals received from the sales random access memory chip, a second party hard disk for storing the desired digital video or audio signals, and a playback random access memory chip for temporarily storing the desired digital video or audio signals for sequential playback; and the storing step includes the steps of storing the desired digital video or audio signals in the incoming random access memory chip, transferring the desired digital video or audio signals from the incoming random access memory chip to the second party hard disk, storing the desired digital video or audio signals in the second party hard disk, commanding the second party integrated circuit with the second party control panel to play the desired digital video or audio signals and transferring a replica of the desired digital video or audio signals from the second party hard disk to the playback random access memory chip for playback.

7. A method as described in Claim 6 including after the transferring step, there is the step of repeating the commanding, playing, and transferring steps.

8. A method for transferring digital video or audio signals comprising the steps of:

entering into a second party control panel of a second party control unit of a second party commands by the second party to purchase desired digital video or audio signals from a first party;

forming a connection through telecommunications lines between a first memory of the first party and a second memory of the second party control unit, said first memory having desired digital video or audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or audio signals in the first memory;

transferring the desired digital video or audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines;

entering into the second party control panel commands to play the desired digital video or audio signals; and

playing the desired digital video or audio signals with the second party control unit.

9. A system for transferring digital video or audio signals comprising:

a first party control unit having a first memory having desired digital video or audio signals, and means for electronically selling the desired digital video or audio signals;

a second party control unit having a second party control panel, a second memory connected to the second party control panel, and means for playing the desired digital video or audio signals connected to the second memory and the second party control panel, said playing means operatively controlled by the second party control panel, said second party control unit remote from the first party control unit; and

telecommunications lines connected to the first party control unit and the second party control unit through which the electronic sales of the desired digital video or audio signals occur and through which the desired digital video or audio signals are electronically transferred from the first memory to the second memory after the desired digital video or audio signals are sold to the second party by the first party.

10. A system as described in Claim 9 wherein the first party control unit includes a first party hard disk having a plurality of digital video or audio signals which include the desired digital video or audio signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video or audio signals of the first party's hard disk.

11. A system as described in Claim 10 wherein the second party control unit includes a second party hard disk which stores a plurality of digital video or audio signals, and a playback random access memory chip electronically connected to the second

party hard disk for storing a replica of the desired digital video or audio signals as a temporary staging area for playback.

12. A system as described in Claim 11 wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video or audio signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

13. A system as described in Claim 12 wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video or audio signals; and a second party control panel through which the second party control integrated circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

14. A system as described in Claim 13 wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the telecommunications lines for temporarily storing the

desired digital video or audio signals received from the first party's control unit for subsequent storage to the second party hard disk.

15. A system as described in Claim 14 wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video or audio signals.

16. A method for transmitting desired digital video or audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of the second memory;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or audio signals can pass therebetween;

transmitting the desired digital video or audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory at a location determined by the second party, said receiver in possession and control of the second party; and

storing the digital video or audio signals in the second memory.

17. A system for transmitting desired digital video or audio signals stored on a first memory of a first party to a second memory of a second party comprising:

means for transferring money electronically via telecommunications lines from the second party to the first party controlling use of the first memory, at a location remote from the second memory, said second party controlling use and in possession of the second memory;

means for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or audio signals can pass therebetween, said connecting means in electrical communication with the transferring means;

means for transmitting the desired digital video or audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory at a location determined by the second party, said receiver in possession and control of the second party, said transmitting means in electrical communication with said connecting means; and

means for storing the digital video or audio signals in the second memory, said storing means in electrical communication with said transmitting means.

18. A system as described in Claim 17 wherein the connecting means comprises a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

23
~~19~~. A system as described in Claim 18 wherein the first control unit comprises a first control panel, first control integrated circuit and a sales random access memory, said sales random access memory and said first control panel in electrical communication with said first control integrated circuit, said second control unit comprising a second control panel, a second control integrated circuit, an incoming random access memory and a playback random access memory, said second control panel, said incoming random access memory and said playback random access memory in electrical communication with said second control integrated circuit.

24 25
~~20~~. A system as described in Claim ~~19~~ wherein the telecommunications lines include telephone lines.

27 26
~~21~~. A system as described in Claim ~~20~~ wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

28 27
~~22~~. A system as described in Claim ~~21~~ including a video display and speakers in possession and control of the second party, said video display and speakers in electrical communication with said second control integrated circuit.

Sub B6

23. A system for transmitting desired digital video or audio signals stored on a first memory of a first party to a second memory of a second party comprising:

means for transferring money electronically via telecommunications lines to the first party at a location remote from the second memory and controlling use of the first memory from the second party, said second party controlling use and in possession of the second memory;

means for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or audio signals can pass therebetween, said connecting means in electrical communication with the transferring means;

means for transmitting the desired digital video or audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory at a location determined by the second party, said receiver in possession and control of the second party, said transmitting means in electrical communication with said connecting means; and

means for storing the digital video or audio signals in the second memory, said storing means in electrical communication with said transmitting means.

24. A system as described in Claim 23 wherein the connecting means comprises a first control unit in possession and control of the first party and a second control unit in possession ~~and control of the second party.~~

~~25.~~ 26 31 A system as described in Claim ~~24~~ wherein the first control unit comprises a first control panel, first control integrated circuit and a sales random access memory, said sales random access memory and said first control panel in electrical communication with said first control integrated circuit, said second control unit comprising a second control panel, a second control integrated circuit, an incoming random access memory and a playback random access memory, said second control panel, said incoming random access memory and said playback random access memory in electrical communication with said second control integrated circuit.

33 ~~26~~. A system as described in Claim 30 ~~25~~ wherein the telecommunications lines include telephone lines.

34 ~~27~~. A system as described in Claim 33 ~~26~~ wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

35 ~~28~~. A system as described in Claim 34 ~~27~~ including a video display and speakers in possession and control of the second party, said video display and speakers in electrical communication with said second control integrated circuit.

Sub B7

29. A method for transmitting desired digital video or audio signals stored in a first memory of a first party to a second memory of a second party comprising the steps of:

selling electronically via telecommunications lines digital video or audio signals possessed by the first party to the second party, said first party and said second party in communication via said telecommunications lines;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or audio signals can pass therebetween;

transferring electronically via telecommunications lines the digital video or audio signals from a first location with the first memory to a second location with the second memory, said second location remote from said first location, said first memory in communication with said second memory via the telecommunications lines; and

16

storing the digital video or audio signals in the second memory.

30. A method as described in Claim 29 including after the transferring step, there is the step of repeating the selling, connecting, and transferring steps.

31. A method for transmitting desired digital video or audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of the second memory;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or audio signals can pass therebetween;

transmitting the desired digital video or audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory at a location determined by the second party, said receiver in possession and control of the second party; and

storing the digital video or audio signals in the second memory.

Add B2

ABSTRACT OF THE DISCLOSURE

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

A method for transferring desired digital video or audio signals. The method comprises the steps of forming a connection through telecommunications lines between a first memory of a first party and a second memory of a second party. The first memory has the desired digital video or audio signals. Then, there is the step of selling electronically by the first party to the second party through telecommunications lines, the desired digital video or audio signals in the first memory. Then, there is the step of transferring the desired digital video or audio signals from the first memory of the first party to the second memory of the second party through the telecommunications lines. Additionally, there is a system for transferring digital video or audio signals. The system comprises a first party control unit having a first memory having desired digital video or audio signals, and a device for electronically selling the desired digital video or audio signals. The system is also comprised of a second party control unit having a second party control panel, a second memory connected to the second party control panel, and a mechanism for playing the desired digital video or audio signals connected to the second memory and the second party control panel. The playing means is operatively controlled by the second party control panel. The second party control unit is remote from the first party control unit. Additionally, the system is comprised of telecommunications lines connected to the first party control unit and the second party control unit through which electronic sales of the desired digital video or audio signals occur and to which the desired digital video or audio signals are electronically transferred from the first memory to the second memory after the desired digital video or audio signals are sold to the second party by the first party.

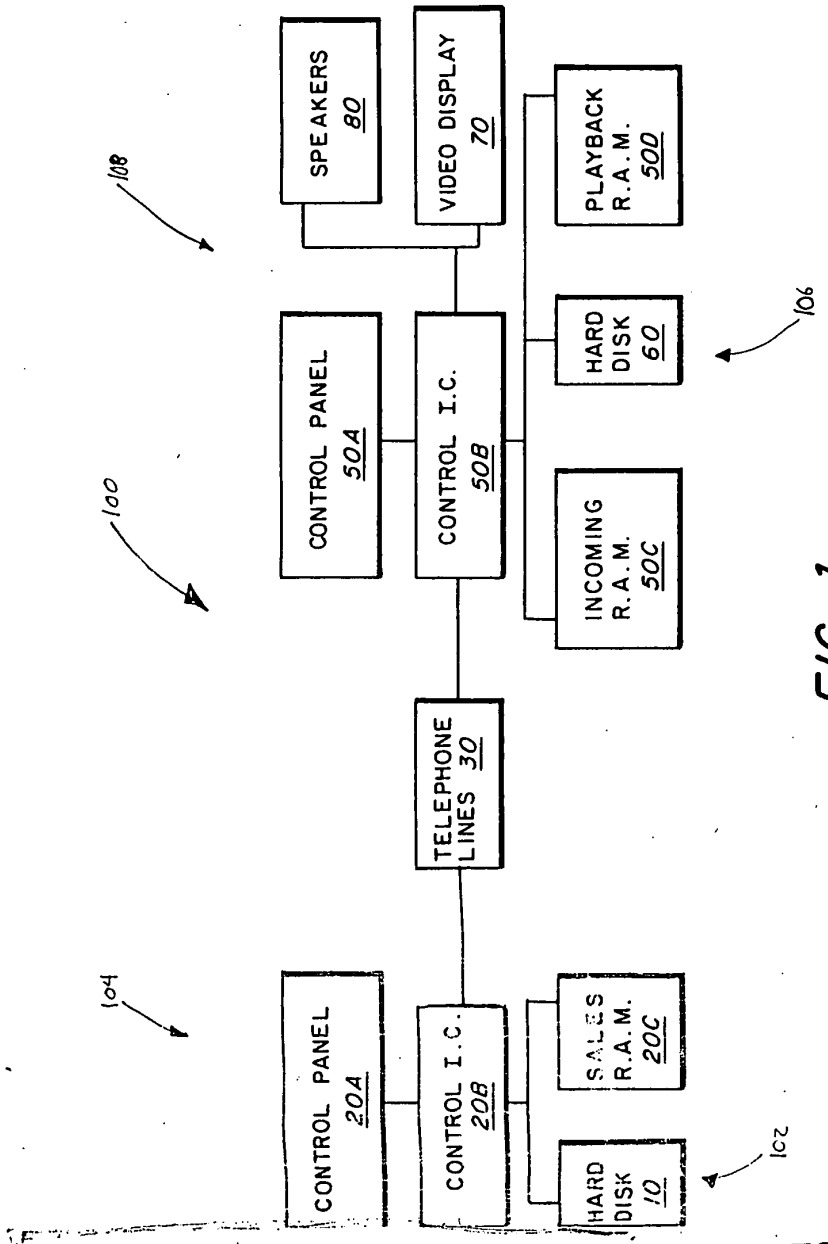


FIG. 1

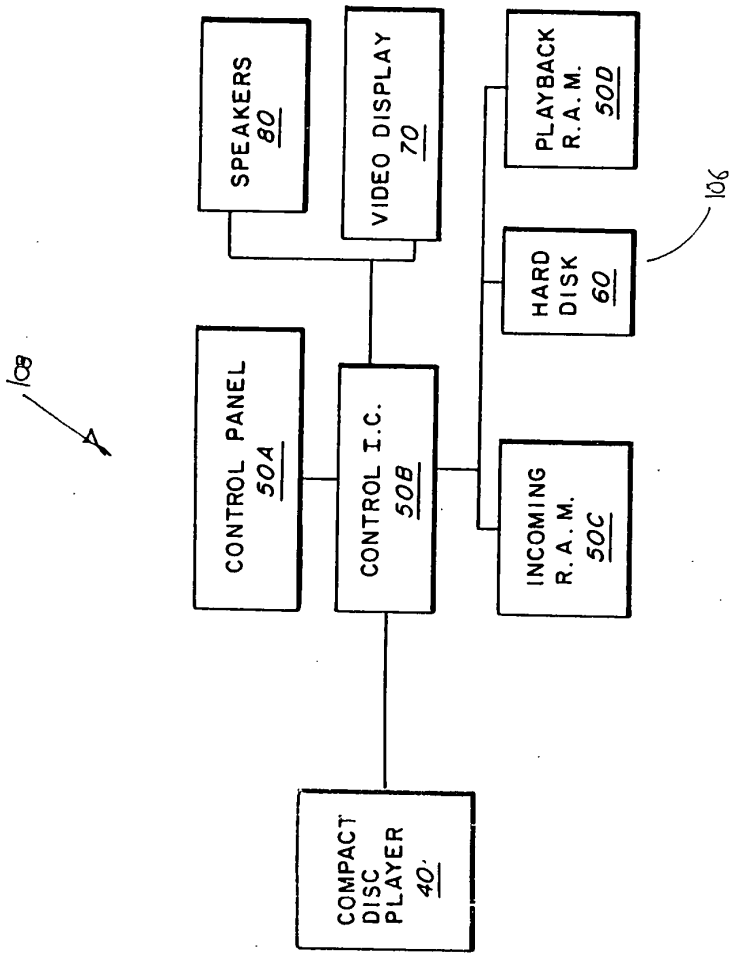


FIG. 2

Declaration and Power of Attorney For Patent Application

English Language Declaration

As a below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below next to my name.

I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

the specification of which

(check one)

☒ is attached hereto.

☐ was filed on _____ as

Application Serial No. 0 /

and was amended on _____ (if applicable)

I hereby state that I have reviewed and understand the contents of the above identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, §1.56(a).

I hereby claim foreign priority benefits under Title 35, United States Code, §119 of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign application for patent or inventor's certificate having a filing date before that of the application on which priority is claimed:

Prior Foreign Application(s)			Priority Claimed	
(Number)	(Country)	(Day/Month/Year Filed)	☐ Yes	☐ No
(Number)	(Country)	(Day/Month/Year Filed)	☐ Yes	☐ No
(Number)	(Country)	(Day/Month/Year Filed)	☐ Yes	☐ No

I hereby claim the benefit under Title 35, United States Code, §120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States application in the manner provided by the first paragraph of Title 35, United States Code, §112, I acknowledge the duty to disclose material information as defined in Title 37, Code of Federal Regulations, §1.56(a) which occurred between the filing date of the prior application and the national or PCT international filing date of this application:

(Application Serial No.)	(Filing Date)	(Status) (patented, pending, abandoned)
0 /		
0 /		

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

POWER OF ATTORNEY: As a named inventor, I hereby appoint the following attorney(s) and/or agent(s) to prosecute this application and transact all business in the Patent and Trademark Office connected therewith. (*list name and registration number*)

Ansel M. Schwartz, Reg. No. 30,587

Send Correspondence to:

Ansel M. Schwartz 412/621-9222

Direct Telephone Calls to: (*name and telephone number*)

Full name of sole or first inventor: Arthur R. Hair	
Inventor's signature: Arthur R Hair	Date: 2/22/1995
Residence: 330 Murrays Lane, Pittsburgh, PA 15234	
Citizenship: United States	
Post Office Address: 330 Murrays Lane, Pittsburgh, PA 15234	
Full name of second joint inventor, if any	
Second inventor's signature	Date
Residence	
Citizenship	
Post Office Address	

(Supply similar information and signature for third and subsequent joint inventors.)

BAR CODE LABEL

U.S. PATENT APPLICATION

SERIAL NUMBER	FILING DATE	CLASS	GROUP ART UNIT
08/471,964	06/06/95 RULE 60	369	2516

APPLICANT

ARTHUR R. HAIR, PITTSBURGH, PA.

CONTINUING DATA********
VERIFIED THIS APPLN IS A CON OF 08/023,398 02/26/93
WHICH IS A CON OF 07/586,391 09/18/90 PAT 5,191,573
WHICH IS A CON OF 07/206,497 06/13/88

FOREIGN/PCT APPLICATIONS********
VERIFIED

FOREIGN FILING LICENSE GRANTED 07/12/95 ***** SMALL ENTITY *****

STATE OR COUNTRY	SHEETS DRAWING	TOTAL CLAIMS	INDEPENDENT CLAIMS	FILING FEE RECEIVED	ATTORNEY DOCKET NO.
PA	2	31	8	$676.00	HAIR-1CONTII

ADDRESS

ANSEL M SCHWARTZ
425 N CRAIG STREET
SUITE 301
PITTSBURGH PA 15213

TITLE

SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

This is to certify that annexed hereto is a true copy from the records of the United States Patent and Trademark Office of the application which is identified above.

By authority of the
COMMISSIONER OF PATENTS AND TRADEMARKS

Date Certifying Officer

PATENT APPLICATION SERIAL NO. 08/471964

U.S. DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE
FEE RECORD SHEET

320 TL 07/03/95 08471964
1 201 676.00 CK HAIR-1 CONT

PTO-1556
(5/87)

PATENT APPLICATION FEE DETERMINATION RECORD

Effective October 1, 1994

Application or Docket Number: 471,964

CLAIMS AS FILED - PART I

FOR	(Column 1) NUMBER FILED	(Column 2) NUMBER EXTRA
BASIC FEE		
TOTAL CLAIMS	31 minus 20 =	* 11
INDEPENDENT CLAIMS	8 minus 3 =	* 5
MULTIPLE DEPENDENT CLAIM PRESENT		

* If the difference in column 1 is less than zero, enter "0" in column 2

SMALL ENTITY RATE	SMALL ENTITY FEE	OR	OTHER THAN SMALL ENTITY RATE	OTHER THAN SMALL ENTITY FEE
	365.00	OR		730.00
x$11=	121	OR	x$22=	
x38=	190	OR	x76=	
+120=		OR	+240=	
TOTAL	676	OR	TOTAL	

CLAIMS AS AMENDED - PART II

AMENDMENT A

	(Column 1) CLAIMS REMAINING AFTER AMENDMENT		(Column 2) HIGHEST NUMBER PREVIOUSLY PAID FOR	(Column 3) PRESENT EXTRA
Total	* 63	Minus	** 31	= 32
Independent	* 14	Minus	*** 8	= 6
FIRST PRESENTATION OF MULTIPLE DEPENDENT CLAIM				

SMALL ENTITY RATE	SMALL ENTITY ADDITIONAL FEE	OR	OTHER THAN SMALL ENTITY RATE	OTHER THAN SMALL ENTITY ADDITIONAL FEE
x$11=	352	OR	x$22=	~~352~~
x~~38~~ 39=	234	OR	x76=	
+120=		OR	+240=	
TOTAL ADDIT. FEE	586	OR	TOTAL ADDIT. FEE	

AMENDMENT B

	(Column 1) CLAIMS REMAINING AFTER AMENDMENT		(Column 2) HIGHEST NUMBER PREVIOUSLY PAID FOR	(Column 3) PRESENT EXTRA
Total	*	Minus	**	=
Independent	*	Minus	***	=
FIRST PRESENTATION OF MULTIPLE DEPENDENT CLAIM				

SMALL ENTITY RATE	SMALL ENTITY ADDITIONAL FEE	OR	OTHER THAN SMALL ENTITY RATE	OTHER THAN SMALL ENTITY ADDITIONAL FEE
x$11=		OR	x$22=	
x38=		OR	x76=	
+120=		OR	+240=	
TOTAL ADDIT. FEE		OR	TOTAL ADDIT. FEE	

AMENDMENT C

	(Column 1) CLAIMS REMAINING AFTER AMENDMENT		(Column 2) HIGHEST NUMBER PREVIOUSLY PAID FOR	(Column 3) PRESENT EXTRA
Total	*	Minus	**	=
Independent	*	Minus	***	=
FIRST PRESENTATION OF MULTIPLE DEPENDENT CLAIM				

SMALL ENTITY RATE	SMALL ENTITY ADDITIONAL FEE	OR	OTHER THAN SMALL ENTITY RATE	OTHER THAN SMALL ENTITY ADDITIONAL FEE
x$11=		OR	x$22=	
x38=		OR	x76=	
+120=		OR	+240=	
TOTAL ADDIT. FEE		OR	TOTAL ADDIT. FEE	

* If the entry in column 1 is less than the entry in column 2, write "0" in column 3.
** If the "Highest Number Previously Paid For" IN THIS SPACE is less than 20, enter "20."
*** If the Highest Number Previously Paid For" IN THIS SPACE is less than 3, enter "3."
The Highest Number Previously Paid For" (Total or Independent) is the highest number found in the appropriate box in column 1.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

SERIAL NUMBER	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
08/471,964	06/06/95	HAIR	A HAIR-1CONTII

EXAMINER	
NGUYEN,H	
ART UNIT	**PAPER NUMBER**
2413	3

24M1/0104

ANSEL M SCHWARTZ
425 N CRAIG STREET
SUITE 301
PITTSBURGH PA 15213

DATE MAILED: 01/04/96

This is a communication from the examiner in charge of your application.
COMMISSIONER OF PATENTS AND TRADEMARKS

☑ This application has been examined ☐ Responsive to communication filed on _____ ☐ This action is made final.

A shortened statutory period for response to this action is set to expire 3 month(s), ____ days from the date of this letter.
Failure to respond within the period for response will cause the application to become abandoned. 35 U.S.C. 133

Part I THE FOLLOWING ATTACHMENT(S) ARE PART OF THIS ACTION:

1. ☑ Notice of References Cited by Examiner, PTO-892.
2. ☑ Notice of Draftsman's Patent Drawing Review, PTO-948.
3. ☐ Notice of Art Cited by Applicant, PTO-1449.
4. ☐ Notice of Informal Patent Application, PTO-152.
5. ☐ Information on How to Effect Drawing Changes, PTO-1474.
6. ☐ _____.

Part II SUMMARY OF ACTION

1. ☑ Claims 1-31 are pending in the application.

   Of the above, claims _____ are withdrawn from consideration.

2. ☐ Claims _____ have been cancelled.
3. ☐ Claims _____ are allowed.
4. ☑ Claims 1-31 are rejected.
5. ☐ Claims _____ are objected to.
6. ☐ Claims _____ are subject to restriction or election requirement.
7. ☐ This application has been filed with informal drawings under 37 C.F.R. 1.85 which are acceptable for examination purposes.
8. ☐ Formal drawings are required in response to this Office action.
9. ☐ The corrected or substitute drawings have been received on _____. Under 37 C.F.R. 1.84 these drawings are ☐ acceptable; ☐ not acceptable (see explanation or Notice of Draftsman's Patent Drawing Review, PTO-948).
10. ☐ The proposed additional or substitute sheet(s) of drawings, filed on _____, has (have) been ☐ approved by the examiner; ☐ disapproved by the examiner (see explanation).
11. ☐ The proposed drawing correction, filed _____, has been ☐ approved; ☐ disapproved (see explanation).
12. ☐ Acknowledgement is made of the claim for priority under 35 U.S.C. 119. The certified copy has ☐ been received ☐ not been received ☐ been filed in parent application, serial no. _____; filed on _____.
13. ☐ Since this application apppears to be in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under Ex parte Quayle, 1935 C.D. 11; 453 O.G. 213.
14. ☐ Other

EXAMINER'S ACTION

PTOL-326 (Rev. 2/93)

This application is a continuation of the pending application serial no. 08/023398.

1. The drawings are objected to because of the reasons set forth in the PTOL-948. Correction is required.

2. The title of the invention is not descriptive. A new title is required that is clearly indicative of the invention to which the claims are directed.

3. The Abstract of the Disclosure is objected to because the content of the abstract exceeds 250 words and because the title of the invention should not included in the abstract. Correction is required. See M.P.E.P. § 608.01(b).

4. The following is a quotation of the first paragraph of 35 U.S.C. § 112:

> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification is objected to under 35 U.S.C. § 112, first paragraph, as failing to provide an adequate written description of the invention.

The specification fails to make clear what the problems in the prior art that the present invention intends to overcome.

5. Claims 1-31 are rejected under 35 U.S.C. § 112, first paragraph, for the reasons set forth in the objection to the specification.

6. The following is a quotation of the appropriate paragraphs of 35 U.S.C. § 102 that form the basis for the rejections under this section made in this Office action:

> A person shall be entitled to a patent unless --
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

7. Claims 1-2, 8-12, 16 are rejected under 35 U.S.C. § 102(b) as being anticipated by Lightner'US/3718906.

Lightner disclose a method for transferring audio signal over telecommunication links by forming connection between the seller and purchaser, selling electronically by the seller to the purchaser, desired audio signal and transferring the audio signal over the telecommunication links. See figs. 1, 10 and their description.

8. The following is a quotation of 35 U.S.C. § 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented 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. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

9. Claims 3-7, 15, 17-31 are rejected under 35 U.S.C. § 103 as

being unpatentable over Ogaki et al in view of Lightner.

Ogaki et al discloses all that is claimed except that he does not disclose transferring audio or video signals. However, he does disclose transferring the software programs through telecommunication lines for distributing or selling these programs to consumers. Lightner discloses transferring audio/video signals through telecommunications lines for distributing or selling to purchasers. It would have been obvious to one of ordinary skill in the art to transfer or seller distribute audio/video signals in the system and method taught by Ogaki et al. It would have been obvious because one of ordinary skill in the art, based on common knowledge and common sense, would be able to recognize a substitution of the contents of the software program signals with the audio/video signals.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Hoa Nguyen, whose telephone number is (703) 305-9687. The examiner can normally be reached on Monday through Friday, from 8.30 A.M to 5.00 P.M..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Beausoliel, can be reached on (703) 305-9713. The fax phone number for this Group is (703) 305-9724.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 305-9600.

HOA T. NGUYEN
PRIMARY EXAMINER
GROUP 2400

FORM PTO-892 (REV. 2-92)	U.S. DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE	SERIAL NO.	GROUP ART UNIT	ATTACHMENT TO PAPER NUMBER	
NOTICE OF REFERENCES CITED		08/471964	~~2413~~ 2755		3
		APPLICANT(S) HAIR			

U.S. PATENT DOCUMENTS

*		DOCUMENT NO.	DATE	NAME	CLASS	SUB-CLASS	FILING DATE IF APPROPRIATE
	A	4 647 989	3/87	Geddes	360	55	
	B	4 567 359	01/86	Lockwood	235	381	
	C	3 990 710	11/76	Hughes	235	381	
	D	5 191 573	3/93	HAIR	369	84	6/13/88
	E	4 654 799	3/87	Ogaki et al	364	479	
	F	3 718 906	2/73	Lightner	235	381	
	G	4 538 176	8/85	Nakajima et al	358	86	
	H	4 521 806	6/85	Abraham	358	86	
	I	4 528 643	7/85	Freeny Jr.	364	900	
	J	4 789 863	12/88	Bush	340	825.350	
	K						

FOREIGN PATENT DOCUMENTS

*		DOCUMENT NO.	DATE	COUNTRY	NAME	CLASS	SUB-CLASS	PERTINENT SHTS. DWG	PERTINENT PP. SPEC.
	L								
	M								
	N								
	O								
	P								
	Q								

OTHER REFERENCES (Including Author, Title, Date, Pertinent Pages, Etc.)

	R	
	S	
	T	
	U	

EXAMINER	DATE	
HOA NGUYEN	12/95	

* A copy of this reference is not being furnished with this office action.
(See Manual of Patent Examining Procedure, section 707.05 (a).)

Form PTO 948 (Rev. 10-94) U.S. DEPARTMENT OF COMMERCE - Patent and Trademark Office Application No. 47/964

NOTICE OF DRAFTSPERSON'S PATENT DRAWING REVIEW

PTO Draftpersons review all originally filed drawings regardless of whether they are designated as formal or informal. Additionally, patent Examiners will review the drawings for compliance with the regulations. Direct telephone inquiries concerning this review to the Drawing Review Branch, 703-305-8404.

The drawings filed (insert date) 6-6-95, are
A. ___ not objected to by the Draftsperson under 37 CFR 1.84 or 1.152.
B. X objected to by the Draftsperson under 37 CFR 1.84 or 1.152 as indicated below. The Examiner will require submission of new, corrected drawings when necessary. Corrected drawings must be submitted according to the instructions on the back of this Notice.

1. DRAWINGS. 37 CFR 1.84(a): Acceptable categories of drawings: Black ink. Color.
   - ___ Not black solid lines. Fig(s)___
   - ___ Color drawings are not acceptable until petition is granted. Fig(s) ___
2. PHOTOGRAPHS. 37 CFR 1.84(b)
   - ___ Photographs are not acceptable until petition is granted. Fig(s) ___
   - ___ Photographs not properly mounted (must use brystol board or photographic double-weight paper). Fig(s)___
   - ___ Poor quality (half-tone). Fig(s)___
3. GRAPHIC FORMS. 37 CFR 1.84 (d)
   - ___ Chemical or mathematical formula not labeled as separate figure. Fig(s)___
   - ___ Group of waveforms not presented as a single figure, using common vertical axis with time extending along horizontal axis. Fig(s)___
   - ___ Individuals waveform not identified with a separate letter designation adjacent to the vertical axis. Fig(s)___
4. TYPE OF PAPER. 37 CFR 1.84(c)
   - ___ Paper not flexible, strong, white, smooth, nonshiny, and durable. Sheet(s)___
   - X Erasures, alterations, overwritings, interlineations, cracks, creases, and folds copy machine marks not accepted. Fig(s) 1-12
   - ___ Mylar, velum paper is not acceptable (too thin). Fig(s)___
5. SIZE OF PAPER. 37 CFR 1.84(f): Acceptable sizes:
   - 21.6 cm. by 35.6 cm. (8 1/2 by 14 inches)
   - 21.6 cm. by 33.1 cm. (8 1/2 by 13 inches)
   - 21.6 cm. by 27.9 cm. (8 1/2 by 11 inches)
   - 21.0 cm. by 29.7 cm. (DIN size A4)
   - ___ All drawing sheets not the same size. Sheet(s)___
   - ___ Drawing sheet not an acceptable size. Sheet(s) ___
6. MARGINS. 37 CFR 1.84(g): Acceptable margins:

Paper size

	21.6 cm. X 35.6 cm. (8 1/2 X 14 inches)	21.6 cm X 33.1 cm. (8 1/2 X 13 inches)	21.6 cm. X 27.9 cm. (8 1/2 X 11 inches)	21.0 cm. X 29.7 cm. (DIN Size A4)
T	5.1 cm. (2")	2.5 cm. (1")	2.5 cm. (1")	2.5cm.
L	.64 cm. (1/4")	.64 cm. (1/4")	.64 cm. (1/4")	2.5 cm.
R	.64 cm. (1/4")	.64 cm. (1/4")	.64 cm. (1/4")	1.5 cm.
B	.64 cm. (1/4")	.64 cm. (1/4")	.64 cm. (1/4")	1.0 cm.

Margins do not conform to chart above.
Sheet(s)___
___Top (T) ___ Left (L) ___Right (R) ___Bottom (B)

7. VIEWS. 37 CFR 1.84(h)
   REMINDER: Specification may require revision to correspond to drawing changes.
   - ___ All views not grouped together. Fig(s)___
   - ___ Views connected by projection lines or lead lines. Fig(s)___
   - Partial views. 37 CFR 1.84(h) 2
   - ___ View and enlarged view not labled separatly or properly. Fig(s)___
   - Sectional views. 37 CFR 1.84 (h) 3
   - ___ Hatching not indicated for sectional portions of an object. Fig(s)___
   - ___ Cross section not drawn same as view with parts in cross section with regularly spaced parallel oblique strokes. Fig(s)___
8. ARRANGEMENT OF VIEWS. 37 CFR 1.84(i)
   - ___ Words do not appear on a horizontal, left-to-right fashion when page is either upright or turned so that the top becomes the right side, except for graphs. Fig(s)___
9. SCALE. 37 CFR 1.84(k)
   - ___ Scale not large enough to show mechanism with crowding when drawing is reduced in size to two-thirds in reproduction. Fig(s)___
   - ___ Indication such as "actual size" or scale 1/2" not permitted. Fig(s)___
10. CHARACTER OF LINES, NUMBERS, & LETTERS. 37 CFR 1.84(l)
    - ___ Lines, numbers & letters not uniformly thick and well defined, clean, durable, and black (except for color drawings). Fig(s)___
11. SHADING. 37 CFR 1.84(m)
    - ___ Solid black shading areas not permitted. Fig(s)___
    - ___ Shade lines, pale, rough and blurred. Fig(s)___
12. NUMBERS, LETTERS, & REFERENCE CHARACTERS. 37 CFR 1.84(p)
    - X Numbers and reference characters not plain and legible. 37 CFR 1.84(p)(l) Fig(s) 1-12
    - ___ Numbers and reference characters not oriented in same direction as the view. 37 CFR 1.84(p)(l) Fig(s)___
    - ___ English alphabet not used. 37 CFR 1.84(p)(2) Fig(s)___
    - ___ Numbers, letters, and reference characters do not measure at least .32 cm. (1/8 inch) in height. 37 CFR(p)(3) Fig(s)___
13. LEAD LINES. 37 CFR 1.84(q)
    - ___ Lead lines cross each other. Fig(s)___
    - ___ Lead lines missing. Fig(s)___
14. NUMBERING OF SHEETS OF DRAWINGS. 37 CFR 1.84(t)
    - ___ Sheets not numbered consecutively, and in Arabic numerals, beginning with number 1. Sheet(s)___
15. NUMBER OF VIEWS. 37 CFR 1.84(u)
    - ___ Views not numbered consecutively, and in Arabic numerals, beginning with number 1. Fig(s)___
    - ___ View numbers not preceded by the abbreviation Fig. Fig(s)___
16. CORRECTIONS. 37 CFR 1.84(w)
    - ___ Corrections not made from prior PTO-948. Fig(s)___
17. DESIGN DRAWING. 37 CFR 1.152
    - ___ Surface shading shown not appropriate. Fig(s)___
    - ___ Solid black shading not used for color contrast. Fig(s)___

COMMENTS:

ATTACHMENT TO PAPER NO. ___ REVIEWER ___ DATE 7-14-95

PTO Copy

REMINDER

Drawing changes may also require changes in the specification, e.g., if Fig. 1 is changed to Fig. 1A, Fig. 1B, Fig. 1C, etc., the specification, at the Brief Description of the Drawings, must likewise be changed. Please make such changes by 37 CFR 1.312 Amendment at the time of submitting drawing changes.

INFORMATION ON HOW TO EFFECT DRAWING CHANGES

1. **Correction of Informalities--37 CFR 1.85**

   File new drawings with the changes incorporated therein. The application number or the title of the invention, inventor's name, docket number (if any), and the name and telephone number of a person to call if the Office is unable to match the drawings to the proper application, should be placed on the back of each sheet of drawings in accordance with 37 CFR 1.84(c). Applicant may delay filing of the new drawings until receipt of the Notice of Allowability (PTOL-37). Extensions of time may be obtained under the provisions of 37 CFR 1.136. The drawing should be filed as a separate paper with a transmittal letter addressed to the Drawing Review Branch.

2. **Timing of Corrections**

   Applicant is required to submit acceptable corrected drawings within the three-month shortened statutory period set in the Notice of Allowability (PTOL-37). If a correction is determined to be unacceptable by the Office, applicant must arrange to have acceptable correction resubmitted within the original three-month period to avoid the necessity of obtaining as extension of time and paying the extension fee. Therefore, applicant should file corrected drawings as soon as possible.

   Failure to take corrective action within set (or extended) period will result in **ABANDONMENT** of the Application.

3. **Corrections other than Informalities Noted by the Drawing Review Branch on the Form PTO 948**

   All changes to the drawings, other than informalities noted by the Drawing Review Branch, **MUST** be approved by the examiner before the application will be allowed. No changes will be permitted to be made, other than correction of informalities, unless the examiner has approved the proposed changes.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

SERIAL NUMBER	FILING DATE	FIRST NAMED APPLICANT	ATTORNEY DOCKET NO.
08/471,964	6/6/95	Hair	Hair - ICONTII

EXAMINER	
ART UNIT	PAPER NUMBER
2413	4

DATE MAILED:

EXAMINER INTERVIEW SUMMARY RECORD

All participants (applicant, applicant's representative, PTO personnel):

(1) Mr. Ansel Schwartz (3) Hoa Nguyen (PTO)

(2) Mr. Arthur Hair (4)

Date of interview 5/7/96

Type: ☐ Telephonic ☑ Personal (copy is given to ☑ applicant ☑ applicant's representative).

Exhibit shown or demonstration conducted: ☐ Yes ☐ No. If yes, brief description:

Agreement ☐ was reached with respect to some or all of the claims in question. ☐ was not reached.

Claims discussed:

Identification of prior art discussed:

Description of the general nature of what was agreed to if an agreement was reached, or any other comments: Applicant explains The different concept between the disclosed invention and the teachings of prior art of record (Lightner, Ozaki et al and Freeny JR.) Applicant will amend the independent claims to include different concept discussed.

(A fuller description, if necessary, and a copy of the amendments, if available, which the examiner agreed would render the claims allowable must be attached. Also, where no copy of the amendments which would render the claims allowable is available, a summary thereof must be attached.)

Unless the paragraphs below have been checked to indicate to the contrary, A FORMAL WRITTEN RESPONSE TO THE LAST OFFICE ACTION IS NOT WAIVED AND MUST INCLUDE THE SUBSTANCE OF THE INTERVIEW (e.g., items 1–7 on the reverse side of this form). If a response to the last Office action has already been filed, then applicant is given one month from this interview date to provide a statement of the substance of the interview.

☑ It is not necessary for applicant to provide a separate record of the substance of the interview.

☐ Since the examiner's interview summary above (including any attachments) reflects a complete response to each of the objections, rejections and requirements that may be present in the last Office action, and since the claims are now allowable, this completed form is considered to fulfill the response requirements of the last Office action.

Examiner's Signature

PTOL-413 (REV. 1-84)

ORIGINAL FOR INSERTION IN RIGHT HAND FLAP OF FILE WRAPPER

EOT On[redacted]

450-217

GP2413

#5

Attorney's Docket No. HAIR-1 CONT III **PATENT**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair

Serial No.: 0 8 / 471,964 Group No.: 2413

Filed: June 6, 1995 Examiner: H. Nguyen

For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

310 JA 07/11/96 08471964
1 203 352.00 CK
1 202 234.00 CK
1 217 450.00 CK

Assistant Commissioner for Patents
Washington, D.C. 20231

AMENDMENT TRANSMITTAL

1. Transmitted herewith is an amendment for this application.

STATUS

2. Applicant is
   - ☒ a small entity. A verified statement:
     - ☐ is attached.
     - ☒ was already filed.
   - ☐ other than a small entity.

CERTIFICATE OF MAILING/TRANSMISSION (37 CFR 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☒ deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

Date: 7/3/96

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka
Signature

Tracey L. Milka
(type or print name of person certifying)

EXTENSION OF TERM

NOTE: "Extension of Time in Patent Cases (Supplement Amendments) — If a timely and complete response has been filed after a Non-Final Office Action, an extension of time is not required to permit filing and/or entry of an additional amendment after expiration of the shortened statutory period.

If a timely response has been filed after a Final Office Action, an extension of time is required to permit filing and/or entry of a Notice of Appeal or filing and/or entry of an additional amendment after expiration of the shortened statutory period unless the timely-filed response placed the application in condition for allowance. Of course, if a Notice of Appeal has been filed within the shortened statutory period, the period has ceased to run." Notice of December 10, 1985 (1061 O.G. 34-35).

NOTE: See 37 CFR 1.645 for extensions of time in interference proceedings, and 37 CFR 1.550(c) for extensions of time in reexamination proceedings.

3. The proceedings herein are for a patent application and the provisions of 37 CFR 1.136 apply.

(complete (a) or (b), as applicable)

(a) ☒ Applicant petitions for an extension of time under 37 CFR 1.136 (fees: 37 CFR 1.17(a)-(d) for the total number of months checked below:

Extension (months)	Fee for other than small entity	Fee for small entity
☐ one month	$ 110.00	$ 55.00
☐ two months	$ 380.00	$190.00
☒ three months	$ 900.00	$450.00
☐ four months	$1,400.00	$700.00

Fee $ 450.00

If an additional extension of time is required, please consider this a petition therefor.

(check and complete the next item, if applicable)

☐ An extension for _____ months has already been secured and the fee paid therefor of $_____ is deducted from the total fee due for the total months of extension now requested.

Extension fee due with this request $_____

OR

(b) ☐ Applicant believes that no extension of term is required. However, this conditional petition is being made to provide for the possibility that applicant has inadvertently overlooked the need for a petition for extension of time.

FEE FOR CLAIMS

4. The fee for claims (37 CFR 1.16(b)-(d)) has been calculated as shown below:

	(Col. 1)		(Col. 2)		(Col. 3)	SMALL ENTITY			OTHER THAN A SMALL ENTITY	
	CLAIMS REMAINING AFTER AMENDMENT		HIGHEST NO PREVIOUSLY PAID FOR		PRESENT EXTRA	RATE	ADDIT. FEE	*OR*	RATE	ADDIT. FEE
TOTAL	* 63	MINUS	** 31	=	32	x11 =	$ 352.00		x22 =	$
INDEP.	* 14	MINUS	*** 8	=	6	x39 =	$ 234.00		x78 =	$
☐ FIRST PRESENTATION OF MULTIPLE DEP. CLAIM						+125 =	$		+250 =	$
						TOTAL ADDIT. FEE	$ 586.00	*OR*	TOTAL ADDIT. FEE	$

* If the entry in Col. 1 is less than entry in Col. 2, write "0" in Col. 3.
** If the "Highest No. Previously Paid for" IN THIS SPACE is less than 20, enter "20".
*** If the "Highest No. Previously Paid For" IN THIS SPACE is less than 3, enter "3".
The "Highest No. Previously Paid For" (Total or indep.) is the highest number found in the appropriate box in Col. 1 of a prior amendment or the number of claims originally filed.

WARNING: *"After final rejection or action (§ 1.113) amendments may be made cancelling claims or complying with any requirement of form which has been made." 37 CFR § 1.116(a) (emphasis added).*

(complete (c) or (d), as applicable)

(c) ☐ No additional fee for claims is required.

OR

(d) ☒ Total additional fee for claims required $ 586.00.

FEE PAYMENT

5. ☒ Attached is a check in the sum of $ 1,036.00.

☐ Charge Account No. _____ the sum of $ _____.

A duplicate of this transmittal is attached.

FEE DEFICIENCY

NOTE: If there is a fee deficiency and there is no authorization to charge an account, additional fees are necessary to cover the additional time consumed in making up the original deficiency. If the maximum, six-month period has expired before the deficiency is noted and corrected, the application is held abandoned. In those instances where authorization to charge is included, processing delays are encountered in returning the papers to the PTO Finance Branch in order to apply these charges prior to action on the cases. Authorization to charge the deposit account for any fee deficiency should be checked. See the Notice of April 7, 1986, (1065 O.G. 31-33).

6. ☒ If any additional extension and/or fee is required, charge Account No. 19-0737.

AND/OR

☒ If any additional fee for claims is required, charge Account No. 19-0737.

Ansel M. Schwartz

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Ansel M. Schwartz
(type or print name of attorney)

Tel. No.: (412) 621-9222

425 N. Craig Street
Suite 301
P.O. Address

Pittsburgh, PA 15213

352-203
234-202
GP 2413

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

#6/B

In re Application of:

ARTHUR R. HAIR

Serial No. 08/471,964

Filed: June 6, 1995

Art Unit: 2413

Patent Examiner:

H. Nguyen

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Pittsburgh, Pennsylvania 15213

July 3, 1996

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231,
on 7/3/96

Ansel M. Schwartz
Registration No. 30,587

7/3/96
Date

AMENDMENT

In response to the Office Action dated January 4, 1996, please enter the following amendments to the above-identified application as follows:

IN THE TITLE:

Please amend the title to -- A SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS -- .

IN THE ABSTRACT:

Line 13, after "lines" insert -- while the second memory is in possession and control of the second party -- .

Line 14, after "signals." delete the remainder of the abstract.

IN THE SPECIFICATION:

Page 3, line 11, after "copied." add the following.

-- Thus, as is apparent from the above discussion, the inflexible form in which the songs are purchased by an end user, and the distribution channels of the songs, requires the end user to go to a location to purchase the songs, and not necessarily be able to purchase only the songs desired to be heard, in a sequence the end user would like to hear them. This is not limited to just songs, but also includes, for example, videos. --

Page 3, line 14, after "music" insert -- or digital video -- .

Page 3, line 17, after "music" insert -- or digital video -- .

Page 3, line 20, after "music" insert -- or digital video -- .

Page 3, line 23, after "music" insert -- or digital video -- .

Page 5, line 6, after "to" insert -- preferably -- .

Page 5, line 7, after "means" insert -- or mechanism -- .

Page 5, line 8, after "or" insert -- digital -- .

Page 5, line 8, after "signals" insert -- preferably -- .

Page 5, line 10, after "means" insert -- or mechanism -- .

Page 5, line 11, after "first memory" insert -- preferably -- .

Page 5, line 12, after "or" insert -- digital -- .

Page 5, line 13, after "means" insert -- or mechanism -- .

Page 5, line 16, after "receiver" insert -- preferably -- .

Page 5, line 16, delete "at a location".

Page 5, line 17, delete "determined by the second party".

Page 5, line 17, change "the receiver" to -- while the receiver -- .

Page 5, line 18, after "party." insert -- The receiver is placed at a second party location determined by the second party. -- .

Page 5, line 18, change "There" to -- Preferably, there -- .

Page 5, line 18, after "means" insert -- or mechanism -- .

Page 5, line 19, after "digital" insert -- video or digital audio -- .

Page 6, line 13, after "invention" insert -- preferably -- .

Page 10, line 6, before "audio" insert -- digital -- .

Page 10, line 7, after "first party" insert -- preferably -- .

Page 10, line 12, after "first memory" insert -- preferably -- .

Page 10, line 13, after "or" insert -- digital -- .

Page 10, line 15, after "or" insert -- digital -- .

Page 10, line 17, after "receiver" insert -- preferably -- .

Page 10, line 17, delete "at a location determined by the".

Page 10, line 18, delete "second party".

Page 10, line 18, change "The" to -- while the -- .

Page 10, line 19, after "party." insert -- The receiver is placed by the second party at a second party location determined by the second party. -- .

B4

Page 10, line 19, after "There" insert -- preferably -- .

Page 10, line 20, after "or" insert -- digital -- .

Page 10, line 22, after "music" insert -- or digital video -- .

Page 10, line 25, after "music" insert -- or digital video -- .

Page 11, line 11, after "information." insert the following.

-- For instance, the present invention is a system 100 for transferring digital video signals from a first party to a second party. The system 100 comprises a first party control unit 20 having a first memory having a plurality of desired individual video selections as desired digital video signals. The first party control unit 20 also has means or a mechanism for the first party to charge a fee to the second party for access to the desired digital video signals. The system 100 also comprises a second party control unit 50 having a second party control panel 50a, a receiver and a video display for playing the desired digital video or digital audio signals received by the receiver. The second party control panel 50a is connected to the video display and the receiver. The receiver and the video display is operatively controlled by the second party control panel 50a. The second party control unit 50 is remote from the first party control unit 20. The second party control unit 50 is placed by the second party at a second party location determined by the second party which is remote from the first party control unit 20. The second party chooses the desired digital video signals from the first memory with the second party control panel 20a. The system 100 is also comprised of telecommunications lines connected to the first party control unit 20 and the second party

control unit 50 through which the desired digital video signals are electronically transferred from the first memory to the receiver while the second party control unit 50 is in possession and control of the second party after the desired digital video signals are sold to the second party by the first party.

Preferably, the second party control unit 50 includes a second memory which is connected to the receiver and the video display. The second memory stores the digital video signals that are received by the receiver for providing them to the video display. The second party control unit 50 preferably includes a second party hard disk 60 which stores a plurality of digital video signals, and a playback random access memory chip 50d electronically connected to the second party hard disk 60 for storing a replica of the desired digital video signals as a temporary staging area for playback. The second party control unit 50 includes a second party control integrated circuit 50b which controls and executes commands of the second party and is connected to the second party hard disk 60, the playback random access memory 50d, and the first party control integrated circuit 20b through the telecommunications lines. The second party control integrated circuit 50b preferably includes the receiver. Additionally, the second party control unit 50 includes a second party control panel 20a through which the second party control integrated circuit 20b is programmed and is sent commands and which is connected to the second party integrated circuit 50b. Preferably, the second party control unit 50 includes an incoming random access memory chip 50c connected to the second party hard drive 60 and the second party control integrated circuit 50b, and the first party control unit 20 through the

telecommunications lines for temporarily storing the desired digital video signals received from the first party's control unit 20 for subsequent storage to the second party hard disk 60. Preferably, the video display includes a video display unit connected to the playback random access memory chip 50c and to the second party integrated circuit 50b for displaying the desired digital video signals.

The first party control unit 20 preferably includes a first party hard disk 10 having a plurality of digital video signals which include the desired digital video signals, and a sales random access memory chip 20c electronically connected to the first party hard disk 10 for storing a replica of the desired digital video signals of the first party's hard disk 10. The first party control unit 20 preferably includes a first party control integrated circuit 20b which controls and executes commands of the first party and is connected to the first party hard disk 10, the first party sales random access memory 20c, and the second party control integrated circuit 20b through the telecommunications lines. The first party control integrated circuit 20b and the second party control integrated circuit 50b regulate the transfer of the desired digital video signals. The first party control unit 20 preferably also includes a first party control panel 20a through which the first party control integrated circuit 20b is programmed and is sent commands and which is connected to the first party control integrated circuit 20b.

The means or mechanism for charging a fee includes means or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a location

remote from the second party location. Preferably, the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party. Preferably, the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party. Preferably, the means or mechanism for electronically selling includes means or a mechanism for electronically selling includes means or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location. Preferably, the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party. Preferably, the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party. The means or mechanism for receiving a credit card number preferably is part of the control integrated circuit 20b. The telecommunications lines are preferably telephone lines 30.

The present invention also pertains to a method for transmitting desired digital video signals stored in a first memory having a plurality of individual video selections as digital video signals of a first party at a first party location to a second party at a second party location so the second party can view the desired digital video signals. The method comprises the steps of placing by the second party a receiver, and a video display connected to the receiver at the second party location determined by the second party which is remote from the first party location. Next, there is the step of charging a fee by the first party to the second

party at a location remote from the second party location so the second party can obtain access to the desired digital video signals. Then, there is the step of connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party. Next, there is the step of choosing the desired digital video signals by the second party from the first memory of the first party so desired digital video selections are selected. Next, there is the step of transmitting the desired digital video signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party. Next, there is the step of displaying the desired video signals received by the receiver on a video display in possession and control of the second party. The video display is connected with the receiver.

Preferably, the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party so the second party can obtain access to the desired digital video signals stored on the first memory. Preferably, the second party has an account and the step of charging a fee includes the step of charging the account of the second party. Preferably, the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party. Then, there is the step of providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money. Preferably, the means or mechanism for the first party to charge a fee includes means

or a mechanism for transferring money electronically via telecommunications lines to the first party at a location remote from the second memory at the second location. --

IN THE CLAIMS:

1. (Amended) A method for transferring desired digital video or digital audio signals comprising the steps of:

forming a connection through telecommunications lines between a first memory of a first party and a second memory of a second party control unit of a second party, said first memory having said desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory; and

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party control unit of the second party through telecommunications lines while the second party control unit with the second memory is in possession and control of the second party; and playing through speakers of the second party control unit the digital video or digital audio signals in the second memory, said

speakers of the second party control unit connected with the second memory of the second party control unit.

12. (Amended) A method as described in Claim [1] 4 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.

13. (Amended) A method as described in Claim 5 including before the transferring step, the step of electronically coding the desired digital video or digital audio signals into a configuration which would prevent unauthorized reproduction of the desired digital video or digital audio signals.

14. (Amended) A method as described in Claim 6 wherein the first memory includes a first party hard disk having a plurality of digital video or digital audio signals, and a sales random access memory chip which temporarily stores a replica of the desired digital video or digital audio signals purchased by the second party for subsequent transfer via telecommunications lines to the second memory of the second party; and including before the transferring step, there is the step of storing a replica of the desired digital video or digital audio signals from the hard disk into the sales random access memory chip.

8/5. (Amended) A method as described in Claim 7/4 wherein [there is] the second party control unit has a second party integrated circuit which controls and executes commands of the second party, and a second party control panel connected to the second party integrated circuit, and before the forming step, there is the step of commanding the second party integrated circuit with the second party control panel to initiate the purchase of the desired digital video or digital audio signals from the first party.

9/6. (Amended) A method as described in Claim 5 wherein the second memory of the second party control unit includes an incoming random access memory chip which temporarily stores the desired digital video or digital audio signals received from the sales random access memory chip, a second party hard disk for storing the desired digital video or digital audio signals, and a playback random access memory chip for temporarily storing the desired digital video or digital audio signals for sequential playback; and the storing step includes the steps of storing the desired digital video or digital audio signals in the incoming random access memory chip, transferring the desired digital video or digital audio signals from the incoming random access memory chip to the second party hard disk, storing the desired digital video or digital audio signals in the second party hard disk, commanding the second party integrated circuit with the second party control panel to play the desired digital video or digital audio signals and transferring a replica of the desired digital video or digital audio signals from the second party hard disk to the playback random access memory chip for playback.

10 7. (Amended) A method as described in Claim 9 including after the transferring step, there is the step of repeating the commanding, playing, and transferring a replica steps.

11 8. (Amended) A method for transferring digital video or digital audio signals from a first party to a second party comprising the steps of:

placing a second party control unit in possession and control of the second party by the second party at a desired location determined by the second party;

B6 entering into a second party control panel of [a] the second party control unit of [a] the second party commands by the second party to purchase desired digital video or digital audio signals from a first party;

forming a connection through telecommunications lines between a first memory of the first party and a second memory of the second party control unit, said first memory having desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party [to] into the second memory of the second party through telecommunications lines while the second memory is in possession and control of the second party;

entering into the second party control panel commands to play the desired digital video or digital audio signals in the second memory of the second party control unit; and

playing the desired digital video or digital audio signals with the second party control unit.

12
9. (Amended) A system for transferring digital video or digital audio signals comprising:

a first party control unit having a first memory having desired digital video or digital audio signals, and means or a mechanism for electronically selling the desired digital video or digital audio signals;

a second party control unit having a second party control panel, a second memory connected to the second party control panel, and means or a mechanism for playing

the desired digital video or digital audio signals connected to the second memory and the second party control panel, said playing means or mechanism operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a location determined by the second party; and

telecommunications lines connected to the first party control unit and the second party control unit through which the electronic sales of the desired digital video or digital audio signals occur and through which the desired digital video or digital audio signals are electronically transferred from the first memory to the second memory while the second memory is in possession and control of the second party after the desired digital video or digital audio signals are sold to the second party by the first party.

13 12
~~10~~. (Amended) A system as described in Claim ~~9~~ wherein the first party control unit includes a first party hard disk having a plurality of digital video or digital audio signals which include the desired digital video or digital audio signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video or digital audio signals of the first party's hard disk.

14 13
~~11~~. (Amended) A system as described in Claim ~~10~~ wherein the second party control unit includes a second party hard disk which stores a plurality of digital video or digital

audio signals, and a playback random access memory chip electronically connected to the second party hard disk for storing a replica of the desired digital video or digital audio signals as a temporary staging area for playback.

15 14
~~12~~. (Amended) A system as described in Claim ~~11~~ wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video or digital audio signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

16 15
~~13~~. (Amended) A system as described in Claim ~~12~~ wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video or digital audio signals; and a second party control panel through which the second party control integrated

circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

17 16
14. (Amended) A system as described in Claim 13 wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the telecommunications lines for temporarily storing the desired digital video or digital audio signals received from the first party's control unit for subsequent storage to the second party hard disk.

36

18 17
15. (Amended) A system as described in Claim 14 wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video or digital audio signals.

20
16. (Amended) A method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

33

placing a second party control unit having a receiver and the second memory connected to the receiver by the second party at a desired location determined by the second party;

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of the second memory;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to [a] the receiver of the second party control unit having the second memory at [a] the location determined by the second party[,] while said receiver is in possession and control of the second party; [and]

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals in the second memory with the second party control unit.

23
17. (Amended) A system for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising:

means or a mechanism for transferring money electronically via telecommunications lines from the second party to the first party controlling use of the first memory, at a location remote from the second memory, said second party controlling use and in possession of the second memory;

B6

means or a mechanism for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween, said connecting means or mechanism in electrical communication with the transferring means or mechanism;

means or a mechanism for transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory [at a location determined by the second party,] while said receiver is in possession and control of the second party, said receiver placed at a location determined by the second party, said transmitting means or mechanism in electrical communication with said connecting means or mechanism; [and]

means or a mechanism for storing the digital video or digital audio signals in the second memory, said storing means or mechanism in electrical communication with said transmitting means or mechanism; and means or mechanism for playing the digital video or digital audio signals stored in the second memory, said playing means or mechanism connected to the second memory.

24 23
~~18~~. (Amended) A system as described in Claim ~~17~~ wherein the connecting means or mechanism [comprises] comprise a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

29
~~23~~. (Amended) A system for transmitting desired digital video or digital audio signals stored on a first memory of a first party at a first location to a second memory of a second party at a second party location comprising:

means or a mechanism for [transferring money electronically via telecommunications lines to the first party] the first party to charge a fee to the second party for access to the desired digital video or digital audio signals at a location remote from the second [memory and] location, said first party controlling use of the first memory [from the second party], said second party controlling use and in possession of the second memory;

means or a mechanism for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween, said connecting means or mechanism in electrical communication with the transferring means or mechanism;

means or a mechanism for transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory [at a location determined by the second party,] while said receiver is in possession and control of the second party, said receiver placed by the second party at the second party location determined by the second party, said transmitting means or mechanism in electrical communication with said connecting means or mechanism; [and]

B6

means or a mechanism for storing the digital video or digital audio signals in the second memory, said storing means or mechanism in electrical communication with said transmitting means or mechanism; and means or mechanism for playing the digital video or digital audio signals stored in the second memory, said playing means or mechanism connected to the second memory.

31 30
~~34.~~ (Amended) A system as described in Claim [23] ~~61~~ wherein the connecting means or mechanism [comprises] comprise a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

36 29. (Amended) A method for transmitting desired digital video or digital audio signals stored in a first memory of a first party at a first party location to a second memory of a second party comprising the steps of:

placing a second party control unit having the second memory by the second party at a desired second party location determined by the second party, said second party location remote from the first party location;

[selling electronically via telecommunications lines] charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the digital video or digital audio signals possessed by the first party [to the second party], said first party and said second party in communication via said telecommunications lines;

B7

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transferring electronically via telecommunications lines the digital video or digital audio signals from a first location with the first memory to [a] the desired second party location with the second memory while the second memory is in possession and control of the

second party, said second party location remote from said first location, said first memory in communication with said second memory via the telecommunications lines; [and]

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

40 39
~~30~~. (Amended) A method as described in Claim [29] ~~37~~ including after the transferring step, there is the step of repeating the [selling] charging a fee, connecting, and transferring steps.

37

41
~~31~~. (Amended) A method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of a second party control unit having a receiver and the second memory connected to the receiver;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to [a] the receiver [having] connected to the second memory of the second party control unit at [a] the location determined by the second party[,] while said [receiver] second party control unit is in possession and control of the second party; [and]

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

Please add the following claims.

---

32. A method as described in Claim 1 wherein the second party is at a second party location and the step of selling electronically includes the step of charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

3
~~33~~. A method as described in Claim 32 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

4
~~34~~. A method as described in Claim 33 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

37
~~35~~. A method as described in Claim 29 wherein the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party at a location remote from the second party location.

38
~~36~~. A method as described in Claim 35 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

39
~~37~~. A method as described in Claim 36 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party

controlling the second memory to the first party controlling the first memory so the second party is charged money.

42
38. A method for transferring desired digital video or digital audio signals from a first party to a second party comprising the steps of:

placing a second party control unit having a second memory by the second party at a desired location determined by the second party;

B8 forming a connection through telecommunications lines between a first memory of a first party and the second memory of the second party, said first memory having said desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

43 42
~~39~~. A method as described in Claim ~~38~~ wherein the second party is at a second party location and the step of selling electronically includes the step of charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

44 43
~~40~~. A method as described in Claim ~~39~~ wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

B8

45 44
~~41~~. A method as described in Claim ~~40~~ wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

46
~~42~~. A method for transferring desired digital video or digital audio signals comprising the steps of:

placing a second party control unit having a second memory by the second party at a desired second party location determined by the second party;

forming a connection through telecommunications lines between a first memory of a first party and the second memory of a second party, said first memory having said desired digital video or digital audio signals;

incurring a fee by the second party to the first party for the use of telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines while the second memory is in possession and control of the second party; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

47
~~43~~. A system for transferring digital video signals from a first party to a second party at a second party location comprising:

a first party control unit having a first memory having a plurality of desired individual video selections as desired digital video signals, and means or a mechanism for the first party to charge a fee to the second party for access to the desired digital video signals at a location remote from the second party location;

a second party control unit having a second party control panel, a receiver and a video display for playing the desired digital video signals received by the receiver, said second party control panel connected to the video display and the receiver, said receiver and video display operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit, said second party choosing the desired digital video signals from the first memory with said second party control panel; and

telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital video signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital video signals are sold to the second party by the first party.

48 47
~~44~~. A system as described in Claim ~~43~~ wherein the second party control unit includes a second memory which is connected to the receiver and the video display, said second memory storing the digital video signals that are received by the receiver to provide the video display with the digital video signals.

49 48
~~45~~. A system as described in Claim ~~44~~ wherein the first party control unit includes a first party hard disk having a plurality of digital video signals which include the desired digital video signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video signals of the first party's hard disk.

50 49
~~46~~. A system as described in Claim ~~45~~ wherein the second party control unit includes a second party hard disk which stores a plurality of digital video signals, and a playback random access memory chip electronically connected to the second party hard disk for storing a replica of the desired digital video signals as a temporary staging area for playback.

51 50
~~47~~. A system as described in Claim ~~46~~ wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

52 ~~48~~. A system as described in Claim 51 ~~47~~ wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video signals; and a second party control panel through which the second party control integrated circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

B8

53 ~~49~~. A system as described in Claim 52 ~~48~~ wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the telecommunications lines for temporarily storing the desired digital video signals received from the first party's control unit for subsequent storage to the second party hard disk.

54 ~~50~~. A system as described in Claim 53 ~~49~~ wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video signals.

55 ~~51~~. A system as described in Claim 47 ~~43~~ wherein the means or mechanism for charging a fee includes means or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a location remote from the second party location.

56 ~~52~~. A system as described in Claim 55 ~~51~~ wherein the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party.

57 ~~53~~. A system as described in Claim 56 ~~52~~ wherein the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party.

19 ~~54~~. A system as described in Claim 12 ~~9~~ wherein the means or mechanism for electronically selling includes means or a mechanism for electronically selling includes means or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

20 ~~55~~. A system as described in Claim 19 ~~54~~ wherein the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party.

21 20
56. A system as described in Claim 55 wherein the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party.

58
57. A method for transmitting desired digital video signals stored in a first memory having a plurality of individual video selections as digital video signals of a first party at a first party location to a second party at a second party location so the second party can view the desired digital video signals comprising the steps of:

38

placing by the second party a receiver, and a video display connected to the receiver at the second party location determined by the second party which is remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the desired digital video signals;

connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;

choosing the desired digital video signals by the second party from the first memory of the first party so desired video selections are selected;

transmitting the desired digital video signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party; and

displaying the desired video signals received by the receiver on the video display in possession and control of the second party.

59 58
~~58~~. A method as described in Claim ~~57~~ wherein the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party so the second party can obtain access to the desired digital video signals stored on the first memory.

60 59
~~59~~. A method as described in Claim ~~58~~ wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

61 60
~~60~~. A method as described in Claim ~~59~~ wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

30 29
~~61~~. A system as described in Claim ~~23~~ wherein the means or mechanism for the first party to charge a fee includes means or a mechanism for transferring money electronically via telecommunications lines to the first party at a location remote from the second memory at the second location.

62
~~62~~. A system for transferring digital audio signals from a first party to a second party at a second party location comprising:

a first party control unit having a first memory having a plurality of desired individual songs as desired digital audio signals, and means or a mechanism for the first party to charge a fee to the second party for access to the desired digital audio signals at a location remote from the second party location;

a second party control unit having a second party control panel, a receiver and speakers for playing the desired digital audio signals received by the receiver, said second

party control panel connected to the speakers and the receiver, said receiver and speakers operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit, said second party choosing the desired digital audio signals from the first memory with said second party control panel; and

telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital audio signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital audio signals are sold to the second party by the first party.

63. A method for transmitting desired digital audio signals stored in a first memory having a plurality of individual songs as digital audio signals of a first party at a first party location to a second party at a second party location so the second party can ~~view~~ listen to the desired digital audio signals comprising the steps of:

placing by the second party a receiver, and speakers connected to the receiver at the second party location determined by the second party which is remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the desired digital audio signals;

connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;

choosing the desired digital audio signals by the second party from the first memory of the first party so desired songs are selected;

B8

transmitting the desired digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party; and

playing the desired audio signals received by the receiver on the speakers in possession and control of the second party.

REMARKS

Applicant wishes to thank the Examiner for the time that the Examiner put aside to meet applicant and applicant's attorney to discuss the above-identified patent application.

Claims 1-63 are currently active.

Claims 32-63 have been added.

Claims 1, 2, 8, 9, 16, 17, 18, 23, 24, 29, 30 and 31 have been amended.

The amendment to Claims 1, 8, 9, 16, 17, 23, 29 and 31 in regard to the limitation "while said receiver or second memory is in possession and control of the second party" has antecedent support at page 8, lines 15-17 and figure 1 of the above-identified patent application.

Antecedent support for the amendment to Claims 8, 9, 16, 17, 23 and 29 in regard to the placement of the receiver or the second memory, or the second control unit by the second party is found in Claim 16, lines 12-16.. The amended language more specifically defines the language of Claim 16, lines 12-16.

Similarly, the same antecedent support is found for newly added Claims 32-63. In addition, in regard to Claim 43 and Claim 57, and the "individual video selections", antecedent support for the same is found on page 11, lines 8-11 and page 4, lines 17 and 18. Furthermore, a Declaration by inventor Art Hair, one skilled in the art, is enclosed. This Declaration supports the introduction of, for instance, "charging a fee" or "using an 'account' or a 'credit card' into the above-identified patent application and is inherent in the definition of electronic sales. Also, just by the nature of description of the invention in the above-identified patent application, the receiver or the second memory must be in possession of the second party. Thus, no new matter is being added. Clarification of the existing subject matter is all that is occurring with this amendment.

The specification has been amended to be consistent with the changes and additions to the claims. For instance, the addition to page 11 is essentially new Claims 43 and 51 written out in more customary grammatical form with reference to the figures.

The abstract has been amended to conform to the Examiner's request.

The Examiner has requested the problem solved by the present invention be identified in the specification. On page 3, line 11, an explanation of this problem has been added. Respectfully, a review of the background of the invention already reveals the problems of the prior art.

The Examiner has rejected Claims 1, 2, 8-12 and 16 under 35 U.S.C. §102(b) as being anticipated by Lightner. Applicant respectfully traverses this rejection. Lightner does not teach or suggest "transferring the desired digital video or audio signals . . . while the second memory is the possession and control of the second party". Lightner does not teach or suggest "placing the receiver by the second party at a location determined by the second party".

Lightner discloses a vending system for remotely accessible stored information. As the title states, Lightner teaches a vending system where the first memory is of the first party and the second memory is of the first party while transferring of the desired video or audio signals from the first memory to the second memory occurs. As is further stated, for instance, in column 2, lines 27-33,

> "The vending machine includes a high speed duplicator and a quantity of recordable media, such as blank tape cassettes, the data selected by the consumer is transmitted from the master tape center to the vending machine where it is copied by the duplicator onto the cassette which is then ejected from the machine." (emphasis added)

Thus, the limitation of Claim 1 of the step of "transferring the desired digital video or audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines while the second memory is in possession and control of the second party" (emphasis added) is not taught or suggested by Lightner. The

blank tape cassettes taught by Lightner do not come into the "possession and control of the second party" until after the transfer of the desired video or audio signals from the first memory of the first party to the second memory has been completed whereupon it is ejected from the vending machine.

This operation of transfer is further elaborated upon in Lightner beginning in column 6, lines 2-5, where Lightner teaches that,

> "extending upwardly from each rectangular hole 52 is a cassette storage magazine 63 arranged to support a stack of tape cassettes".

As is more easily seen in figure 6, this cassette storage magazine 63 is disposed inside a cassette changer 40 which is disposed in each of the remote vending machines. See column 5, lines 24 and 25. Not until after the duplication is completed does the consumer take possession of the second memory. As is stated in column 6, lines 60-65,

> "when the duplication of information on the cassette and the duplicator is completed, a signal, generated in the manner described hereinbelow in relation to FIG. 10, actuates the eject mechanism to cause the full cassette to be ejected via port 68 and be taken by the consumer". (emphasis added)

The consumer only gains access to the tape with a desired video or audio signal at the vending machine subsequent to transfer from the first memory and subsequent to the

deposit of currency or insertion of a credit card into the vending machine by a consumer. See column 8, lines 19 and 20.

More specifically, after the proper amount of currency has been received by receiver 91 or a valid credit card has been inserted in credit card terminal 92, start and enable signals are generated to begin the transfer of the desired video or audio signal from the first memory of the first party to the second memory of the first party. During transfer of the audio or video signal, the selected master tape of the first party is thereby duplicated on the cassette currently in duplicator 49. See column 9, lines 47-49, and as shown in figure 6. There is no teaching or suggestion of the second party ever having possession or control of the second memory at any time before the transfer of the desired audio or video signals from the first memory to the second memory. Before the second party ever comes to the vending machine to purchase the desired audio or video signal and the storage cassette which holds the transferred audio or video signal, the second memories are already present and have been loaded into the vending machine by the first party before the second party ever comes before the vending machine.

On the contrary, from the teachings that the transfer of the desired audio or video signal from the first memory to the second memory occurs only after the insertion of currency or a valid credit card into the vending machine occurs, the second memory is not in possession or control of the second party but is in possession and control of the first party.

The insertion of currency or a valid credit card allows the second party to buy not only the video or audio signal, but also the blank cassette which has the desired video or audio signal. The requirement of purchase of the blank cassette evidences a transfer of title of the cassette which occurs only after the cassette is ejected from the vending machine.

Furthermore, the fact that coins are taught to be used with the vending machine indicates that the vending machine is not in the possession or control of the second party. No one in possession or control of their own machine would ever put in coins into their own machine. Since they already own the machine, putting their own coins into their own machine would be an illogical and nonsensical act. Obviously, the insertion of coins is not a redundant act, it must have some substance to it. The only way substance can be given to such an act is if someone other than the second party owns the vending machine. The coins are taught to be equivalent of a credit card in Lightner and thus the coins are an implied additional representation or statement by Lightner that the vending machine is not in the possession or control of the second party. Applicant only teaches the use of electronic sales or charging a fee at a location remote from the second party location, not any use of coins to be put physically into the machine. This is because the second memory is in the possession and control of the second party, and is always accessible to the second party at any stage of the transfer of the first video or audio signal to the second video or audio signal, by definition.

This use of coins to purchase a cassette on which to store the video or audio signal, and the use of blank cassettes loaded by the first party into the vending machine, as taught by Lightner, actually teaches away from applicant's claimed invention. It teaches the second party does not need to be concerned with ownership of the vending machine and thus the maintenance, upkeep, risk of damage, connection of transmission lines between the master tape and the vending machine, etc. associated therewith. Lightner teaches a second party can just show up, drop coins or a credit card into the vending machine, make his or her selection, and leave with a cassette having his or her selection. Applicant's claimed invention requires that the second party be in possession and control of the receiver with the attached risks and responsibilities but which, for instance, allows the second party to bring the video or audio signal to him or her at a second party location determined by the second party, since the second party possesses and controls the receiver and thus can place it where he or she wants, and not have to go to where the video or audio signal can be obtained from a vending machine positioned at a location chosen by the first party.

Thus, besides the obvious understanding to one skilled in the art that a vending machine, by definition, is not owned by or in control or possession of the second party, as taught by Lightner, and for the specific reasons set out above, the second party is not in possession or control over the vending machine in Lightner and thus is not in possession and control of the receiver, or the second memory until after transfer of the video or audio signal

is complete and it has been ejected from the vending machine. Accordingly, Claim 1 is not anticipated by Lightner.

Claims 2 is dependent to parent Claim 1 and has all the limitations of parent Claim 1. For the reasons Claim 1 is patentable, so is Claim 2.

In regard to independent Claim 8, it has the limitation of "transferring the desired digital video or audio signals from the first memory . . . to the second memory . . . while the second memory is in possession and control of the second party". For the reasons explained above in regard to Claim 1 and this limitation, Claim 8 is also patentable. Moreover, Claim 8 has the additional limitation of "placing a second party control unit in possession and control of the second party by the second party at a desired location determined by the second party. There is no teaching or suggestion in Lightner of the same. It is clear from the teachings of Lightner as explained above, that it is the first party, not the second party which is in possession and control of the vending machine 10. Furthermore, the vending machine 10 is placed by the first party, not by the second party at a desired location determined by the first party, not by the second party. The second party can determine which vending machine location to go to, to purchase a second memory with a desired signal, but it is a choice from the locations where the vending machine has been placed by the first party. Accordingly, Claim 8 is also patentable because of this additional limitation and associated reasons.

Independent Claim 9 has the limitation that the "desired digital video or audio signals are electronically transferred from the first memory to the second memory while the second memory is in possession and control of the second party". As explained above in regard to Claim 1, Lightner does not teach or suggest this limitation. Accordingly, for the reasons explained above, as to why Claim 1 is patentable, so is Claim 9 over Lightner.

Claims 10-12 are dependent to parent Claim 9 and have all the limitations of Claim 9. Since parent Claim 9 is patentable, so are Claims 10-12.

Independent Claim 16 has the limitation of "placing the receiver by the second party at a desired location determined by the second party. Independent Claim 16 also has the limitation of "transmitting the desired digital video or audio signals from the first memory while said receiver is in possession and control of the second party". For the reasons explained above in regard to Claim 8, and Claim 1, respectively, Claim 16 is patentable over Lightner

It should be noted that the step of placing the receiver by the second party can mean that the second party physically and personally places the receiver at a desired location. It could also mean that the second party directs someone, such as a friend, who is under the direction of the second party and is thus essentially also the second party to place the receiver. The same also holds true for placing a second party control unit as is found in the limitation of

Claim 8. The first party can be the owner, dealer, distributor, or retailer who receives payment from the second party for the sale of the digital video or audio signals.

The Examiner has rejected Claims 3-7, 15, 17-31 under 35 U.S.C. §103 as being unpatentable over Ogaki et al. in view of Lightner. Applicant respectfully traverses this rejection. Neither Lightner nor Ogaki et al. teach or suggest "transferring the desired digital video or audio signals . . . while the second memory is in the possession and control of the second party". Neither Lightner nor Ogaki et al. teach or suggest "placing the receiver by the second party at a location determined by the second party".

Referring to Ogaki et al., there is disclosed a software vending system. The software vending system of Ogaki et al. allows a purchaser to obtain a desired software program at a local vending instrument which duplicates the program on a blank tape cassette or other suitable recording medium supplied by the vending machine that allows software maniacs or amateur fans to provide their software programs to the vending machine company through the vending instrument. See column 1, lines 23-26 and column 2, lines 15-21 and 27-31.

The software vending system of Ogaki et al. only accepts bills or coins in a 1,000 yen bill inlet 19, a 100 yen coin slot 20 and a 10 yen coin slot 21. See column 4, lines 20-30. There is no teaching or suggestion of charging a fee at a location remote from the second location where the vending machine is situated. When the proper money is paid, the

desired program is duplicated onto a tape cassette 25. The blank or nonrecorded tape cassette 25 is stored in the vending machine 1 in large quantities, without a label stuck to its front face. Blank sheets for the labels 27 are stored in the instrument 1 and each blank sheet is printed by the label printer 48. When a desired program is chosen, the label printer 48 prints the label 27 which is attached to the tape cassette 25 that receives the duplicated desired program. See column 4, lines 59-69. There are also floppy disk drives 28, 29 which are used by the software maniacs who transfer their programs onto the hard disk memory 33 of the instrument 10. See column 5, lines 10-13. The hard disk memory 33 serves as a secondary memory means and is accommodated within the housing of the instrument 1 which comprises a front door 34 equipped with a lock. The door 34 can be opened only by an authorized person or persons having a key for the lock. See column 5, lines 23-28. Also within the housing are disposed a sales record switch to reveal the desired amounts of sales of individual programs to purchasers. See column 5, lines 49-54.

Each peripheral vending instrument 1 is located at a local dealer through a modem interface 42 of the host system 2 and a private or exclusive data communication line connecting the modem interfaces 42 and 43. See column 6, lines 12-18. There is a cassette detector 52 provided to check if the blank tape cassette to be supplied to the duplicating device 51 is in stock or not. The cassette detector 52 generates a signal when the blank tape cassette 25 has become out of stock and the signal is sent to the first CPU 44. See column 7, lines 26-31. In reference to figures 5-7, step S1 identifies the first CPU 44 checking to see if the

blank tape cassette 25 is in stock or not. See column 8, lines 1-3. When there is no blank tape cassette 25 stored in the instrument 1, the first CPU 44 causes an alarm signal to be sounded so the instrument 1 is charged with a new stock of the blank tape cassette 25. See column 8, lines 14-19.

After the purchaser has chosen the desired program, the first CPU 44 provides price data to the CRT 8 so the purchaser can decide whether to buy the desired program. See column 8, lines 55 and 60-63. Only after completion of the program duplication is the recorded tape cassette 25 ejected to the tray 30. When the instrument 1 is used by software maniacs to provide the program to the distributor or supplier for evaluation, see column 10, lines 22 and 23, a tape cassette of floppy disk storing a user developed software program is inserted into the floppy disk drive 28 or 29 and the program on the floppy disk drive transferred to the hard disk 33. When it is desired to send the user developed software programs to the host system for evaluation by the supplier or distributor, the vending instrument 1 is opened by the owner of the instrument commonly at suitable intervals, for example, once a day. See column 10, lines 46-53. The owner is different from the purchasers or software maniacs.

Furthermore, Ogaki et al. does not teach or suggest the transmission of any type of signals in "digital" form as is found in applicant's claimed invention. Ogaki et al. only teaches to transfer software programs, not digital video or digital audio signals.

As it is clear from the above, the vending instrument 1 and the cassettes 25 are all in possession and control of the first party, the first party being either the owner, supplier, dealer, or distributor of the program. The second party does not obtain possession of the program until after it is ejected from the vending instrument 1. The fact that coins or bills must be deposited directly into the machine before any duplication of the program occurs, the fact that there is sales data that is accumulated for the owner to keep track of the programs that are sold to the second parties (plural), the fact that the blank cassettes 25 are stored in large quantities inside the instrument which are never provided to the purchaser until after duplication of the program has occurred and an individual cassette 25 is ejected from the machine, the fact that the hard disk memory 33 is held in a locked housing from which only the owner has a key and the fact that the vending instrument 1 is located at a local dealer and is connected to the host system through a private or exclusive data communication line teaches that the vending instrument 1 is in the possession of the first party and is made to sell to the masses without any second party possessing and controlling the second memory while the audio or video signal is transferred to the second. Also, for the reasons elaborated upon above in regard to Lightner and the vending machine only accepting coins or bills for payment and what that represents, Ogaki et al. does not teach or suggest applicant's claimed invention.

The Examiner contends that Ogaki et al., taken together with Lightner, arrives at applicant's claimed invention. As more fully explained above, Ogaki et al., taken together with Lightner, fails to teach various limitations found in the claims. Since there is no teaching

or suggestion for several limitations of applicant's claimed invention, Ogaki et al. in view of Lightner cannot arrive at applicant's claimed invention.

More specifically, in regard to Claims 3-7, they are dependent to parent Claim 1. As explained above, neither Lightner nor Ogaki et al. teach or suggest "transferring the desired digital video or audio signals from the first memory . . . to the second memory . . . while the second memory is in possession and control of the second party". Lightner teaches there to be a quantity of recordable media, such as blank tape cassettes located in the vending machine. The consumer purchases a blank tape cassette upon which the desired signal is duplicated and only obtains possession and control of the cassette after it has been ejected from the vending machine. This has been more fully described above in regard to Lightner and Claim 1. Similarly, Ogaki et al. teaches that blank or nonrecorded tape cassettes 25 are stored in the vending machine 1 in large quantities. Only after completion of the program duplication is recorded tape cassette 25 ejected to the tray 30. It is then and only then that the purchaser is in possession and control of the cassette 25. Thus, Ogaki et al., for the reasons more fully elaborated upon above, does not teach or suggest the limitations of Claim 1. Since neither Lightner nor Ogaki et al. teach or suggest Claim 1 and Claims 3-7 are dependent to parent Claim 1 and have all of its limitations, Claims 3-7 are also patentable over Ogaki et al. in view of Lightner.

Similarly, Claim 15 is dependent to parent Claim 9. For the reasons explained above, Lightner does not teach or suggest Claim 9. In regard to Ogaki et al., Ogaki et al. does not teach or suggest the "desired digital video or audio signals" being "electronically transferred from the first memory to the second memory while the second memory is in possession and control of the second party", as explained above. Moreover, Ogaki et al. does not teach "said second party control unit placed by the second party at a location determined by the second party". Ogaki et al. teaches that the vending machine 1 is placed by the first party and not by the second party. This is because the first party owns the vending machine 1, and even has a private line connecting the host system 2 with the vending instrument 1. Furthermore, the instrument's 1 front door 34 is locked and only an authorized person having a key can open it. See the above discussion of Ogaki et al. for a more elaborate explanation of the same. Accordingly, Ogaki et al. does not teach or suggest "said second party control unit placed by the second party at a location determined by the second party". Since neither Ogaki et al. nor Lightner, as explained above, teach these limitations, Claim 9 is patentable over Ogaki et al. in view of Lightner. Since Claim 15 has all the limitations of Claim 9, Claim 15 is also patentable.

In regard to Claim 17, it also has the limitation of "means or a mechanism for transmitting the desired digital video or audio signals from the first memory . . . to a receiver having the second memory while said receiver is in possession and control of the second party . . .". As explained above, neither Lightner nor Ogaki et al. teach or suggest this

limitation. Accordingly, Claim 17 is patentable over Ogaki et al. in view of Lightner. Claims 18-22 are dependent to parent Claim 17 and have all the limitations of parent Claim 17. Since parent Claim 17 is patentable over Ogaki in view of Lightner, so are Claims 18-22.

Claim 23 is patentable for the reasons Claim 17 is patentable. Moreover, Claim 23 has the additional limitation of "said receiver placed by the second party at a location determined by the second party". As explained above, neither Ogaki et al. nor Lightner teach or suggest this limitation. Also, because of this additional limitation, Claim 23 is patentable over Ogaki et al. in view of Lightner.

Claims 24-28 are dependent to parent Claim 23 and have all the limitations of Claim 23. Since Claim 23 is patentable over Ogaki et al. in view of Lightner, so are Claims 24-28.

Claim 29 is patentable over Ogaki et al. in view of Lightner for the reasons that Claim 23 is patentable over Ogaki et al. in view of Lightner.

Claim 30 is dependent to Claim 29 and has all the limitations of Claim 29. Since Claim 29 is patentable over Ogaki et al. in view of Lightner, Claim 30 is patentable over Ogaki et al. in view of Lightner.

Claim 31 is patentable over Ogaki et al. in view of Lightner for the reasons that Claim 1 is patentable over Ogaki et al. in view of Lightner.

Newly added Claims 32-34 are dependent to parent Claim 1 and have all the limitations of parent Claim 1. Since parent Claim 1 is patentable over Ogaki et al. in view of Lightner, then Claims 32-34 are patentable over Ogaki et al. in view of Lightner.

Similarly, Claims 35-37 are dependent to parent Claim 29. Since parent Claim 29 is patentable over Ogaki et al. in view of Lightner, so are Claims 35-37.

Claim 38 is patentable over Ogaki et al. in view of Lightner for the reasons that Claim 29 is patentable over Ogaki et al. in view of Lightner. Claims 39-41 are dependent to parent Claim 38. Since parent Claim 38 is patentable over Ogaki et al. in view of Lightner, so are Claims 39-41.

Claim 43 is patentable for the reasons that Claim 23 is patentable. Since Claims 44-53 are dependent to parent Claim 43, they have all the limitations of parent Claim 43 and are patentable for the reasons Claim 43 is patentable over Ogaki et al. in view Lightner.

Claims 54-56 are dependent to parent Claim 9 and have all the limitations of parent Claim 9. Since parent Claim 9 is patentable over Lightner, Claims 54-56 are patentable over Lightner.

Claim 57 is patentable over Ogaki et al. in view of Lightner for the same reasons Claim 29 is patentable over Ogaki et al. in view of Lightner. Furthermore, Claims 58-60 are dependent to parent Claim 57 and have all the limitations of parent Claim 57. Since Claim 57 is patentable over Ogaki et al. in view of Lightner, so are Claims 58-60.

Claim 61 is dependent to parent Claim 23 and has all of its limitations. Since parent Claim 23 is patentable over Ogaki et al. in view of Lightner, so is Claim 61.

Applicant reminds the Examiner of related continuation application 08/607,648 and asks the Examiner to review whether there is any double patenting issue with regard to this application 08/607,648 or parent patent, U.S. Patent No. 5,191,573.

As discussed with the Examiner during the Examiner's interview, all the applied art of record does not teach or suggest the limitation of a playing mechanism such as a second party control unit having the second memory which receives the desired digital video or digital audio signals and then playing these signals from the second memory. That is, there is no teaching in the applied art of record of some form of mechanism which has a second memory

(or not) and playing the signals in the second memory which are all connected together. For this reason alone, all of applicant's independent claims are patentable over the applied art of record.

Similarly, in regard to the reference Freeny, Jr. which was also discussed during the Examiner's interview, there is no teaching or suggestion of a mechanism, apparatus, device etc. which, for instance, has the second memory, and the ability to play the digital audio or video signals in the second memory. For example, Claim 1 has the limitation of a second party control unit having a second memory which receives the digital video or digital audio signals from the first memory and the limitation of playing the digital video or digital audio signals in the second memory through speakers of the second party control unit which also has the second memory, and where the speakers are connected with the second memory. This limitation or some similar form of this limitation where the second memory is linked to the second party control unit, or simply the second party control unit which receives the signals, whether it has the second memory or not but which has a capability of playing the signals received by the second party control unit (Claim 57, for example) by itself distinguishes over Freeny, Jr.

Freeny, Jr. is a reference which teaches to manufacture information for sale. There is no teaching or suggestion whatsoever anywhere in Freeny, Jr. of providing any digital video or digital audio signal, let alone some type of second party control unit or apparatus or

device or receiver which receives the signals and has the capability of also playing the signals. This follows because Freeny, Jr. only teaches to sell the signals. For instance, in column 5, lines 32-35, Freeny, Jr. teaches that each of the information manufacturing machines 14 is located at a point of sale location and each point of sale location is located remotely with respect to the other point of several locations in the system 10. Freeny, Jr. then further teaches in column 5, lines 47-50, that the point of sale location is a location where a consumer goes to purchase material objects embodying predetermined or preselected information. Freeny, Jr. teaches that each point of sale location has at least one information manufacturing machine 14, at least one reproduction unit 24 and a plurality of blank material objects. See column 1, lines 66-69. These objects are with the manufacturing unit and are not obtained by the second party or purchaser until after the transfer of the signals is complete and released to the purchaser for the purchaser to go to where he or she wishes to go and do what he or she wishes to do with the purchased information on the material objects.

But one thing that is clear that is not taught by Freeny, Jr. is that the purchaser plays the information in the same machine which receives the information. That key distinction and limitation of applicant's claimed invention distinguishes over Freeny, Jr. This material distinction also manifests applicant's claimed invention as a totally different approach to obtaining digital audio or digital video signals because as the prior art clearly represents, the prior art only taught to provide the information up to a point, that is, sale of the information,

which the producer had to come to get, and then the purchaser would go off to another location to listen or play the digital video or digital audio information.

Applicant's claimed invention combines the transfer function with the playing function so a user does not have to go off somewhere else and play the information. The fact that Freeny, Jr. is only for the manufacture and sale but not the playing of the information in the device which receives the information is replete throughout the teachings of Freeny, Jr. What makes Freeny, Jr. different from the other prior art in this area is that Freeny, Jr. requires an authorization code to be provided by the information control machine 12 before the manufacturing units 14 can reproduce the preselected information in the material objects. In this way, the manufacturing units can be at the seller's location with the information in the manufacturing unit, but the information will not be transferred until the authorization code is released to the manufacturing unit from a remote location. See column 6, lines 20-24.

Freeny, Jr. goes further and actually teaches a vending machine embodiment on column 26, lines 28-47. What is different about this vending machine from the other system that Freeny, Jr. teaches is that the vending machine can receive money through an input 112 such as dollar bills or coins or both or through credit cards. However, to reiterate, there is no teaching or suggestion in Freeny, Jr. of transmitting digital video or digital audio signals from a first memory to a receiver or a second party control unit at a location which is remote from the first memory and then displaying or playing the desired digital video or digital audio

signals by the receiver or the second party control unit which has also received the digital video or digital audio signals. Accordingly, Claims 1-63 are patentable over Freeny, Jr.

In view of the foregoing amendments and remarks, it is respectfully requested that the outstanding rejections and objections to this application be reconsidered and withdrawn, and Claims 1-63, now in this application be allowed.

Respectfully submitted,

ARTHUR R. HAIR

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
425 N. Craig Street
Suite 301
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Applicant

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 7/3/96

_____
Ansel M. Schwartz
Registration No. 30,587

7/3/96
Date

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

SERIAL NUMBER	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
08/471,964	06/06/95	HAIR	A HAIR-1CONTII

EXAMINER: NGUYEN, H

ART UNIT	PAPER NUMBER
2413	7

24M1/1009

ANSEL M SCHWARTZ
425 N CRAIG STREET
SUITE 301
PITTSBURGH PA 15213

DATE MAILED: 10/09/96

This is a communication from the examiner in charge of your application.
COMMISSIONER OF PATENTS AND TRADEMARKS

☑ This application has been examined ☑ Responsive to communication filed on 7/8/96 ☐ This action is made final.

A shortened statutory period for response to this action is set to expire 3 month(s), _____ days from the date of this letter.
Failure to respond within the period for response will cause the application to become abandoned. 35 U.S.C. 133

Part I THE FOLLOWING ATTACHMENT(S) ARE PART OF THIS ACTION:

1. ☑ Notice of References Cited by Examiner, PTO-892.
2. ☐ Notice of Draftsman's Patent Drawing Review, PTO-948.
3. ☐ Notice of Art Cited by Applicant, PTO-1449.
4. ☐ Notice of Informal Patent Application, PTO-152.
5. ☐ Information on How to Effect Drawing Changes, PTO-1474.
6. ☐ _____.

Part II SUMMARY OF ACTION

1. ☑ Claims 1-63 are pending in the application.

   Of the above, claims _____ are withdrawn from consideration.

2. ☐ Claims _____ have been cancelled.
3. ☐ Claims _____ are allowed.
4. ☑ Claims 1-63 are rejected.
5. ☐ Claims _____ are objected to.
6. ☐ Claims _____ are subject to restriction or election requirement.
7. ☐ This application has been filed with informal drawings under 37 C.F.R. 1.85 which are acceptable for examination purposes.
8. ☐ Formal drawings are required in response to this Office action.
9. ☐ The corrected or substitute drawings have been received on _____. Under 37 C.F.R. 1.84 these drawings are ☐ acceptable; ☐ not acceptable (see explanation or Notice of Draftsman's Patent Drawing Review, PTO-948).
10. ☐ The proposed additional or substitute sheet(s) of drawings, filed on _____. has (have) been ☐ approved by the examiner; ☐ disapproved by the examiner (see explanation).
11. ☐ The proposed drawing correction, filed _____, has been ☐ approved; ☐ disapproved (see explanation).
12. ☐ Acknowledgement is made of the claim for priority under 35 U.S.C. 119. The certified copy has ☐ been received ☐ not been received ☐ been filed in parent application, serial no. _____ ; filed on _____.
13. ☐ Since this application apppears to be in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under Ex parte Quayle, 1935 C.D. 11; 453 O.G. 213.
14. ☐ Other

EXAMINER'S ACTION

PTOL-326 (Rev. 2/93)

1. The following office action is responsive to the request for reconsideration filed on 4/14/97.

2. The following is a quotation of 35 U.S.C. § 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented 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. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claims 1-63 are rejected under 35 U.S.C. § 103 as being unpatentable over Freeny, Jr.'US/643.

This rejection is repeated. See paragraph 2 of the last office action.

Remarks: Applicant mainly argues that Freeny, Jr. does not teach reproducing/playing-back after transferring of the signals and thus the claimed invention should be considered distinguishable over Freeny,Jr. The argument is not found to be persuasive because it would have been obvious to one of ordinary skill in the art, in light of the teaching of Freeny, Jr., that play-back/reproducing after transferring the signals, based on personal common sense, would have been obvious within a level of an ordinary skill in the

art to verify the quality of the transferred signals since verification of integrity of signals/data/information, etc. has been well known in the art.

3. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US/4789863 is cited as of interest relative to the abstract therewith.

4. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 C.F.R. § 1.136(a).

A SHORTENED STATUTORY PERIOD FOR RESPONSE TO THIS FINAL ACTION IS SET TO EXPIRE THREE MONTHS FROM THE DATE OF THIS ACTION. IN THE EVENT A FIRST RESPONSE IS FILED WITHIN TWO MONTHS OF THE MAILING DATE OF THIS FINAL ACTION AND THE ADVISORY ACTION IS NOT MAILED UNTIL AFTER THE END OF THE THREE-MONTH SHORTENED STATUTORY PERIOD, THEN THE SHORTENED STATUTORY PERIOD WILL EXPIRE ON THE DATE THE ADVISORY ACTION IS MAILED, AND ANY EXTENSION FEE PURSUANT TO 37 C.F.R. § 1.136(a) WILL BE CALCULATED FROM THE MAILING DATE OF THE ADVISORY ACTION. IN NO EVENT WILL THE STATUTORY PERIOD FOR RESPONSE EXPIRE LATER THAN SIX MONTHS FROM THE DATE OF THIS FINAL ACTION.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Hoa Nguyen, whose telephone number is (703) 305-9687. The examiner can normally be reached on Monday through Friday, from 9.30 A.M to 6.00 P.M..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Beausoliel, can be reached on (703) 305-9713. The fax phone number for this Group is (703) 305-9564.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 305-9600.

HOA T. NGUYEN
PRIMARY EXAMINER
GROUP 2400

FORM PTO-892 (REV. 2-92)	U.S. DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE	SERIAL NO. 08/471,964	GROUP ART UNIT 2785	ATTACHMENT TO PAPER NUMBER	7
NOTICE OF REFERENCES CITED		APPLICANT(S) HAIR			

U.S. PATENT DOCUMENTS

*		DOCUMENT NO.	DATE	NAME	CLASS	SUB-CLASS	FILING DATE IF APPROPRIATE
	A	5191193	3/93	LE ROUX	235	379	10/9/90
	B						
	C						
	D						
	E						
	F						
	G						
	H						
	I						
	J						
	K						

FOREIGN PATENT DOCUMENTS

*		DOCUMENT NO.	DATE	COUNTRY	NAME	CLASS	SUB-CLASS	PERTINENT SHTS. DWG	PERTINENT PP. SPEC.
	L								
	M								
	N								
	O								
	P								
	Q								

OTHER REFERENCES (Including Author, Title, Date, Pertinent Pages, Etc.)

	R	
	S	
	T	
	U	

EXAMINER	DATE	
HOA NGUYEN	10/96	

* A copy of this reference is not being furnished with this office action.
(See Manual of Patent Examining Procedure, section 707.05 (a).)

#8

Attorney's Docket No. HAIR-1 CONT III **PATENT**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair

Serial No.: 08 / 471,964 Group No.: 2413
Filed: June 6, 1995 Examiner: H. Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231

AMENDMENT TRANSMITTAL

1. Transmitted herewith is an amendment for this application.

STATUS

2. Applicant is
   - [X] a small entity. A verified statement:
     - [ ] is attached.
     - [X] was already filed.
   - [ ] other than a small entity.

CERTIFICATE OF MAILING/TRANSMISSION (37 C.F.R. 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

[X] deposited with the United States Postal Service with sufficient postage as first class mail, in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

Date: 4/9/97

FACSIMILE

[ ] transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka
Signature

Tracey L. Milka
(type or print name of person certifying)

EXTENSION OF TERM

NOTE: "Extension of Time in Patent Cases (Supplement Amendments) — If a timely and complete response has been filed after a Non-Final Office Action, an extension of time is not required to permit filing and/or entry of an additional amendment after expiration of the shortened statutory period.

If a timely response has been filed after a Final Office Action, an extension of time is required to permit filing and/or entry of a Notice of Appeal or filing and/or entry of an additional amendment after expiration of the shortened statutory period unless the timely-filed response placed the application in condition for allowance. Of course, if a Notice of Appeal has been filed within the shortened statutory period, the period has ceased to run." Notice of December 10, 1985 (1061 O.G. 34-35).

NOTE: See 37 C.F.R. 1.645 for extensions of time in interference proceedings, and 37 C.F.R. 1.550(c) for extensions of time in reexamination proceedings.

3. The proceedings herein are for a patent application and the provisions of 37 C.F.R. 1.136 apply.

(complete (a) or (b), as applicable)

(a) ☒ Applicant petitions for an extension of time under 37 C.F.R. 1.136 (fees: 37 C.F.R. 1.17(a)-(d) for the total number of months checked below:

Extension (months)	Fee for other than small entity	Fee for small entity
☐ one month	$ 110.00	$ 55.00
☐ two months	$ 390.00	$195.00
☒ three months	$ 930.00	$465.00
☐ four months	$1,470.00	$735.00

Fee $ 465.00

If an additional extension of time is required, please consider this a petition therefor.

(check and complete the next item, if applicable)

☐ An extension for _____ months has already been secured. The fee paid therefor of $_____ is deducted from the total fee due for the total months of extension now requested.

Extension fee due with this request $_____

OR

(b) ☐ Applicant believes that no extension of term is required. However, this conditional petition is being made to provide for the possibility that applicant has inadvertently overlooked the need for a petition for extension of time.

FEE FOR CLAIMS

4. The fee for claims (37 C.F.R. 1.16(b)-(d)) has been calculated as shown below:

(Col. 1)		(Col. 2)	(Col. 3)	SMALL ENTITY			OTHER THAN A SMALL ENTITY	
CLAIMS REMAINING AFTER AMENDMENT		HIGHEST NO PREVIOUSLY PAID FOR	PRESENT EXTRA	RATE	ADDIT. FEE	*OR*	RATE	ADDIT. FEE
TOTAL *	MINUS **		=	x$11 =	$		x$22 =	$
INDEP. *	MINUS ***		=	x$40 =	$		x$80 =	$
☐ FIRST PRESENTATION OF MULTIPLE DEP. CLAIM				+$130 =	$		+$260 =	$
				TOTAL ADDIT. FEE	$	*OR*	TOTAL ADDIT. FEE	$

* If the entry in Col. 1 is less than entry in Col. 2, write "0" in Col. 3.
** If the "Highest No. Previously Paid for" IN THIS SPACE is less than 20, enter "20".
*** If the "Highest No. Previously Paid For" IN THIS SPACE is less than 3, enter "3".
The "Highest No. Previously Paid For" (Total or indep.) is the highest number found in the appropriate box in Col. 1 of a prior amendment or the number of claims originally filed.

WARNING: *"After final rejection or action (§ 1.113) amendments may be made cancelling claims or complying with any requirement of form which has been made." 37 C.F.R. § 1.116(a) (emphasis added).*

(complete (c) or (d), as applicable)

(c) ☒ No additional fee for claims is required.

OR

(d) ☐ Total additional fee for claims required $_____.

FEE PAYMENT

5. ☒ Attached is a check in the sum of $ 465.00.

☐ Charge Account No. _____ the sum of $ _____.

A duplicate of this transmittal is attached.

FEE DEFICIENCY

NOTE: If there is a fee deficiency and there is no authorization to charge an account, additional fees are necessary to cover the additional time consumed in making up the original deficiency. If the maximum six-month period has expired before the deficiency is noted and corrected, the application is held abandoned. In those instances where authorization to charge is included, processing delays are encountered in returning the papers to the PTO Finance Branch in order to apply these charges prior to action on the cases. Authorization to charge the deposit account for any fee deficiency should be checked. See the Notice of April 7, 1986. (1065 O.G. 31-33).

6. [X] If any additional extension and/or fee is required, charge Account No. 19-0737.

AND/OR

[X] If any additional fee for claims is required, charge Account No. 19-0737.

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Ansel M. Schwartz
(type or print name of attorney)

Tel. No.: (412) 621-9222

425 N. Craig Street, Suite 301
P.O. Address

Pittsburgh, PA 15213

#9

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	)	
	)	
ARTHUR R. HAIR	)	
	)	
Serial No. 08/471,964	)	
	)	
Filed: June 6, 1995	)	A SYSTEM FOR TRANSMITTING
	)	DESIRED DIGITAL VIDEO OR
Art Unit: 2413	)	AUDIO SIGNALS
	)	
Patent Examiner:	)	
	)	
H. Nguyen	)	

Pittsburgh, Pennsylvania 15213

April 9, 1997

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 4/9/97

Ansel M. Schwartz
Registration No. 30,587
4/9/97
Date

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

RESPONSE

Please enter the following remarks to the above-identified application in response to the Office Action dated October 9, 1997, as follows:

REMARKS

Claims 1-63 are currently active.

The Examiner has rejected claims under 35 U.S.C. §103 as being unpatentable over Freeny. Applicant respectfully traverses this rejection. Freeny does not teach to play the audio or video signal. Freeny is a manufacturing system and playing a product which is manufactured is contrary to the goal and purposes of Freeny. There is no suggestion to play the copied signals in Freeny. Only with the hindsight of applicant's claimed invention and specification would one skilled in the art find applicant's claimed invention obvious from Freeny.

Referring to Freeny, there is disclosed a system for reproducing information in material objects at a point of sale location. Freeny teaches that the manufacturing facilities and the distribution networks for the material objects represent substantial cost to the owner of the information. See column 1, lines 22-25. Furthermore, the owner of the information embodied in a master recording had to determine how many records, cassette tapes, 8-track tapes and the like were to be manufactured. After manufacturing, the owner of the information then faced the problem of how to distribute such records and tapes to various retail outlets and, once distributed, the owner of the information then faced the problem of collecting the monies due in connection with the sale of such records and tapes. If the records and tapes did not sell for

any one of a number of reasons, the owner of the information then typically faced the problem of receiving returns of the previously distributed records and tapes. Thus, such an owner of information might distribute a large number of records and tapes, receive relatively high percentage of such distributed records and tapes as returns, not collect a relatively high percentage of the monies due in connection with the sale of such records and tapes and, thus, the final results might be that the owner of such information merely ended up with a large inventory of records and tapes and not enough money collected even to cover the initial investment. See column 1, lines 49-63.

Furthermore, there was no assurances that material objects providing such particular recording would be available at a relatively large percentage of point of sale locations at a time coinciding with the time of the owner's initial advertising campaign. This results in lost potential sales. Retailers at various point of sale locations also faced problems with respect to information embodied in recordings. Initially, such retailers faced the problem of determining which recordings were to be stocked and then had to determine which configurations of such recordings and how many of each such configurations. Inventory represented a substantial investment to such retailers and such retailers also had to face pilferage problems which have resulted in lost revenue. All of these problems of the retailers translated to a large extent to an increased product cost to the consumer. See column 2, lines 5-25.

Because of economic considerations, it had not been practical for a retailer (point of sale location) to maintain all of the available recordings in inventory at any given time. Thus, a consumer having a desire to purchase a particular recording might not be able to locate a retail outlet which carried such recording in inventory, and its potential sale simply would be lost. See column 2, lines 62-69.

Freeny teaches a way for reproducing or manufacturing material objects at point of sale locations only with the permission of the owner of the information, thereby assuring that the owner of the information will be compensated in connection with such reproduction. Freeny teaches how to solve the problems associated with manufacturing, inventory, configuration distribution and collection he earlier identified and as described above. Freeny does not teach anything further about playing the information, which follows because Freeny is only interested in manufacturing, distributing and selling the information and does not care what happens to the information after that.

Freeny teaches a point of sale information manufacturing system 10, as shown in figure 1, includes at least one information control machine 12 and at least one information manufacturing machine 14. The information control machine 12 is constructed to receive information via an input line 16, encode the received information, store the encoded information, receive request reproduction codes requesting to reproduce certain preselected information at a particular information manufacturing machine 14 via a communication link

18, provide authorization codes authorizing the reproductions of certain preselected information at a particular information manufacturing machine 14 via the communication link 18, receive file reproduce codes via an input line 19 requesting the reproduction of the information stored in the information control machine 12, provide the information stored therein for communication to particular information manufacturing machines 14 via a communication link 20, receive file transmit codes via the input line 19 requesting the reproduction of the information stored in the information control machine 12, and provide the information stored therein for communication to particular information manufacturing machine's 40 via the communication link 18. There is no teaching or suggestion of the information control machine 12 able to play the information.

Each information manufacturing machine 14 is constructed to receive encoded information via a communication link 18 or the communication link 20, store received encoded information, receive request reproduction codes via an input line 21, provide the request reproduction codes via the communication link 20, decode preselected information in response to receiving an authorization code and provide certain preselected decoding information via an output line 22 to a reproduction unit 24 which is adapted to reproduce received information in a material object. There is no teaching or suggestion of the information manufacturing machine 14 able to play the information. See column 5, lines 1-31.

Each of the information manufacturing machines 14 located at a point of sale location and each point of sale location is located remotely with respect to the other point of sale locations in the system 10. The information control machine 12 is located at a remote location with respect to each of the point of sale locations and with respect to the information manufacturing machines 14. See column 5, lines 32-39. The point of sale location is a location where a consumer goes to purchase material objects embodying predetermined or preselected information. See column 5, lines 47-50.

In response to receiving the authorization code, the information manufacturing machine 14 decodes the preselected information stored in the information manufacturing machine 14 and provides the coded information on the output line 22. The reproduction unit 24 is constructed and adapted to receive the decoded information provided on the output line 22 and to reproduce the preselected information in a material object. Thus, the information manufacturing units 14 are constructed to reproduce preselected information in material objects only in response to receiving an authorization code and, thus, preselected information is embodied or reproduced in a material objects at a point of sale location substantially only with the permission of the owner of the information. See column 6, lines 11-22.

Each point of sale location has at least one information manufacturing machine 14, at least one reproduction unit 24 and a plurality of blank material objects. See column 12, lines 66-68. Each point of sale location could have a plurality of blank 8-track tapes or blank

cassettes types of material objects and the reproduction unit 24 would be adapted to record the received decoded information on a blank 8-track tape or cassette tape operatively disposed therein. See column 13, lines 1-6. Each point of sale location could also include a number of printed catalogs describing the various recordings available along with the catalog codes identifying each available recording so the consumers can select the recording desired to be purchased. See column 13, lines 7-13.

The owner of the point of sale location would collect from the consumer's compensation for the blank material object (8-track tape or cassette tape, for example) and this would be a sales transaction independent of the owner of the information. Also other data could be inputted into the manufacturing control unit 14 in connection with a request reproduction code for inventory of material objects or other general accounting data, if desired. See column 13, lines 39-48.

Freeny also teaches that at the retail outlet, the point of sale location, there is one or more information manufacturing machines 14 and in inventory of blank 8-track tape or cassette tapes. The retail outlets, using system 10 also has an inventory of all available recordings; however, this inventory is encoded and not usable without the permission of the owner of the information. The retail outlets do not have an inventory a number of premanufactured recordings which cannot be sold and the retail outlet has virtually no investment in inventory, after than the blank 8-track tapes or blank cassette tapes. The owner

of the retail outlet only pays for recordings sold. See column 14, lines 56-69. The owner of the recordings also does not have any investment in cassette tapes or 8-track tapes and has no inventory of any manufactured recordings. Further, there is no investment in large manufacturing facilities to manufacture recordings since, in the system 10, the recordings are manufactured at the point of sale location only when such recording is sold. The owner of the recording receives compensation for the sale of a recording before the reproduction and sale of the recording is authorized. See column 15, lines 1-11.

The reproduction units 24 could be electronic machines capable of transferring programs in digital format onto floppy disks or other such storage media when the information to be reduced is in the form of a computer program. See column 22, lines 53-57.

Freeny also teaches that a manufacturing program unit 92 can be programmed to control a digital to analog converter 100 so that information in the form of a program is updated in a particular program language. Thus, an individual at a point of sale can request that a certain program identified by the catalog code be reproduced on a floppy disk in a particular program language identified via the inputted format code. See column 23, lines 31-41.

Freeny also teaches the manufacturing machine 14a is particularly adapted to function in the nature of machines commonly referred to as vending machines. The

information manufacturing machine 14a includes a money acceptor 110 which is adapted to access via an input 112 money in the form of cash or in the form of credit cards or in the form of inputted credit number information, and to provide an output money valid code on a signal path 114 in response to delegating a certain amount of money received via the input 112. See column 26, lines 12-43. Stored in the digital storage unit 86 is the encoded information, catalog codes and dollar charge codes. The user inputs the selected catalog code into the information catalogs and request unit 90 via the input line 21 representing a request to reproduce preselected information identified via the inputted catalog code in a material object. See column 26, lines 59-68. If a sufficient amount of money has been received in the money acceptor 110, the manufacturing program unit 92 is programmed to cause the reproduction of the information identified via the received catalog code in a material object in a manner exactly like that described before with respect to the information manufacturing machine 14. See column 27, lines 29-31.

As a further security measure, the information manufacturing machines are constructed so that, in the event an individual gains physical access to a portion of the machine to obtain the encoded information, the encoded information is destroyed or erased. See column 28, lines 3-8.

As is clear by the description of the system taught by Freeny, the system is interested, and only interested, in manufacturing and distributing information at retail outlets

known as point of sales. The Examiner recognizes this fact on page 3 of the last office action. The Examiner nonetheless determines that it would be an obvious matter of optimization of design for optimizing verification of transferring of the signal which the Examiner determines as not adding patentable weight to the claimed method. Applicant must respectfully strongly disagree with the Examiner's conclusion in light of the teachings and context of Freeny.

Freeny has everything geared to maximizing the manufacture and distribution of the information. Freeny has attempted to identify all the issues that are involved in such a manufacturing and distribution process and has tried to maximize the efficiency and operation of this manufacturing and distribution for sales. Nowhere has Freeny taught or suggested anything whatsoever about verification of transferring of a signal. Nowhere in the claimed invention is there the limitation of optimizing verification of the transfer of the signal. Furthermore, the Examiner uses the word optimizing verification. Not only is the Examiner reading a limitation into the claims, and reading a teaching into the teachings of Freeny but is suggesting that something is obvious which is in direct conflict with all the teachings of Freeny.

Freeny is interested in efficiently and quickly completing the manufacturing and distribution process to maximize sales. As identified above, everything is geared to capturing every sale. Freeny repeats this fact on many instances in his specification. For there to be a playing unit to play back video or audio digital signals for verification of the transfer of the

audio or video signal would enormously slow down the sales process. Besides not making sense, the only value of playing back a video or audio signal is to play back the entire video or audio signal since anything less means the story or song or speech is incomplete and most likely of no value. Thus, it would take an unacceptable amount of time for someone who has just purchased information from a point of sale in the Freeny context, to remain there and playback the entire video or audio signal to determine that the transfer was proper. This would never happen in the context of Freeny which is interested in maximizing sales. Furthermore, if there was something wrong with the transfer, the customer may choose not to leave the point of sale until he or she received satisfaction, thus once again introducing an element of obstruction to the sales process. This can be simply seen in the normal course of sales at retail outlets of video stores or music stores where the customer is not allowed to play the song or movie at the store but must purchase the song or video and than take it to a playing mechanism out of the way of business to determine whether it is complete, typically by playing the song or video to listen or watching it with their own playing device. As a matter of fact, it is unheard of for a video or audio memory device, such as a CD or video cassette to be played before it is purchased or at the site of purchase. Basically this is what the Examiner is suggesting.

Furthermore, there are many better and more accurate and accepted ways of optimizing verification of the transfer of the signal then actually playing the entire signal which is infinitely slower. As the signal is transferred, it can simply be kept track of and an

indication can occur when it is complete or as the transfer occurs. This is common for instance, in most transfer verification systems.

It is respectfully submitted that the Examiner is using hindsight from applicant's own specification and claims to take the teachings of Freeny and then the argument that it would be obvious to add a playing mechanism to the teachings of Freeny to arrive at applicant's claimed invention. However, hindsight is not the proper application of the law. Without hindsight, a reading of Freeny would not teach or suggest to anyone that playing the manufactured and distributed information would even be a consideration in Freeny's system.

Moreover, it is contrary to Freeny since Freeny again is motivated by attaining maximum sales in a way that minimizes costs and assures the owner of payment. If you keep this context of Freeny in mind, and you must because patent law dictates that you cannot take the teachings of a reference out of the context in which they are found, then, as explained above, you would not find applicant's claimed invention obvious from Freeny because Freeny wants the sale to occur and the customer to move on so the next customer can utilize the system for the next sale. Again, besides there being absolutely no teaching or suggestion of playing the manufactured information whatsoever, it would be contrary to the teachings of Freeny because it also would increase the costs of the manufacturing and distribution process since at minimum it would require more manufacturing machines and increased distribution to accommodate more customers if a given customer was watching or playing the information

after or while it was being purchased. It is only after reading the claims and specification of applicant would there be any reason to consider adding playing to Freeny, let alone to come up with the argument of optimizing verification of the transfer of the signals which is not identified anywhere.

As mentioned above, patent law dictates that there must be some teaching or suggestion in the reference to cause it to be combined with the other teachings to arrive at applicant's claimed invention. Here, there is no teaching or suggestion in Freeny to combine it with any reason for playing in the manufacturing machine to arrive at applicant's claimed invention. Without there being some teaching or suggestion, what results is the Examiner picking and choosing elements from the claimed invention, as though the claim was a road map, and saying the individual elements exist in the prior art so essentially the claimed invention is arrive at. But this is also recognized as contrary to patent law. An invention is greater than the sum of its parts. It is submitted that since Freeny is totally devoid of any suggestion of playing in the manufacturing or recording or any other mechanism of Freeny, then the Examiner is looking at the claims and coming up with some argument to say a playing mechanism should be combined with the Freeny system, and thus the claimed invention is obvious. Instead, the Examiner by law is required to look at the references that are being cited to arrive at the claimed invention.

This ignores the fact of what applicant's claims represent. Something totally different than what Freeny is teaching. Applicant's claimed invention is giving the ability to the second party to receive and play video or audio signals at their choosing at their location. It is a totally different approach for a customer than having to go to the point of sale taught by Freeny. Instead, a customer can enjoy the ability to purchase audio or video digital signals wherever the customer wishes as totally dictated by the customer (assuming there is a telecommunications line at hand -- in the U.S., there is a phone or cable line just about everywhere or a cellular call can be made literally everywhere) and to then further enjoy the audio or video digital signals themselves with the device that has received the signals by not having to perform the additional step which is inherent in Freeny of taking the manufactured information in Freeny and traveling to or having to transfer the manufactured object to another device. This further represents a difference in product design and purpose because Freeny wants to maintain absolute control over the manufacturing process, only releasing the manufactured object to the customer. Applicant's claimed invention essentially defines the manufacturing and playing functions together, which by definition releases the control of the manufacturing device to the customer who is ultimately purchasing the information. Freeny in contrast maintains a very strong difference between the retailer-seller of the information, and the customer who ultimately receives and pays for the information. Freeny goes so far as to cause the information to be destroyed if the customer has some way or other obtained access to the manufacturing device.

In view of the foregoing remarks, it is respectfully requested that the outstanding rejections and objections to this application be reconsidered and withdrawn, and Claims 1-63, now in this application be allowed.

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 4/9/97

Ansel M. Schwartz
Registration No. 30,587

4/9/97
Date

Respectfully submitted,

ARTHUR R. HAIR

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
425 N. Craig Street
Suite 301
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Applicant

?
 logoff y

SESSION FINISHED 07/06/97 2:04 P.M. (CENTRAL TIME)
ELAPSED TIME ON WPAT: 0.74 HRS.
ELAPSED TIME THIS SESSION: 0.75 HRS.
ORBIT SEARCH SESSION COMPLETED. THANKS FOR USING ORBIT!

-11- (WPAT)
TI - Point of sale video advertising system - uses single central video player
and number of remote screens activated by use
PN - EP-384637-A 90.08.29 (9035)
AU9049358-A 90.08.23 (9041) E
CA2010001-A 90.08.16 (9044) E
JP02289893-A 90.11.29 (9103)
US5134716-A 92.07.28 (9233) 5p E G09F-027/00
ZA9001110-A 93.08.25 (9339) 10p E G09F-000/00
EP-384637-B1 94.11.09 (9443) 7p E G09F-027/00
DE69013941-E 94.12.15 (9504) G09F-027/00
PNA - J02289893
AB - (EP-384637)
An advertising message is stored on a video player located away from the
point of sale stations. Each remote station has a switch, video screen
and loudspeaker. When the switch is activated the video message is sent
from central station to the remote one.
If more than one remote station is used then the same video signal
is sent to all the active one's.
USE - Esp. petrol stations, screens on each pump and player in
shop area. (7pp Dwg.No.1/2)

his

SS 1: CABLE (5N) TV (1324)
SS 2: TOP (5N) SET (4369)
SS 3: PAY: (6N) PER (6N) VIEW (134)
SS 4: PLAY: (5N) BACK (2574)
SS 5: 1 (F) 4 (2)
SS 6: 1 AND 3 (24)
SS 7: 2 AND 3 (4)
SS 8: HISHIS (0)
SS 9: (CHECK: OR VERIF:) (F) 4 (74)
SS 10: (VEDIO OR AUDIO) (40411)
SS 11: 9 AND 10 (16)
SS 12: (TRANSFER: OR COPY: OR SALE# OR SELL:) (F) (AUDIO OR VEDIO OR
SIGNAL#) (44187)
SS 13: 4 (F) 12 (93)

SS 14?

---Logging off of Orbit---

08/471,964

HIS

SS 1: (SALE# OR SELL:) (F) SIGNAL# (F) REMOTE: (51)
SS 2: VERIF: OR REPRODUC: OR PLAYBACK: OR RECORD: (319922)
SS 3: 1 (F) 2 (16)
SS 4: PAY: (6N) VIEW# (6N) 2 (7)

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

APPLICATION NUMBER	FILING DATE	FIRST NAMED APPLICANT	ATTORNEY DOCKET NO.
08/471,964	06/06/95	HAIR	A HAIR-1CONT1I

24M1/0710

ANSEL M SCHWARTZ
425 N CRAIG STREET
SUITE 301
PITTSBURGH PA 15213

EXAMINER	
NGUYEN,H	
ART UNIT	**PAPER NUMBER**
2413	10

DATE MAILED: 07/10/97

This is a communication from the examiner in charge of your application.
COMMISSIONER OF PATENTS AND TRADEMARKS

OFFICE ACTION SUMMARY

☐ Responsive to communication(s) filed on 4/14/97.

☑ This action is **FINAL**.

☐ Since this application is in condition for allowance except for formal matters, **prosecution as to the merits is closed** in accordance with the practice under *Ex parte Quayle*, 1935 D.C. 11; 453 O.G. 213.

A shortened statutory period for response to this action is set to expire _____ month(s), or thirty days, whichever is longer, from the mailing date of this communication. Failure to respond within the period for response will cause the application to become abandoned. (35 U.S.C. § 133). Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

Disposition of Claims

☑ Claim(s) 1-63 is/are pending in the application.

Of the above, claim(s) _____ is/are withdrawn from consideration.

☐ Claim(s) _____ is/are allowed.

☑ Claim(s) 1-63 is/are rejected.

☐ Claim(s) _____ is/are objected to.

☐ Claims _____ are subject to restriction or election requirement.

Application Papers

☐ See the attached Notice of Draftsperson's Patent Drawing Review, PTO-948.

☐ The drawing(s) filed on _____ is/are objected to by the Examiner.

☐ The proposed drawing correction, filed on _____ is ☐ approved ☐ disapproved.

☐ The specification is objected to by the Examiner.

☐ The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. § 119

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some* ☐ None of the CERTIFIED copies of the priority documents have been

☐ received.

☐ received in Application No. (Series Code/Serial Number) _____.

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

*Certified copies not received: _____.

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

Attachment(s)

☐ Notice of Reference Cited, PTO-892

☐ Information Disclosure Statement(s), PTO-1449, Paper No(s). _____

☐ Interview Summary, PTO-413

☐ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

-- SEE OFFICE ACTION ON THE FOLLOWING PAGES --

* U.S. GPO: 1996-409-290/40029

1. The amendment filed on 7/8/96 has been entered into the record.

2. The following is a quotation of 35 U.S.C. § 103 which forms the basis for all obviousness rejections set forth in this Office action:

> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented 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. Patentability shall not be negatived by the manner in which the invention was made.
>
> Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

Claims 1-63 are rejected under 35 U.S.C. § 103 as being unpatentable over Freeny, Jr.US/4,528,643.

Freeny et al teach a method of transferring digital information which includes forming connection through telecommunications lines between a first memory of a first party and a second memory of a second party, the first memory having the digital signals, selling electronically by the first party to the second party through the telecommunications lines the desired digital signals, transferring the desired digital signals from the first party to the second party through said lines while the second memory is in possession and control of the second party and the step of storing the digital signals in the second memory. See

figure 1 and its fully descriptions relative therewith.

Freeny et al does not specifically teach the step of or a mechanism for "playing through speakers of the second party control unit the digital video or digital audio signals in the second memory. The step of playing the video or audio digital signals at the second party unit would have been obvious matter of optimization of design for optimizing verification of transferring of the signal which has not seen to add patentable weight to the claimed method. It would have been obvious because even though Freeny et al does not specifically teach the use of play-back feature, one of ordinary skill in the art would obviously be able to recognize that a system can record information such as that of Freeny et al can also play said information which system has been well known in the recording art.

3. The following reference is cited as of interest: US/5191193.

4. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Hoa Nguyen, whose telephone number is (703) 305-9687. The examiner can normally be reached on Monday through Friday, from 9.30 A.M to 6.00 P.M..

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Beausoliel, can be reached on (703) 305-9713. The fax phone number for this Group is (703) 305-9724.

Any inquiry of a general nature or relating to the status of this application should be directed to the Group receptionist whose telephone number is (703) 305-3800.

HOA T. NGUYEN
PRIMARY EXAMINER
GROUP 2400

9/22/97 approved

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

#11

In re: Application of Arthur Hair

Serial No.: 08/471,964

Filed: June 6, 1995

Title: "A System for Transmitting Desired Digital Video or Audio Signals"

POWER TO INSPECT

Hon. Commissioner of Patents and Trademarks
Washington, D.C. 20231

Sir:

The undersigned attorney of record in the above identified patent application hereby grants to TERRY KANNOFSKY/ KATHY VANASPEREN/ CINDY PEARSALL and JAMES M. KANNOFSKY, all of TK ASSOCIATES, the power to inspect and copy the above mentioned application and file.

Respectfully submitted,

Date: 9/19/97

Reg. # 30587

GP - 2785

#18

Attorney's Docket No. HAIR-1 CONT III **PATENT**

01/12/98 JC544 U.S. PTO

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair

Serial No.: 08/471,964 Group No.: 2785
Filed: June 6, 1995 Examiner: Hoa Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231

NOTICE OF APPEAL FROM THE PRIMARY EXAMINER TO THE BOARD OF PATENT APPEALS AND INTERFERENCES

Applicant hereby appeals to the Board from the decision of the Primary Examiner, mailed 7/10/97, finally rejecting claims 1-63.

The item(s) checked below are appropriate:

1. STATUS OF APPLICANT

This application is on behalf of

- ☐ other than a small entity.
- ☒ a small entity.

A verified statement

- ☐ is attached.
- ☒ was already filed on June 13, 1988.

2. FEE FOR FILING NOTICE OF APPEAL

Pursuant to 37 C.F.R. 1.17(e), the fee for filing the Notice of Appeal is:

☒	small entity	$150.00
☐	other than a small entity	$300.00

Notice of Appeal fee due $ 155.00

01/20/1998 GPAYNE 00000253 08471964
01 FC:219 155.00 OP

CERTIFICATE OF MAILING/TRANSMISSION (37 C.F.R. 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☒ deposited with the United States Postal Service, with sufficient postage, as first class mail in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Date: 1/9/98

Tracey L. Milka
Signature

Tracey L. Milka
(type or print name of person certifying)

3. EXTENSION OF TERM

NOTE: The time periods set forth in 37 C.F.R. 1.191 are subject to the provision of § 1.136 for patent applications. 37 C.F.R. 1.191(d). (But see 37 C.F.R. 1.645 for extension of time in interference proceedings and 37 C.F.R. 1.550(c) for extension of time in reexamination proceedings).

(complete (a) or (b), as applicable)

The proceedings herein are for a patent application and the provisions of 37 C.F.R. 1.136 apply.

(a) ☒ Applicant petitions for an extension of time under 37 C.F.R. 1.136 (fees: 37 C.F.R. 1.17(a)-(d)) for the total number of months checked below:

Extension (months)	Fee for other than small entity	Fee for small entity
☐ one month	$110.00	$55.00
☐ two months	$390.00	$195.00
☒ three months	$930.00	$465.00
☐ four months	$1,470.00	$735.00

Fee $ 475.00

If an additional extension of time is required, please consider this a petition therefor.

(check and complete the next item, if applicable)

☒ An extension for 3 months has already been secured. The fee paid therefor of $475.00 is deducted from the total fee due for the total months of extension now requested.

Extension fee due with this request $0.00

or

(b) ☐ Applicant believes that no extension of term is required. However, this conditional petition is being made to provide for the possibility that applicant has inadvertently overlooked the need for a petition and fee for extension of time.

4. TOTAL FEE DUE

The total fee due is:

Notice of Appeal fee $ 155.00

Extension fee (if any) $ 0.00

TOTAL FEE DUE $ 155.00

5. FEE PAYMENT

☒ Attached is a check in the sum of $ 155.00.

☐ Charge Account No. _____ the sum of $_____.

A duplicate of this transmittal is attached.

6. FEE DEFICIENCY

NOTE: If there is a fee deficiency and there is no authorization to charge an account, additional fees are necessary to cover the additional time consumed in making up the original deficiency. If the maximum, six-month period has expired before the deficiency is noted and corrected, the application is held abandoned. In those instances where authorization to charge is included, processing delays are encountered in returning the papers to the PTO Finance Branch in order to apply these charges prior to action on the cases. Authorization to charge the deposit account for any fee deficiency should be checked. See the Notice of April 7, 1986, 1065 O.G. 31-33.

☒ If any additional extension and/or fee is required,

charge Account No. 19-0737.

AND/OR

☒ If any additional fee for claims is required,

charge Account No. 19-0737.

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Ansel M. Schwartz

(type or print name of attorney)

Tel. No.: (412) 621-9222

425 N. Craig Street, Suite 301

P.O. Address

Pittsburgh, PA 15213

#13

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:

ARTHUR R. HAIR

Serial No. 08/471,964

Filed: June 6, 1995

Art Unit: 2785

Patent Examiner:

Hoa Nguyen

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Pittsburgh, Pennsylvania 15213

January 9, 1998

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 1/9/98

Ansel Schwartz

Ansel M. Schwartz
Registration No. 30,587

1/9/98
Date

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

RESPONSE UNDER RULE 116

Please enter the following remarks to the above-identified application in response to the Office Action dated July 10, 1997, as follows:

REMARKS

Claims 1-63 are currently active.

The Examiner has rejected claims under 35 U.S.C. §103 as being unpatentable over Freeny. Applicant respectfully traverses this rejection. Freeny does not teach to play the audio or video signal. Freeny is a manufacturing system and playing a product which is manufactured is contrary to the goal and purposes of Freeny. There is no suggestion to play the copied signals in Freeny. Only with the hindsight of applicant's claimed invention and specification would one skilled in the art find applicant's claimed invention obvious from Freeny.

Applicant submits herewith a Declaration by inventor Arthur R. Hair which introduces secondary evidence of patentability of the claimed invention of the above-identified patent application. A determination of obviousness under 35 U.S.C. § 103 is a legal conclusion involving factual inquiries. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1050, 5 USPQ2d 1434, 1438 (Fed. Cir.), *cert. denied*, 488 U.S. 825 (1988); Pro-Mold and Tool Co., Inc. v. Great Lakes Plastics, Inc., 37 USPQ2d 1626, 1629 (Fed. Cir. 1996). Among these factual inquiries are secondary considerations, which include evidence of factors tending to show nonobviousness, such as commercial success of the invention, satisfying a

long-felt need, failure of others to find a solution to the problem at hand, and copying of the invention by others. *Id.*; Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1566, 1 USPQ2d 1593, 1595 (Fed. Cir.), *cert. denied*, 481 U.S. 1052 (1987); Pro-Mold and Tool Co., supra at 1629. It is the secondary considerations that are often most probative and determinative of the ultimate conclusion of obviousness or nonobviousness. Pro-Mold and Tool Co., supra at 1630. The examiner must consider secondary evidence of patentability in determining the patentability of the claimed invention. In re GPAC, Inc., 57 F.3d 1573, 35 USPQ2d 1116 (Fed. Cir. 1995).

The secondary evidence introduced into the record is that of copying, and commercial success. In regard to commercial success, Digital Sight/Sound, Inc. has licensed the claimed invention of the above-identified patent application and has raised over $1,000,000.00 to implement the claimed invention. This investment of $1,000,000.00 evidences the claimed invention is unique and different from anything before. This investment supports the fact a material license arrangement has been formed. Such secondary evidence of licensing supports patentability of the claimed invention of the above-identified patent application. Minnesota Mining & Manufacturing Co. v. Johnson & Johnson Orthopaedics, Inc., 976 F.2d 1559, 24 USPQ2d 1321 (Fed. Cir. 1992).

Furthermore, since the investment was to put into practice the claimed invention of the above-identified patent application, and there was nothing else yet in existence but the intellectual property of the claimed invention, investors were investing solely in the claimed invention, and putting into practice the claimed invention; not anything else since nothing else existed. This clearly establishes a nexus between the license and investment, and the claimed invention. Litton Systems, Inc. v. Honeywell, Inc., 87 F.3d 1559, 39 USPQ2d 1321 (Fed. Cir. 1996), *remanded*, 117 S. Ct. 1240 (1997).

The Declaration also introduces into the record evidence of copying by N2k and by various parties having web sites who have been sued by the major record labels. Copying, especially by N2k which is a publicly traded company on the Nasdaq Stock Exchange (by definition N2k must be worth millions of dollars to be allowed to be traded on the Nasdaq Stock Exchange), is strong evidence of patentability. Panduit Corp. v. Dennison Mfg. Co., 227 USPQ 337 (Fed. Cir. 1985), *remanded*, 475 U.S. 809, 229 USPQ 478 (1986), *on remand*, 1 USPQ2d 1593 (Fed. Cir. 1987). This is because N2k who had ample resources, copied the claimed invention rather than any prior art device that it could have, thus strongly evidencing nonobvious. Panduit Corp. v. Dennison Mfg. Co., 774 F.2d 1082, 227 USPQ 337 (Fed. Cir. 1985), *remanded*, 475 U.S. 809, 229 USPQ 478 (1986), *on remand*, 810 F.2d 1561, 1 USPQ2d 1593 (Fed. Cir. 1987). Specialty Composites v. Cabot Corp., 845 F.2d 981, 6 USPQ2d 1601 (Fed. Cir. 1988).

Accordingly, due to the secondary evidence of patentability of copying, and the licensing of the claimed invention to a company with investments totaling more than $1,000,000.00 specifically and only for the purpose of practicing the claimed invention, the claimed invention of the above-identified patent application is patentable over the 35 U.S.C. Section 103 rejection of Freeny.

In regard to Freeny, there is no teaching or suggestion of playing through speakers of the second party control unit, the digital audio signals the second party control unit receives from the first party through communications lines. The Examiner contends that it would be obvious to add a playing capability to Freeny, but does not cite any reference concerning this additional feature for "playing". It is respectfully submitted by applicant that the examiner is using non-analogous art in reaching for a basis of rejection of the claimed invention. The CAFC in In re Oetiker, 24 U.S.P.Q.2d 1443 (Fed. Cir. 1992) determined that the PTO erred in finding references showing fasteners for garments were analogous art to an invention concerning a pre-assembly hook for an assembly line metal hose clamp. Here, the Examiner is saying that due to common sense, without citing any references, it would be obvious to combine playback/reproducing with Freeny. But playback/reproducing to the extent it is even definite, is non-analogous art to the integrated system with communication lines and is respectfully not appropriate to base the outstanding rejection of the claimed invention. Applicant does not claim he was the first to invent the capability to playing digital

audio signals, such as with a stereo, or digital video signals, but applicant did invent an integrated system that can play digital audio signals or digital video signals at a second party control unit which received such signals through communication lines, such as telephone or cable lines or power lines, from the first memory. There is nothing like it in the applied art of record, as explained more fully below.

Moreover, the only reason the Examiner states to support this contention regarding rejection is to verify the quality of the signal. But, respectfully, this would not be the way verification would be achieved, and it is not the way it is achieved currently regarding transmitted signals over communication lines. Error correction codes, such as Hamming codes, or HEC bytes or parity check codes, etc. are common techniques that are used with the transmission of signals to determine whether the signal is verified as accurate. The bandwidth and number of signals that make up a song are so great that it would be extremely inefficient way of determining whether a song or video was properly sent by playing it to the second party. Signals could still be lost that are not clearly discernible to the second party listening or watching them so that the second party would not realize he or she is obtaining a song or video of lesser quality than was expected. What typically is practiced is that as signals are received, they are checked by the receiving system and, if they are not proper, discarded, with an error indicated, or the signal being requested to be sent again.

In addition, the last thing a manufacturer or seller, such as that taught by Freeny, wants, is for a customer to be standing around watching or listening to what the manufacture or seller is trying to sell. The listening or watching customer would reduce the number of sales that could occur since the manufacturing machines are being tied up for playing the signals to the customers instead of selling the signals to the customers or manufacturing the signals; and after the signals are played, the second party, having now seen or heard the signals, may not want to purchase the signals any more! This is completely contrary to what a seller/manufacturer wants and what is taught by Freeny.

Referring to Freeny, there is disclosed a system for reproducing information in material objects at a point of sale location. Freeny teaches that the manufacturing facilities and the distribution networks for the material objects represent substantial cost to the owner of the information. See column 1, lines 22-25. Furthermore, the owner of the information embodied in a master recording had to determine how many records, cassette tapes, 8-track tapes and the like were to be manufactured. After manufacturing, the owner of the information then faced the problem of how to distribute such records and tapes to various retail outlets and, once distributed, the owner of the information then faced the problem of collecting the monies due in connection with the sale of such records and tapes. If the records and tapes did not sell for any one of a number of reasons, the owner of the information then typically faced the problem of receiving returns of the previously distributed records and tapes. Thus, such an owner of

information might distribute a large number of records and tapes, receive relatively high percentage of such distributed records and tapes as returns, not collect a relatively high percentage of the monies due in connection with the sale of such records and tapes and, thus, the final results might be that the owner of such information merely ended up with a large inventory of records and tapes and not enough money collected even to cover the initial investment. See column 1, lines 49-63.

Furthermore, there was no assurances that material objects providing such particular recording would be available at a relatively large percentage of point of sale locations at a time coinciding with the time of the owner's initial advertising campaign. This results in lost potential sales. Retailers at various point of sale locations also faced problems with respect to information embodied in recordings. Initially, such retailers faced the problem of determining which recordings were to be stocked and then had to determine which configurations of such recordings and how many of each such configurations. Inventory represented a substantial investment to such retailers and such retailers also had to face pilferage problems which have resulted in lost revenue. All of these problems of the retailers translated to a large extent to an increased product cost to the consumer. See column 2, lines 5-25.

Because of economic considerations, it had not been practical for a retailer (point of sale location) to maintain all of the available recordings in inventory at any given time. Thus, a consumer having a desire to purchase a particular recording might not be able to locate a retail outlet which carried such recording in inventory, and its potential sale simply would be lost. See column 2, lines 62-69.

Freeny teaches a way for reproducing or manufacturing material objects at point of sale locations only with the permission of the owner of the information, thereby assuring that the owner of the information will be compensated in connection with such reproduction. Freeny teaches how to solve the problems associated with manufacturing, inventory, configuration distribution and collection he earlier identified and as described above. Freeny does not teach anything further about playing the information, which follows because Freeny is only interested in manufacturing, distributing and selling the information and does not care what happens to the information after that.

Freeny teaches a point of sale information manufacturing system 10, as shown in figure 1, includes at least one information control machine 12 and at least one information manufacturing machine 14. The information control machine 12 is constructed to receive information via an input line 16, encode the received information, store the encoded information, receive request reproduction codes requesting to reproduce certain preselected

Each of the information manufacturing machines 14 located at a point of sale location and each point of sale location is located remotely with respect to the other point of sale locations in the system 10. The information control machine 12 is located at a remote location with respect to each of the point of sale locations and with respect to the information manufacturing machines 14. See column 5, lines 32-39. The point of sale location is a location where a consumer goes to purchase material objects embodying predetermined or preselected information. See column 5, lines 47-50.

In response to receiving the authorization code, the information manufacturing machine 14 decodes the preselected information stored in the information manufacturing machine 14 and provides the coded information on the output line 22. The reproduction unit 24 is constructed and adapted to receive the decoded information provided on the output line 22 and to reproduce the preselected information in a material object. Thus, the information manufacturing units 14 are constructed to reproduce preselected information in material objects only in response to receiving an authorization code and, thus, preselected information is embodied or reproduced in a material objects at a point of sale location substantially only with the permission of the owner of the information. See column 6, lines 11-22.

Each point of sale location has at least one information manufacturing machine 14, at least one reproduction unit 24 and a plurality of blank material objects. See column 12,

information at a particular information manufacturing machine 14 via a communication link 18, provide authorization codes authorizing the reproductions of certain preselected information at a particular information manufacturing machine 14 via the communication link 18, receive file reproduce codes via an input line 19 requesting the reproduction of the information stored in the information control machine 12, provide the information stored therein for communication to particular information manufacturing machines 14 via a communication link 20, receive file transmit codes via the input line 19 requesting the reproduction of the information stored in the information control machine 12, and provide the information stored therein for communication to particular information manufacturing machine's 40 via the communication link 18. There is no teaching or suggestion of the information control machine 12 able to play the information.

Each information manufacturing machine 14 is constructed to receive encoded information via a communication link 18 or the communication link 20, store received encoded information, receive request reproduction codes via an input line 21, provide the request reproduction codes via the communication link 20, decode preselected information in response to receiving an authorization code and provide certain preselected decoding information via an output line 22 to a reproduction unit 24 which is adapted to reproduce received information in a material object. There is no teaching or suggestion of the information manufacturing machine 14 able to play the information. See column 5, lines 1-31.

lines 66-68. Each point of sale location could have a plurality of blank 8-track tapes or blank cassettes types of material objects and the reproduction unit 24 would be adapted to record the received decoded information on a blank 8-track tape or cassette tape operatively disposed therein. See column 13, lines 1-6. Each point of sale location could also include a number of printed catalogs describing the various recordings available along with the catalog codes identifying each available recording so the consumers can select the recording desired to be purchased. See column 13, lines 7-13.

The owner of the point of sale location would collect from the consumer's compensation for the blank material object (8-track tape or cassette tape, for example) and this would be a sales transaction independent of the owner of the information. Also other data could be inputted into the manufacturing control unit 14 in connection with a request reproduction code for inventory of material objects or other general accounting data, if desired. See column 13, lines 39-48.

Freeny also teaches that at the retail outlet, the point of sale location, there is one or more information manufacturing machines 14 and in inventory of blank 8-track tape or cassette tapes. The retail outlets, using system 10 also has an inventory of all available recordings; however, this inventory is encoded and not usable without the permission of the owner of the information. The retail outlets do not have an inventory a number of

premanufactured recordings which cannot be sold and the retail outlet has virtually no investment in inventory, after than the blank 8-track tapes or blank cassette tapes. The owner of the retail outlet only pays for recordings sold. See column 14, lines 56-69. The owner of the recordings also does not have any investment in cassette tapes or 8-track tapes and has no inventory of any manufactured recordings. Further, there is no investment in large manufacturing facilities to manufacture recordings since, in the system 10, the recordings are manufactured at the point of sale location only when such recording is sold. The owner of the recording receives compensation for the sale of a recording before the reproduction and sale of the recording is authorized. See column 15, lines 1-11.

The reproduction units 24 could be electronic machines capable of transferring programs in digital format onto floppy disks or other such storage media when the information to be reduced is in the form of a computer program. See column 22, lines 53-57.

Freeny also teaches that a manufacturing program unit 92 can be programmed to control a digital to analog converter 100 so that information in the form of a program is updated in a particular program language. Thus, an individual at a point of sale can request that a certain program identified by the catalog code be reproduced on a floppy disk in a particular program language identified via the inputted format code. See column 23, lines 31-41.

Freeny also teaches the manufacturing machine 14a is particularly adapted to function in the nature of machines commonly referred to as vending machines. The information manufacturing machine 14a includes a money acceptor 110 which is adapted to access via an input 112 money in the form of cash or in the form of credit cards or in the form of inputted credit number information, and to provide an output money valid code on a signal path 114 in response to delegating a certain amount of money received via the input 112. See column 26, lines 12-43. Stored in the digital storage unit 86 is the encoded information, catalog codes and dollar charge codes. The user inputs the selected catalog code into the information catalogs and request unit 90 via the input line 21 representing a request to reproduce preselected information identified via the inputted catalog code in a material object. See column 26, lines 59-68. If a sufficient amount of money has been received in the money acceptor 110, the manufacturing program unit 92 is programmed to cause the reproduction of the information identified via the received catalog code in a material object in a manner exactly like that described before with respect to the information manufacturing machine 14. See column 27, lines 29-31.

As a further security measure, the information manufacturing machines are constructed so that, in the event an individual gains physical access to a portion of the machine to obtain the encoded information, the encoded information is destroyed or erased. See column 28, lines 3-8.

As is clear by the description of the system taught by Freeny, the system is interested, and only interested, in manufacturing and distributing information at retail outlets known as point of sales. The Examiner recognizes this fact on page 3 of the last office action. The Examiner nonetheless determines that it would be an obvious matter of optimization of design for optimizing verification of transferring of the signal which the Examiner determines as not adding patentable weight to the claimed method. Applicant must respectfully strongly disagree with the Examiner's conclusion in light of the teachings and context of Freeny.

Freeny has everything geared to maximizing the manufacture and distribution of the information. Freeny has attempted to identify all the issues that are involved in such a manufacturing and distribution process and has tried to maximize the efficiency and operation of this manufacturing and distribution for sales. Nowhere has Freeny taught or suggested anything whatsoever about verification of transferring of a signal. Nowhere in the claimed invention is there the limitation of optimizing verification of the transfer of the signal. Furthermore, the Examiner uses the word optimizing verification. Not only is the Examiner reading a limitation into the claims, and reading a teaching into the teachings of Freeny but is suggesting that something is obvious which is in direct conflict with all the teachings of Freeny.

Freeny is interested in efficiently and quickly completing the manufacturing and distribution process to maximize sales. As identified above, everything is geared to capturing every sale. Freeny repeats this fact on many instances in his specification. For there to be a playing unit to play back video or audio digital signals for verification of the transfer of the audio or video signal would enormously slow down the sales process. Besides not making sense, the only value of playing back a video or audio signal is to play back the entire video or audio signal since anything less means the story or song or speech is incomplete and most likely of no value. Thus, it would take an unacceptable amount of time for someone who has just purchased information from a point of sale in the Freeny context, to remain there and playback the entire video or audio signal to determine that the transfer was proper. This would never happen in the context of Freeny which is interested in maximizing sales. Furthermore, if there was something wrong with the transfer, the customer may choose not to leave the point of sale until he or she received satisfaction, thus once again introducing an element of obstruction to the sales process. This can be simply seen in the normal course of sales at retail outlets of video stores or music stores where the customer is not allowed to play the song or movie at the store but must purchase the song or video and than take it to a playing mechanism out of the way of business to determine whether it is complete, typically by playing the song or video to listen or watching it with their own playing device. As a matter of fact, it is unheard of for a video or audio memory device, such as a CD or video cassette to be played

before it is purchased or at the site of purchase. Basically this is what the Examiner is suggesting.

Furthermore, there are many better and more accurate and accepted ways of optimizing verification of the transfer of the signal then actually playing the entire signal which is infinitely slower. As the signal is transferred, it can simply be kept track of and an indication can occur when it is complete or as the transfer occurs. This is common for instance, in most transfer verification systems.

It is respectfully submitted that the Examiner is using hindsight from applicant's own specification and claims to take the teachings of Freeny and then the argument that it would be obvious to add a playing mechanism to the teachings of Freeny to arrive at applicant's claimed invention. However, hindsight is not the proper application of the law. Without hindsight, a reading of Freeny would not teach or suggest to anyone that playing the manufactured and distributed information would even be a consideration in Freeny's system.

Moreover, it is contrary to Freeny since Freeny again is motivated by attaining maximum sales in a way that minimizes costs and assures the owner of payment. If you keep this context of Freeny in mind, and you must because patent law dictates that you cannot take the teachings of a reference out of the context in which they are found, then, as explained

above, you would not find applicant's claimed invention obvious from Freeny because Freeny wants the sale to occur and the customer to move on so the next customer can utilize the system for the next sale. Again, besides there being absolutely no teaching or suggestion of playing the manufactured information whatsoever, it would be contrary to the teachings of Freeny because it also would increase the costs of the manufacturing and distribution process since at minimum it would require more manufacturing machines and increased distribution to accommodate more customers if a given customer was watching or playing the information after or while it was being purchased. It is only after reading the claims and specification of applicant would there be any reason to consider adding playing to Freeny, let alone to come up with the argument of optimizing verification of the transfer of the signals which is not identified anywhere.

As mentioned above, patent law dictates that there must be some teaching or suggestion in the reference to cause it to be combined with the other teachings to arrive at applicant's claimed invention. Here, there is no teaching or suggestion in Freeny to combine it with any reason for playing in the manufacturing machine to arrive at applicant's claimed invention. Without there being some teaching or suggestion, what results is the Examiner picking and choosing elements from the claimed invention, as though the claim was a road map, and saying the individual elements exist in the prior art so essentially the claimed invention is arrive at. But this is also recognized as contrary to patent law. An invention is

greater than the sum of its parts. It is submitted that since Freeny is totally devoid of any suggestion of playing in the manufacturing or recording or any other mechanism of Freeny, then the Examiner is looking at the claims and coming up with some argument to say a playing mechanism should be combined with the Freeny system, and thus the claimed invention is obvious. Instead, the Examiner by law is required to look at the references that are being cited to arrive at the claimed invention.

This ignores the fact of what applicant's claims represent. Something totally different than what Freeny is teaching. Applicant's claimed invention is giving the ability to the second party to receive and play video or audio signals at their choosing at their location. It is a totally different approach for a customer than having to go to the point of sale taught by Freeny. Instead, a customer can enjoy the ability to purchase audio or video digital signals wherever the customer wishes as totally dictated by the customer (assuming there is a telecommunications line at hand -- in the U.S., there is a phone or cable line just about everywhere or a cellular call can be made literally everywhere) and to then further enjoy the audio or video digital signals themselves with the device that has received the signals by not having to perform the additional step which is inherent in Freeny of taking the manufactured information in Freeny and traveling to or having to transfer the manufactured object to another device. This further represents a difference in product design and purpose because Freeny wants to maintain absolute control over the manufacturing process, only releasing the

manufactured object to the customer. Applicant's claimed invention essentially defines the manufacturing and playing functions together, which by definition releases the control of the manufacturing device to the customer who is ultimately purchasing the information. Freeny in contrast maintains a very strong difference between the retailer-seller of the information, and the customer who ultimately receives and pays for the information. Freeny goes so far as to cause the information to be destroyed if the customer has some way or other obtained access to the manufacturing device.

In view of the foregoing remarks, it is respectfully requested that the outstanding rejections and objections to this application be reconsidered and withdrawn, and Claims 1-63, now in this application be allowed.

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231,

on 11/9/96

Ansel M. Schwartz
Registration No. 30,587

11/9/96
Date

Respectfully submitted,

ARTHUR R. HAIR

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
425 N. Craig Street
Suite 301
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Applicant

GAU 2785 #

Attorney's Docket No. HAIR-1 CONT III **PATENT**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair

Serial No.: 0 8 / 471,964 Group No.: 2785
Filed: June 6, 1995 Examiner: Hoa Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231

AMENDMENT TRANSMITTAL

1. Transmitted herewith is an amendment for this application.

STATUS

2. Applicant is
   - [X] a small entity. A verified statement:
     - [ ] is attached.
     - [X] was already filed.
   - [ ] other than a small entity.

01/20/1998 GPAYNE 00000218 08471964
01 FC:217 475.00 OP

CERTIFICATE OF MAILING/TRANSMISSION (37 C.F.R. 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

[X] deposited with the United States Postal Service with sufficient postage as first class mail, in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

Date: 1/9/98

FACSIMILE

[ ] transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka
Signature

Tracey L. Milka
(type or print name of person certifying)

EXTENSION OF TERM

NOTE: "Extension of Time in Patent Cases (Supplement Amendments) — if a timely and complete response has been filed after a Non-Final Office Action, an extension of time is not required to permit filing and/or entry of an additional amendment after expiration of the shortened statutory period.

If a timely response has been filed after a Final Office Action, an extension of time is required to permit filing and/or entry of a Notice of Appeal or filing and/or entry of an additional amendment after expiration of the shortened statutory period unless the timely-filed response placed the application in condition for allowance. Of course, if a Notice of Appeal has been filed within the shortened statutory period, the period has ceased to run." Notice of December 10, 1985 (1061 O.G. 34-35).

NOTE: *See 37 C.F.R. 1.645 for extensions of time in interference proceedings, and 37 C.F.R. 1.550(c) for extensions of time in reexamination proceedings.*

3. The proceedings herein are for a patent application and the provisions of 37 C.F.R. 1.136 apply.

(complete (a) or (b), as applicable)

(a) ☒ Applicant petitions for an extension of time under 37 C.F.R. 1.136 (fees: 37 C.F.R. 1.17(a)-(d) for the total number of months checked below:

Extension (months)	Fee for other than small entity	Fee for small entity
☐ one month	$ 110.00	$ 55.00
☐ two months	$ 390.00	$195.00
☒ three months	$ 930.00	$465.00
☐ four months	$1,470.00	$735.00

Fee $ 475.00

If an additional extension of time is required, please consider this a petition therefor.

(check and complete the next item, if applicable)

☐ An extension for _____ months has already been secured. The fee paid therefor of $_____ is deducted from the total fee due for the total months of extension now requested.

Extension fee due with this request $_____

OR

(b) ☐ Applicant believes that no extension of term is required. However, this conditional petition is being made to provide for the possibility that applicant has inadvertently overlooked the need for a petition for extension of time.

FEE FOR CLAIMS

4. The fee for claims (37 C.F.R. 1.16(b)-(d)) has been calculated as shown below:

	(Col. 1)		(Col. 2)	(Col. 3)	SMALL ENTITY			OTHER THAN A SMALL ENTITY	
	CLAIMS REMAINING AFTER AMENDMENT		HIGHEST NO PREVIOUSLY PAID FOR	PRESENT EXTRA	RATE	ADDIT. FEE	OR	RATE	ADDIT. FEE
TOTAL	*	MINUS	**	=	x$11 =	$		x$22 =	$
INDEP.	*	MINUS	***	=	x$40 =	$		x$80 =	$
☐ FIRST PRESENTATION OF MULTIPLE DEP. CLAIM					+$130 =	$		+$260 =	$
					TOTAL ADDIT. FEE	$	OR	TOTAL ADDIT. FEE	$

* If the entry in Col. 1 is less than entry in Col. 2, write "0" in Col. 3.
** If the "Highest No. Previously Paid for" IN THIS SPACE is less than 20, enter "20".
*** If the "Highest No. Previously Paid For" IN THIS SPACE is less than 3, enter "3".
The "Highest No. Previously Paid For" (Total or indep.) is the highest number found in the appropriate box in Col. 1 of a prior amendment or the number of claims originally filed.

WARNING: *"After final rejection or action (§ 1.113) amendments may be made cancelling claims or complying with any requirement of form which has been made." 37 C.F.R. § 1.116(a) (emphasis added).*

(complete (c) or (d), as applicable)

(c) ☒ No additional fee for claims is required.

OR

(d) ☐ Total additional fee for claims required $_____.

FEE PAYMENT

5. ☒ Attached is a check in the sum of $ 475.00.

☐ Charge Account No. _____ the sum of $ _____.

A duplicate of this transmittal is attached.

FEE DEFICIENCY

NOTE: If there is a fee deficiency and there is no authorization to charge an account, additional fees are necessary to cover the additional time consumed in making up the original deficiency. If the maximum, six-month period has expired before the deficiency is noted and corrected, the application is held abandoned. In those instances where authorization to charge is included, processing delays are encountered in returning the papers to the PTO Finance Branch in order to apply these charges prior to action on the cases. Authorization to charge the deposit account for any fee deficiency should be checked. See the Notice of April 7, 1986, 1065 O.G. 31-33).

6. X If any additional extension and/or fee is required, charge Account No. 19-0737

AND/OR

X If any additional fee for claims is required, charge Account No. 19-0737

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Ansel M. Schwartz
(type or print name of attorney)

Tel. No.: (412) 621-9222

425 N. Craig Street, Suite 301
P.O. Address

Pittsburgh, PA 15213

#14

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:

ARTHUR R. HAIR

Serial No. 08/471,964

Filed: June 6, 1995

Art Unit: 2413

Patent Examiner:

H. Nguyen

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Pittsburgh, Pennsylvania 15213

January 8, 1998

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

DECLARATION UNDER 37 C.F.R. §1.132

I, Arthur R. Hair, hereby declare that:

I am the inventor of the above-identified patent application.

I have reviewed the above-identified patent application, including the claims.

The entire right, title, and interest of my invention is assigned to Parsec Sight/Sound, Inc., a Pennsylvania corporation.

I am Chairman of the Board and Chief Technology Officer of Parsec Sight/Sound, Inc.

Parsec Sight/Sound, Inc. has licensed the above-identified patent application to Digital Sight/Sound, Inc., a Pennsylvania corporation. See Exhibit A.

Digital Sight/Sound, Inc. has raised more than one million dollars from investors to operate a web site and sell electronically digital audio signals from its memory to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties' control units. Digital Sight/Sound, Inc. expects to have its updated web site operational to the public July 1, 1998, so Digital Sight/Sound, Inc. can practice the claimed invention of the above-identified patent application.

A copier of my claimed invention of the above-identified patent application, N2k, has sold electronically digital audio signals from its memory to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties control units. A copy of the web pages of N2k's web site on the worldwide web is attached as Exhibit B. These web pages are accessed by a second party calling up N2k's web site through a telephone line with a computer (second party control unit). Once the web site of N2k is accessed, the second party with the

computer purchases with a credit card (electronic sale) the desired digital audio signals that are offered for sale by N2k and which the second party chooses to purchase. Once the second party provides the credit card number to N2k through the second party's computer, the desired digital audio signals are transferred over telecommunications lines from the memory of N2k to the computer of the second party. The second party then plays the desired digital audio signals through the speakers of the computer of the second party.

Others have established web sites on the worldwide web and electronically distributed for free digital audio signals from their respective memories to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties' control units. These copiers have been sued by some of the major record labels in the United States for infringing these major record labels' copyrights in the associated songs that are transferred over the worldwide web through telecommunications lines as digital audio signals. See Exhibit C.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements are made with the knowledge that willful false statements in the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United

States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

1/8/1998
Date

Arthur R. Hair

NONEXCLUSIVE PATENT LICENSE AGREEMENT

THIS AGREEMENT IS MADE AND ENTERED INTO ON OCTOBER 1, 1997 (THE "EFFECTIVE DATE"), BY AND BETWEEN PARSEC SIGHT/SOUND, INC., A CORPORATION DULY ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF PENNSYLVANIA AND HAVING ITS PRINCIPAL OFFICE AT 733 WASHINGTON ROAD, MT. LEBANON, PENNSYLVANIA 15228, U.S.A. OR ITS ASSIGNEE (HEREINAFTER "PARSEC SIGHT/SOUND"), AND DIGITAL SIGHT/SOUND, INC., A CORPORATION DULY ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF PENNSYLVANIA AND HAVING ITS PRINCIPAL OFFICE AT 733 WASHINGTON ROAD, MT. LEBANON, PENNSYLVANIA 15228, U.S.A. (HEREINAFTER "LICENSEE").

WITTNESSETH

WHEREAS, PARSEC SIGHT/SOUND IS THE OWNER OF CERTAIN "PATENT RIGHTS" (AS LATER DEFINED HEREIN) RELATING TO THE TRANSMISSION OF DIGITAL AUDIO RECORDINGS AND/OR DIGITAL VIDEO RECORDINGS, AND HAS THE RIGHT TO GRANT LICENSE UNDER SAID PATENT RIGHTS;

WHEREAS, PARSEC SIGHT/SOUND DESIRES TO HAVE THE PATENT RIGHTS UTILIZED AND IS WILLING TO GRANT A LICENSE THEREUNDER;

WHEREAS, LICENSEE HAS REPRESENTED TO PARSEC SIGHT/SOUND, TO INDUCE PARSEC SIGHT/SOUND TO ENTER INTO THIS AGREEMENT, THAT LICENSEE IS EXPERIENCED IN THE DEVELOPMENT; PRODUCTION; MANUFACTURE; MARKETING; SALE; AND LEASE AND/OR RENTAL; OF PRODUCTS SIMILAR TO THE LICENSED PRODUCTS (AS LATER DEFINED HEREIN), THE OPERATIONAL PRODUCTS (AS LATER DEFINED HEREIN) AND/OR THE USE OF THE LICENSED PROCESS (AS LATER DEFINED HEREIN) AND THAT IT SHALL COMMIT ITSELF TO A THOROUGH, VIGOROUS AND DILIGENT PROGRAM OF AGGRESSIVE DEVELOPMENT OF THE PATENT RIGHTS SO THAT PUBLIC UTILIZATION SHALL RESULT THEREFROM; AND

WHEREAS, LICENSEE DESIRES TO OBTAIN A LICENSE UNDER THE PATENT RIGHTS UPON THE TERMS AND CONDITIONS HEREINAFTER SET FORTH.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I – DEFINITIONS

FOR THE PURPOSES OF THIS AGREEMENT, THE FOLLOWING WORDS AND PHRASES SHALL HAVE THE FOLLOWING MEANINGS:

1.1 "LICENSEE" SHALL INCLUDE A RELATED CORPORATION OF LICENSEE, THE VOTING STOCK OF WHICH IS DIRECTLY OR INDIRECTLY AT LEAST FIFTY PERCENT (50%) OWNED OR CONTROLLED BY LICENSEE, AN ORGANIZATION WHICH DIRECTLY OR INDIRECTLY CONTROLS MORE THAN FIFTY PERCENT (50%) OF THE VOTING STOCK OF LICENSEE AND AN ORGANIZATION, THE MAJORITY OWNERSHIP OF WHICH IS DIRECTLY OR INDIRECTLY COMMON TO THE OWNERSHIP OF LICENSEE.

1.2 "PATENT RIGHTS" SHALL MEAN ALL OF THE FOLLOWING INTELLECTUAL PROPERTY OF PARSEC SIGHT/SOUND: (A) UNITED STATES PATENT 5,191,573; (B) UNITED STATES AND FOREIGN PATENTS ISSUED FROM THE DIVISIONALS AND CONTINUATIONS OF UNITED STATES PATENT 5,191,573; (C) CLAIMS OF UNITED STATES AND FOREIGN CONTINUATION-IN-PART APPLICATIONS, AND OF THE RESULTING PATENTS, WHICH ARE DIRECTED TO SUBJECT MATTER IN THE UNITED STATES AND FOREIGN APPLICATIONS RELATED TO UNITED STATES PATENT 5,191,573; (D) ALL OTHER UNITED STATES AND FOREIGN PATENTS PERTAINING TO THE FIELD OF USE (AS LATER DEFINED HEREIN) WHICH MAY ISSUE FROM TIME TO TIME; (E) CLAIMS OF ALL FOREIGN PATENT APPLICATIONS, AND OF THE RESULTING PATENTS, WHICH ARE DIRECTED TO SUBJECT MATTER IN UNITED STATES PATENT 5,191,573, OTHER UNITED STATES AND FOREIGN PATENTS, AND/OR PATENT APPLICATIONS DESCRIBED IN (A), (B), (C) OR (D) ABOVE; AND (F) ANY REISSUES OF THE UNITED STATES PATENTS DESCRIBED IN (A), (B), (C) OR (D) ABOVE.

1.3 A "LICENSED PRODUCT" SHALL MEAN A DIGITAL AUDIO AND/OR DIGITAL VIDEO RECORDING, TRANSMITTED USING TELECOMMUNICATIONS LINES AND WHICH IS MANUFACTURED OR CREATED BY USING A PROCESS WHICH IS COVERED IN WHOLE OR IN PART BY AN ISSUED, UNEXPIRED CLAIM OR A PENDING CLAIM CONTAINED IN THE PATENT RIGHTS IN THE COUNTRY IN WHICH ANY LICENSED PROCESS IS USED OR IN WHICH SUCH GOOD OR PART THEREOF IS USED OR SOLD.

1.4 A "LICENSED PROCESS" SHALL MEAN ANY PROCESS TO TRANSFER A DIGITAL AUDIO AND/OR DIGITAL VIDEO RECORDING USING TELECOMMUNICATIONS LINES WHICH IS COVERED IN WHOLE OR IN PART BY AN ISSUED, UNEXPIRED CLAIM OR A PENDING CLAIM CONTAINED IN THE PATENT RIGHTS.

1.5 An "Operational Product" shall mean a good or part thereof which is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Patent Rights but which is not a Licensed Product. An Operational Product shall include but not be limited to software or firmware which enables equipment to practice the Licensed Process.

1.6 "Net Sales" shall mean total billings, including the total price paid by purchasers, for Licensed Products, Licensed Processes and Operational Products produced and/or transmitted under the Patent Rights, less sales taxes, tariff duties, and/or use taxes directly imposed and included in said total billings and with reference to particular sales. No deductions shall be made for commissions, or the like, paid to individuals whether they be with independent sales agencies or regularly employed by Licensee and on its payroll, or for cost of collections.

1.7 "Territory" shall mean the World.

1.8 "Field of Use " shall mean digital audio recordings and/or digital video recordings.

1.9 "Improvements" shall mean technical changes to the Patent Rights which improve or modify the manufacture, construction, operation or design of any products or processes.

1.10 "Technology" shall mean, with respect to the Field of Use, the engineering information, drawings, designs, technical data, process and material specifications, Improvements, ideas, discoveries, innovations, lists, operating instructions and other information in whatever form, relating directly to the trade secrets or Patent Rights of Parsec Sight/Sound.

1.11 "Other Licensee" shall mean one or more third parties which, from time to time, also have then current nonexclusive rights similar to those nonexclusive rights granted to Licensee in Article II hereof.

1.12 "Parsec Account" shall mean the electronic banking and/or financial account of Parsec Sight/Sound or its designee to which Licensee shall make Electronic Payments (as later defined herein) and in accordance with the electronic payment protocols as directed from time to time by Parsec Sight/Sound.

1.13 "Licensee Serial Number" shall mean the number and/or alphanumeric code assigned by Parsec Sight/Sound to Licensee which Licensee shall use to identify itself to Parsec Sight/Sound with respect to Electronic Payments deposited by Licensee and Electronic Reports submitted by Licensee. The Licensee Serial Number for Licensee is "000001."

1.14 "Genre" shall mean, with respect to Article V hereof, a descriptive type, category or genre which best describes the nature of a Licensed Product.

1.15 "Parsec Emblem" shall mean an image used to mark Licensed Products.

1.16 "Digital Recording" shall mean a representation of an audio and/or video recording in whole or in part in a form capable of being transmitted via a telecommunications line.

Article II – Grant

2.1 Parsec Sight/Sound hereby grants to Licensee the nonexclusive right and license; to make, use, lease and sell the Licensed Products and the Operational Products in the Territory for the Field of Use, and to practice the Licensed Process in the Territory for the Field of Use to the end of the term for which the Patent Rights are granted unless sooner terminated according to the terms hereof.

2.2 Parsec Sight/Sound shall retain ownership of all Technology, patents, copyrights, Improvements and works related to the Patent Rights which are conceived or reduced to practice by Parsec Sight/Sound or Licensee during the term of this Agreement and for a period of one (1) year after this Agreement is terminated. During this Agreement, Licensee shall receive a nonexclusive license for the Field of Use pursuant to this Agreement in all Technology, patents, copyrights, Improvements and derivative works which are conceived or reduced to practice by Parsec Sight/Sound or Licensee. Parsec Sight/Sound is a trademark of Parsec Sight/Sound, all rights reserved.

2.3 Parsec Sight/Sound specifically does not grant to Licensee any right or license to transfer, convey or sublicense any right or license granted to Licensee under this agreement and Licensee shall not transfer, convey or sublicense any right or license granted to Licensee under this agreement.

2.4 Licensee shall require each and every receiver of an Operational Product to agree not to operate or agree not to cause or not to allow another to operate the Operational Product with digital audio recordings and/or digital video recordings obtained from a source not licensed by Parsec Sight/Sound to transmit digital audio recordings and/or digital video recordings using telecommunications lines. Licensee shall also include a written statement with the

transfer of each and every Operational Product that the respective Operational Product is not to be used with digital audio recordings and/or digital video recordings which are obtained from a source not licensed by Parsec Sight/Sound to transmit digital audio recordings and/or digital video recordings using telecommunications lines. Any form or statement provided by Licensee with the transfer of an Operational Product concerning the limitation of use of the Operational Product regarding the transmission of digital audio recordings and/or digital video recordings using telecommunications lines shall first require the written authorization of Parsec Sight/Sound.

Article III – Milestones

3.1 Commencing with the calendar year 2000, and continuing each year thereafter until this Agreement is terminated, Licensee shall perform or enable a minimum of 10,000 transfers of Licensed Products using telecommunications lines and for consideration, each such Licensed Product being at least 100,000 bytes in file size.

Article IV – Royalties

4.1 For the rights, privileges and licenses granted hereunder, Licensee shall pay royalties to Parsec Sight/Sound in the manner hereinafter provided to the end of the term of the Patent Rights (which shall be the latest expiration date of any of the patents described in Paragraph 1.2) or until this Agreement shall be terminated as hereinafter provided, whichever occurs first:

4.2 Licensee shall pay a royalty (hereinafter "Royalty" and/or "Royalties") equal to one percent (1.0%) (hereinafter "Royalty Rate") of the Net Sales. The Royalty Rate of one percent (1.0%) is being offered to Licensee in further consideration of Licensee's cooperation and timely response in forming this Agreement.

4.3 Simultaneously with the sale of a Licensed Product, a Royalty shall be calculated in accordance with paragraph 4.2 hereof, and shall become immediately due and payable, and electronically deposited and/or electronically paid by Licensee into the Parsec Account via the Internet or via electronic transfer (hereinafter "Electronic Payment").

4.4 If an Operational Product is sold by Licensee via telecommunications lines, then a Royalty shall be calculated in accordance with paragraph 4.2 hereof, and shall become immediately due and payable, and Licensee shall immediately pay the Royalty via Electronic Payment.

4.5 Payment of Royalties other than those identified in paragraphs 4.3 and 4.4 hereof, shall be calculated on a monthly basis, and in accordance with paragraph 4.2 hereof, and shall become immediately due and payable within thirty (30) days of the end of each respective month.

4.6 If Licensee and one or more Other Licensees collectively participate in a transaction in which a Licensed Product and/or Operational Product is sold, Licensee shall continue to be liable for the Royalty related thereto until said Royalty is paid to Parsec Sight/Sound in accordance with this Article IV.

Article V – Reports and Records

5.1 Licensee shall keep full, true and accurate books of account containing all particulars that may be necessary for the purpose of showing the amounts payable to Parsec Sight/Sound hereunder. Said books of account shall be kept at Licensee's principal place of business or the principal place of business of the appropriate division of Licensee to which this Agreement relates. Said books and the supporting data shall be open at all reasonable time for five (5) years following the end of the calendar year to which they pertain, to the inspection of Parsec Sight/Sound or its agents for the purpose of verifying Licensee's royalty statement or compliance in other respects with this Agreement.

5.2 Simultaneously with the sale of a Licensed Product, a Royalty shall immediately be electronically reported (hereinafter "Electronic Reporting") by Licensee to Parsec Sight/Sound via the Internet. Electronic Reporting shall be in the form and format and under the protocols as reasonably requested, from time to time, by Parsec Sight/Sound. The Electronic Reporting shall include at least the following information: (a) the Licensee Serial Number of Licensee; (b) the Net Sales of the Licensed Product; (c) the Royalty due to Parsec Sight/Sound related thereto; (d) the amount of the Electronic Payment made by Licensee to Parsec Sight/Sound related thereto; (e) the Genre related thereto; and (f) the file size thereof, measured in bytes.

5.3 If an Operational Product is sold by Licensee via telecommunications lines, then Licensee shall immediately submit to Parsec Sight/Sound an Electronic Reporting related to such sale which shall include at least the following information: (a) the Licensee Serial Number of Licensee; (b) the Net Sales of the Operational Product; (c) the Royalty

due to Parsec Sight/Sound related thereto; (d) the amount of the Electronic Payment made by Licensee to Parsec Sight/Sound related thereto; and (e) Licensee's description thereof the Operational Product.

5.4 Notwithstanding anything to the contrary in paragraph 5.2 hereinabove, Licensee, within thirty (30) days after March 31, June 30, September 30 and December 31, of each year that this agreement is in effect, shall deliver to Parsec Sight/Sound, via e-mail and at the e-mail address as prescribed from time to time by Parsec Sight/Sound, true and accurate reports (hereinafter "Quarterly Reports"), giving such particulars of the business conducted by Licensee during the preceding three-month period under this Agreement as shall be pertinent to a Royalty accounting hereunder. Quarterly Reports shall be in the form and format; and delivered to Parsec Sight/Sound under the protocols as reasonably requested, from time to time, by Parsec Sight/Sound. Quarterly Reports shall include at least the following information: (a) the Licensee Serial Number of Licensee; (b) the Net Sales of Licensed Products and summarized by Genre; (c) the total number of Licensed Products sold and summarized by Genre; (d) total Royalties due to Parsec Sight/Sound related to (b) above and summarized by Genre; (e) total Royalties paid by Licensee to Parsec Sight/Sound related to (b) above and summarized by Genre; (f) the total number of Licensed Products sold and summarized by Genre; (g) the total file size, measured in bytes, of said Licensed Products; (h) the Net Sales of Operational Products and summarized by Licensee's description; (h) the total number of Operational Products sold and summarized by Licensee's description; and (i) total Royalties due to Parsec Sight/Sound related to (g) above and summarized by Licensee's description.

5.5 On or before the ninetieth (90th) day following the close of Licensee's fiscal year, Licensee shall provide Parsec Sight/Sound with Licensee's certified financial statements for the preceding fiscal year including, at a minimum, a Balance Sheet and an Operating Statement clearly identifying, in line item form if necessary, the Net Sales of all Licensed Products transmitted using telecommunications lines in whole or in part.

5.6 The payment of Royalties set forth in this Agreement shall, if overdue, bear interest until payment at a per annum rate four percent (4%) above the prime rate quoted in the Wall Street Journal on the due date. The payment of such interest shall not foreclose Parsec Sight/Sound from exercising any other rights it may have as a consequence of the lateness of any payment.

Article VI – Patent Prosecution

Parsec Sight/Sound shall, at Parsec Sight/Sound's sole cost and expense, be responsible for the application, prosecution filing, and maintenance of the Patent Rights during the term of this Agreement.

Article VII – Infringement

7.1 During the term of this Agreement, Parsec Sight/Sound shall have the right, but shall not be obligated, to prosecute at its own expense any infringements of the Patent Rights and, in furtherance of such right, Licensee hereby agrees that Parsec Sight/Sound may join Licensee as a party plaintiff in any such suit, without expense to Licensee, and furthermore, Parsec Sight/Sound shall have the sole right to settle any such suit. The total cost of any such infringement action commenced or defended solely by Parsec Sight/Sound shall be borne by Parsec Sight/Sound and Parsec Sight/Sound shall keep any recovery or damages for past infringement derived therefrom.

7.3 In any infringement suit to enforce the Patent Rights pursuant to this Agreement, Licensee shall, at the request and expense of Parsec Sight/Sound, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

Article VIII – Product Liability

8.1 Licensee shall at all times during the term of this Agreement and thereafter, indemnify, defend and hold Parsec Sight/Sound, its owners, stockholders, trustees, officers, employees and affiliates, harmless against all claims and expenses, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever resulting from the production, raising, manufacture, sale, use, lease, consumption or advertisement of the Licensed Product(s) and/or Licensed Process(es) or arising from any obligation of Licensee hereunder.

8.2 EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, PARSEC SIGHT/SOUND MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND VALIDITY OF PATENT RIGHTS CLAIMS, ISSUED OR PENDING.

ARTICLE IX – EXPORT CONTROLS

IT IS UNDERSTOOD THAT PARSEC SIGHT/SOUND IS SUBJECT TO THE LAWS OF THE UNITED STATES OF AMERICA AND REGULATIONS CONTROLLING THE EXPORT OF TECHNICAL DATA, COMPUTER SOFTWARE, LABORATORY PROTOTYPES AND OTHER COMMODITIES (INCLUDING THE ARMS EXPORT CONTROL ACT, AS AMENDED AND THE EXPORT ADMINISTRATION ACT OF 1979), AND THAT ITS OBLIGATIONS HEREUNDER ARE CONTINGENT ON COMPLIANCE WITH APPLICABLE EXPORT LAWS AND REGULATIONS OF THE UNITED STATES OF AMERICA. THE TRANSFER OF CERTAIN TECHNICAL DATA AND COMMODITIES MAY REQUIRE A LICENSE FROM THE COGNIZANT AGENCY OF THE UNITED STATES OF AMERICA GOVERNMENT AND/OR WRITTEN ASSURANCES BY LICENSEE THAT LICENSEE SHALL NOT EXPORT DATA OR COMMODITIES TO CERTAIN FOREIGN COUNTRIES WITHOUT PRIOR APPROVAL OF SUCH AGENCY. PARSEC SIGHT/SOUND NEITHER REPRESENTS THAT A LICENSE SHALL NOT BE REQUIRED NOR THAT, IF REQUIRED, IT SHALL BE ISSUED.

ARTICLE X – NONUSE OF NAMES

10.1 EXCEPT AS REQUIRED IN PARAGRAPH 14.5 HEREOF, LICENSEE SHALL NOT USE THE NAMES OF PARSEC SIGHT/SOUND NOR OF ANY OF ITS EMPLOYEES, NOR ANY ADAPTATION THEREOF, IN ANY ADVERTISING, PROMOTIONAL OR SALES LITERATURE WITHOUT PRIOR WRITTEN CONSENT OBTAINED FROM PARSEC SIGHT/SOUND IN EACH CASE, WHICH SHALL NOT BE UNREASONABLY WITHHELD, EXCEPT THAT LICENSEE MAY STATE IN ANY SUCH ADVERTISING, PROMOTIONAL OR SALES LITERATURE THAT IT IS LICENSED BY PARSEC SIGHT/SOUND UNDER ONE OR MORE OF THE PATENTS AND/OR APPLICATIONS COMPRISING THE PATENT RIGHTS.

10.2 PARSEC SIGHT/SOUND SHALL NOT USE THE NAMES OF LICENSEE NOR OF ANY OF ITS EMPLOYEES, NOR ANY ADAPTATION THEREOF, IN ANY ADVERTISING, PROMOTIONAL OR SALES LITERATURE WITHOUT PRIOR WRITTEN CONSENT OBTAINED FROM LICENSEE IN EACH CASE, WHICH SHALL NOT BE UNREASONABLY WITHHELD, EXCEPT THAT PARSEC SIGHT/SOUND MAY STATE IN ANY SUCH ADVERTISING, PROMOTIONAL OR SALES LITERATURE THAT LICENSEE IS LICENSED BY PARSEC SIGHT/SOUND UNDER ONE OR MORE OF THE PATENTS AND/OR APPLICATIONS COMPRISING THE PATENT RIGHTS.

ARTICLE XI – ASSIGNMENT

THIS AGREEMENT IS NOT ASSIGNABLE BY LICENSEE AND ANY ATTEMPT TO DO SO SHALL BE VOID UNLESS OTHERWISE AGREED BY PARSEC SIGHT/SOUND IN WRITING.

ARTICLE XII – TERMINATION

12.1 IF LICENSEE SHALL CEASE TO CARRY ON ITS BUSINESS, THIS AGREEMENT SHALL TERMINATE UPON NOTICE BY PARSEC SIGHT/SOUND.

12.2 SHOULD LICENSEE FAIL TO PAY PARSEC SIGHT/SOUND ROYALTIES DUE AND PAYABLE HEREUNDER, PARSEC SIGHT/SOUND SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT ON TEN (10) DAYS' NOTICE, UNLESS LICENSEE SHALL PAY PARSEC SIGHT/SOUND WITHIN THE TEN (10) DAY PERIOD, ALL SUCH ROYALTIES AND INTEREST DUE AND PAYABLE. UPON THE EXPIRATION OF THE TEN (10) DAY PERIOD, IF LICENSEE SHALL NOT HAVE PAID ALL SUCH ROYALTIES AND INTEREST DUE AND PAYABLE, THE RIGHTS, PRIVILEGES AND LICENSE GRANTED HEREUNDER SHALL TERMINATE.

12.3 UPON ANY MATERIAL BREACH OR DEFAULT OF THIS AGREEMENT BY LICENSEE, INCLUDING FAILURE TO MEET ANY OF THE MILESTONES OF ARTICLE III HEREOF, BUT NOT LIMITED THERETO, OTHER THAN THOSE OCCURRENCES SET OUT IN PARAGRAPHS 12.1 AND 12.2 HEREINABOVE, WHICH SHALL ALWAYS TAKE PRECEDENCE IN THAT ORDER OVER ANY MATERIAL BREACH OR DEFAULT REFERRED TO IN THIS PARAGRAPH 12.3, PARSEC SIGHT/SOUND SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT AND THE RIGHTS, PRIVILEGES AND LICENSE GRANTED HEREUNDER BY SIXTY (60) DAYS' NOTICE TO LICENSEE. SUCH TERMINATION SHALL BECOME EFFECTIVE UNLESS LICENSEE SHALL HAVE CURED ANY SUCH BREACH OR DEFAULT PRIOR TO THE EXPIRATION OF THE SIXTY (60) DAY PERIOD.

12.4 UPON TERMINATION OF THIS AGREEMENT FOR ANY REASON, NOTHING HEREIN SHALL BE CONSTRUED TO RELEASE EITHER PARTY FROM ANY OBLIGATION THAT MATURED PRIOR TO THE EFFECTIVE DATE OF SUCH TERMINATION. LICENSEE MAY, HOWEVER, AFTER THE EFFECTIVE DATE OF SUCH TERMINATION, COMPLETE THE SALE OF LICENSED PRODUCTS SOLD PRIOR TO THE TIME OF SUCH TERMINATION, PROVIDED THAT LICENSEE SHALL PAY TO PARSEC SIGHT/SOUND THE ROYALTIES THEREON AS REQUIRED BY ARTICLE IV HEREOF AND SHALL SUBMIT THE REPORTS REQUIRED BY ARTICLE V HEREOF ON THE SALES OF LICENSED PRODUCTS.

ARTICLE XIII – PAYMENTS, NOTICES AND OTHER COMMUNICATIONS

OTHER THAN ELECTRONIC PAYMENTS, ELECTRONIC REPORTING AND/OR QUARTERLY REPORTS, ANY PAYMENT, NOTICE OR OTHER COMMUNICATION PURSUANT TO THIS AGREEMENT SHALL BE SUFFICIENTLY MADE OR GIVEN ON THE DATE OF RECEIPT IF SENT TO SUCH PARTY BY SENT BY EXPRESS MAIL OR ON THE DATE OF MAILING IF SENT TO SUCH PARTY BY CERTIFIED FIRST CLASS MAIL, RETURN RECEIPT

REQUESTED, POSTAGE PREPAID, ADDRESSED TO IT AT ITS ADDRESS BELOW OR AS IT SHALL DESIGNATE BY WRITTEN NOTICE GIVEN TO THE OTHER PARTY:

IN THE CASE OF:
PARSEC SIGHT/SOUND

PARSEC SIGHT/SOUND, INC.
CHIEF EXECUTIVE OFFICER
733 WASHINGTON ROAD
MT. LEBANON, PA 15228

IN THE CASE OF:
LICENSEE

DIGITAL SIGHT/SOUND, INC.
CHIEF EXECUTIVE OFFICER
733 WASHINGTON ROAD
MT. LEBANON, PA 15228

ARTICLE XIV – MISCELLANEOUS PROVISIONS

14.1 THIS AGREEMENT SHALL BE CONSTRUED, GOVERNED, INTERPRETED AND APPLIED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, AND UNITED STATES OF AMERICA, EXCEPT THAT QUESTIONS AFFECTING THE CONSTRUCTION AND EFFECT OF ANY PATENT SHALL BE DETERMINED BY THE LAW OF THE COUNTRY IN WHICH THE PATENT WAS GRANTED.

14.2 THE PARTIES HERETO ACKNOWLEDGE THAT THIS AGREEMENT SETS FORTH THE ENTIRE AGREEMENT AND UNDERSTANDING OF THE PARTIES HERETO AS TO THE SUBJECT MATTER HEREOF, AND SHALL NOT BE SUBJECT TO ANY CHANGE OR MODIFICATION EXCEPT BY THE EXECUTION OF A WRITTEN INSTRUMENT SUBSCRIBED TO BY THE PARTIES HERETO.

14.3 THE PROVISIONS OF THIS AGREEMENT ARE SEVERABLE, AND IN THE EVENT THAT ANY PROVISIONS OF THIS AGREEMENT SHALL BE DETERMINED TO BE INVALID OR UNENFORCEABLE UNDER ANY CONTROLLING BODY OF THE LAW, SUCH INVALIDITY OR UNENFORCEABILITY SHALL NOT IN ANY WAY AFFECT THE VALIDITY OR ENFORCEABILITY OF THE REMAINING PROVISIONS HEREOF.

14.4 LICENSEE AGREES TO MARK THE LICENSED PRODUCTS AND OPERATIONAL PRODUCTS SOLD WITHIN, FROM, TO, OR THROUGH THE UNITED STATES OF AMERICA WITH ALL APPLICABLE UNITED STATES OF AMERICA PATENT NUMBERS. ALL LICENSED PRODUCTS AND OPERATIONAL PRODUCTS SOLD FROM, TO, OR THROUGH THE UNITED STATES OF AMERICA FROM OR TO OTHER COUNTRIES, AS THE CASE MAY BE, SHALL BE MARKED IN SUCH A MANNER AS TO CONFORM WITH THE PATENT LAWS AND PRACTICE OF THE COUNTRY OF MANUFACTURE OR SALE.

14.5 LICENSEE AGREES TO MARK THE LICENSED PRODUCTS AND OPERATIONAL PRODUCTS WITH THE PARSEC EMBLEM.

14.6 THE FAILURE OF EITHER PARTY TO ASSERT A RIGHT HEREUNDER OR TO INSIST UPON COMPLIANCE WITH ANY TERM OR CONDITION OF THIS AGREEMENT SHALL NOT CONSTITUTE A WAIVER OF THAT RIGHT OR EXCUSE A SIMILAR SUBSEQUENT FAILURE TO PERFORM ANY SUCH TERM OR CONDITION BY THE OTHER PARTY.

IN WITNESS WHEREOF, THE PARTIES HAVE HEREUNTO SET THEIR HANDS AND SEALS AND DULY EXECUTED THIS AGREEMENT THE DAY AND YEAR SET FORTH BELOW.

PARSEC SIGHT/SOUND

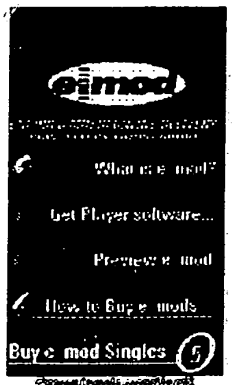
CHIEF EXECUTIVE OFFICER
PARSEC SIGHT/SOUND, INC.

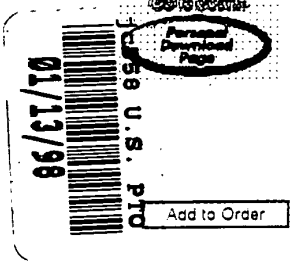
OCTOBER 1, 1997

LICENSEE

CHIEF EXECUTIVE OFFICER
DIGITAL SIGHT/SOUND, INC.

OCTOBER 1, 1997





Buy e_mod Singles

ROCK JAZZ Classical

Add e_mod Singles from the list below, then click Add to Order

Stewart Copeland, "Central Park Thrash" LIQUID AUDIO
Add ☐ Dolby Digital Download (4 Mb, 23 min. DL), $0.99.

Jonathan Butler, "Maria" LIQUID AUDIO
Add ☐ Dolby Digital Download (7 Mb, 45 min. DL), $0.99.
Add ☐ Add the CD to order: Dave Grusin presents West Side Story $13.99

Jonathan Butler, "Do You Love Me?" LIQUID AUDIO
Add ☐ Dolby Digital Download (7 Mb, 45 min. DL), $0.99.

Jonathan Butler
"If I Ever Lose This Heaven" LIQUID AUDIO
Add ☐ Dolby Digital Download (7 Mb, 45 min. DL), $0.99.
Add ☐ Add the CD to order: Do You Love Me? $11.99

Max Levinson
"Six Little Piano Pieces by Schoenberg" LIQUID AUDIO
Add ☐ Dolby Digital Download (3 Mb, 21 min. DL), $0.99.

ROCK

Back To Top

Featured Artist

Stewart Copeland, "Central Park Thrash" LIQUID AUDIO
Add ☐ Dolby Digital Download (4 Mb, 23 min. DL), $0.99.

The Tories, "Flying Solo" LIQUID AUDIO
Add ☐ Dolby Digital Download (6 Mb, 34 min. DL), $0.99.
Add ☐ Add the CD to order: Wonderful Life $11.99

John Taylor, "Anon (One Day at a Time)" LIQUID AUDIO
Add ☐ Dolby Digital Download (7 Mb, 40 min. DL), $0.99.

John Taylor, "Ode to Richard Price / The Anti-Wife" LIQUID AUDIO
Add ☐ Dolby Digital Download (7 Mb, 42 min. DL), $0.99.

John Taylor, "Lonely Child" LIQUID AUDIO
Add ☐ Dolby Digital Download (7 Mb, 37 min. DL), $0.99.

John Taylor, "Silent Skin" LIQUID AUDIO
Add ☐ Dolby Digital Download (4 Mb, 23 min. DL), $0.99.

John Taylor, "Just Another High" LIQUID AUDIO
Add ☐ Dolby Digital Download (9.9 Mb, 52 min. DL), $0.99.

Add to Order

Mayfield, "Sorrytown" LIQUID AUDIO
Add ☐ Dolby Digital Download (9 Mb, 55 min. DL), $0.99.

Mayfield, "Mother England" LIQUID AUDIO
Add ☐ Dolby Digital Download (11 Mb, 65 min. DL), $0.99.

Mayfield, "What are We Fighting For?"

ADD ☐ Dolby Digital Download ◻◻ (9 Mb, 52 min. DL), $0.99.

ADD ☐ Add the CD to order: Mayfield $10.00

Blake Morgan, "Lately"
(Live Acoustic Version)
Mixed live by Phil Ramone at the Westbeth Theater in New York's Greenwich Village on Thursday, July 17.,

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 41 min. DL), $0.99.

Blake Morgan, "Lately"
(Studio Acoustic Version)

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 41 min. DL), $0.99.

ADD ☐ Add the CD to order: Angers Candy $8.99

The Specials, "Call Me Names"

ADD ☐ Dolby Digital Download ◻◻ (6 Mb, 34 min. DL), $0.99.

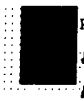
Peter Noone, "I'm into Something Good"

ADD ☐ Dolby Digital Download ◻◻ (5 Mb, 29 min. DL), $0.99.

Add to Order

Peter Himmelman, "Time Just Flew"

ADD ☐ Dolby Digital Download ◻◻ (5 Mb, 30 min. DL), $0.99.



Richard Barone, "Barbarella"

ADD ☐ Dolby Digital Download ◻◻ (5 Mb, 33 min. DL), $0.99.

ADD ☐ Add the CD to order: Between Heaven & Cello $14.99

Richard Barone, "Beautiful Human"

ADD ☐ Dolby Digital Download ◻◻ (6 Mb, 35 min. DL), $0.99.

Richard Barone, "To the Pure"

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 44 min. DL), $0.99.

ADD ☐ Add the CD to order: Clouds Over Eden $13.99

Michael John, "Where Will They Go"
Recorded and mixed live at The Plant in San Transcisco October 23rd, 1997"

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 41 min. DL), $1.99.

-->

David Gahan, "A Song For Europe"

ADD ☐ Dolby Digital Download ◻◻ (8.2 Mb, 42 min. DL), $0.99.

JAZZ

Back To Top

Featured Artist

Jonathan Butler, "Maria"

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 45 min. DL), $0.99.

ADD ☐ Add the CD to order: Dave Grusin presents West Side Story $13.99

Add to Order

Jonathan Butler, "Do You Love Me?"

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 45 min. DL), $0.99.

Jonathan Butler
"If I Ever Lose This Heaven"

ADD ☐ Dolby Digital Download ◻◻ (7 Mb, 45 min. DL), $0.99.

ADD ☐ Add the CD to order: Do You Love Me? $11.99

Candy Dulfer, "Giliton (LP Version)"

ADD ☐ Dolby Digital Download ◻◻ $0.99.

ADD ☐ Add the CD to order: For The Love Of You $11.99

Candy Dulfer, "Glititon (RH Factor Beats Mix)" LIQUID AUDIO

ADD ☐ Dolby Digital Download DD $0.99.

Candy Dulfer, "Glititon (RH Factor Spank Me Mix)" LIQUID AUDIO

ADD ☐ Dolby Digital Download DD $0.99.

Candy Dulfer, "Glititon (RH Factor Groovy Mix)" LIQUID AUDIO

ADD ☐ Dolby Digital Download DD (8 Mb, 46 min. DL), $0.99.

ADD ☐ Add the CD to order: Glititon - The Mixes $5.49

Chick Corea and Gary Burton, "No Mystery" LIQUID AUDIO
Not authorized for sale to Japan.

ADD ☐ Dolby Digital Download DD (9 Mb, 52 min. DL), $0.99.

ADD ☐ Add the CD to order: No Mystery $11.49

Paquito D'Rivera, "La Bella Cubana" LIQUID AUDIO
1997 Grammy Award Winner

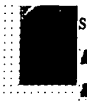
ADD ☐ Dolby Digital Download DD (8 Mb, 46 min. DL), $0.99.

ADD ☐ Add the CD to order: Portraits of Cuba $13.99

Steps Ahead, "Oops" LIQUID AUDIO

ADD ☐ Dolby Digital Download DD (8 Mb, 51 min. DL), $0.99.

ADD ☐ Add the CD to order: Live in Tokyo $13.99



Sergio Salvatore, "Point of Presence" LIQUID AUDIO

ADD ☐ Dolby Digital Download DD (7 Mb, 43 min. DL), $0.99.

ADD ☐ Add the CD to order: Point of Presence $11.99

Classical

Back To Top

Featured Artist

Max Levinson
"Six Little Piano Pieces by Schoenberg" LIQUID AUDIO

ADD ☐ Dolby Digital Download DD (3 Mb, 21 min. DL), $0.99.

Make Your Own Compact Discs At Home!

ADD ☐ One blank CD-R Disc, $7.99

Add to Order
(Checked Items)

SCOTT P. COOPER (State Bar No. 96905)
PROSKAUER ROSE LLP
2121 Avenue of the Stars, 27th Floor
Los Angeles, CA 90067-5010
(310) 557-2900

CHRISTOPHER WOLF
ALEC W. FARR
PROSKAUER ROSE LLP
1233 20th St. N.W.
(202) 775-7253 fx

Attn: 775-0101 fax
Steven D'Onofrio / Alec Walsh

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

'97 CV 1099 H (JFS)

COPY

A&M RECORDS, INC., a Delaware corporation; ARISTA RECORDS, INC., a Delaware corporation; CAPITOL RECORDS, INC., a Delaware corporation; GEFFEN RECORDS, INC., a California corporation; ISLAND RECORDS, INC., a New York corporation; MAVERICK RECORDING COMPANY, a California general partnership; MCA RECORDS, INC., a California corporation; SONY MUSIC ENTERTAINMENT INC., a Delaware corporation; and WARNER BROS. RECORDS INC., a Delaware corporation, Plaintiffs, v. INTERNET SITE KNOWN AS FRESH KUTZ; and DOES I through X, Defendants.	Case No.: CV- COMPLAINT

Plaintiffs, A & M Records, Inc., Arista Records, Inc., Capitol Records, Inc., Geffen Records, Inc., Island Records, Inc., Maverick Recording Company, MCA Records, Inc. Sony Music Entertainment Inc., and Warner Bros. Records, Inc. (collectively "Plaintiffs"), for their Complaint against Defendants Internet Site Known as Fresh Kutz, and Does I-X, inclusive (collectively "Defendants") allege as follows:

NATURE OF THE ACTION

1. This case involves the infringement of Plaintiffs' copyrighted sound recordings by Defendants via the Internet. Defendants have created and maintain an Internet site known as Fresh Kutz ("Defendants' Site"), the sole purpose of which is the reproduction, distribution and exchange of unauthorized copies of copyrighted sound recordings. Without permission of the copyright holders, Defendants have copied hundreds of full-length sound recordings to a computer file server connected to the Internet. The vast majority of these sound recordings are owned by Plaintiffs or their affiliates. Defendants then make these infringing recordings available at Defendants' Site for reproduction and distribution to millions of Internet users worldwide. Indeed, Defendants boast that theirs is the "biggest and best" such site on the Internet, with new songs added every day. Moreover, as part of their infringement scheme, Defendants actively encourage Internet users to download the infringing materials – and thus create additional copies in the users' computers. Defendants even provide software which users can download to their computers to enable them to play the infringing recordings in high-fidelity stereo. In addition, upon information and belief, Defendants encourage Internet users visiting their site to contribute additional copies of unauthorized sound recordings to Defendants' Site for copying by and distribution to countless other Internet users.

2. A fledgling industry in pirated copies of sound recordings thus is emerging on the Internet. In this way, commercially released recordings which otherwise are available for purchase through legitimate channels (e.g., record stores) are being pirated online. Because the Internet offers near instantaneous access worldwide, this conduct is causing and threatens to continue to cause severe and irreparable harm to the Plaintiffs, and to the recording industry

generally. This action seeks an injunction against the Defendants' unauthorized copying and distribution, and seeks damages for the infringements which have occurred to date.

PARTIES

3. Defendant Internet Site Known as Fresh Kutz is a business of unknown structure which maintains a site on the Internet located at "www.avalon.simplenet.com/bossnetsux/ music. htm." Defendants' Site is maintained on a computer server owned by Simple Network Communications, Inc. ("SIMPLENET"), which resides within this District.

4. Upon information and belief, Defendant Internet Site Known as Fresh Kutz is owned, operated and maintained by Defendants Does I-X. The true names and capacities of Defendants Does I-X, inclusive, are unknown to Plaintiffs at this time. Plaintiffs therefore sue said Defendants by such fictitious names. As soon as the true names of Does I-X have been ascertained, Plaintiffs will amend this Complaint accordingly.

5. Plaintiff A & M Records, Inc . ("A & M") is a corporation organized and existing under the laws of Delaware with its principal place of business in California. A & M is in the business of producing, manufacturing and distributing copyrighted sound recordings. A & M is the owner of the United States Copyright in, or is the exclusive licensee in the United States for, certain of the sound recordings identified in the Schedule annexed hereto as Exhibit A (collectively "Plaintiffs' Recordings").

6. Plaintiff Arista Records, Inc. ("Arista") is a corporation organized and existing under the laws of Delaware with its principal place of business in New York. Arista is in the business of producing, manufacturing and distributing copyrighted sound recordings. Arista is the owner of the United States Copyright in, or is the exclusive licensee in the United States for certain of Plaintiffs' Recordings identified in Exhibit A.

7. Plaintiff Capitol Records, Inc. ("Capitol") is a corporation organized and existing under the laws of Delaware with a place of business in California. Capitol is in the business of producing, manufacturing and distributing copyrighted sound recordings. Capitol is the owner

of the United States Copyright in, or is the exclusive licensee in the United States for, certain of Plaintiffs' Recordings identified in Exhibit A.

8. Plaintiff Geffen Records, Inc. ("Geffen") is a corporation organized and existing under the laws of California with its principal place of business in California. Geffen is in the business of producing, manufacturing and distributing copyrighted sound recordings. Geffen is the owner of the United States Copyright in, or is the exclusive licensee in the United States for, certain of Plaintiffs' Recordings identified in Exhibit A.

9. Plaintiff Island Records, Inc. ("Island") is a corporation organized and existing under the laws of New York with its principal place of business in New York. Island is in the business of producing, manufacturing and distributing copyrighted sound recordings. Island is the owner of the United States Copyright in, or is the exclusive licensee in the United States for, certain of Plaintiffs' Recordings identified in Exhibit A.

10. Plaintiff Maverick Recording Company ("Maverick") is a general partnership organized and existing under the laws of California with its principal place of business in California. Maverick is in the business of producing, manufacturing and distributing copyrighted sound recordings. Maverick is the owner of the United States Copyright in, or is the exclusive licensee in the United States for certain of Plaintiffs' Recordings identified in Exhibit A.

11. Plaintiff MCA Records, Inc. ("MCA") is a corporation organized and existing under the laws of California with its principal place of business in California. MCA is in the business of producing, manufacturing and distributing copyrighted sound recordings. MCA is the owner of the United States Copyright in, or is the exclusive licensee in the United States for, certain of Plaintiffs' Recordings identified in Exhibit A.

12. Plaintiff Sony Music Entertainment Inc. ("Sony") is a corporation organized and existing under the laws of Delaware with its principal place of business in New York. Sony is in the business of producing, manufacturing and distributing copyrighted sound recordings. Sony is the owner of the United States Copyright in, or is the exclusive licensee in the United States for, certain of Plaintiffs' Recordings identified in Exhibit A.

13. Plaintiff Warner Bros. Records Inc. ("Warner Bros.") is a corporation organized and existing under the laws of Delaware with its principal place of business in California. Warner Bros. is in the business of producing, manufacturing and distributing copyrighted sound recordings. Warner Bros. is the owner of the United States Copyright in, or is the exclusive licensee in the United States for certain of Plaintiffs' Recordings identified in Exhibit A.

JURISDICTION AND VENUE

14. The true names and capacities of Defendants Does I-X, inclusive, are unknown to Plaintiffs at this time. Plaintiffs therefore sue said Defendants by such fictitious names. As soon as the true names of Does I-X have been ascertained, Plaintiffs will amend this Complaint accordingly. On information and belief, Does I-X own, operate and maintain Defendant Internet Site Known as Fresh Kutz.

15. This is an action for copyright infringement under 17 U.S.C. § 101 *et seq.* Pursuant to 28 U.S.C. §§ 1331 and 1338, this Court has original and exclusive jurisdiction over all claims herein.

16. Venue is proper in this Court under 28 U.S.C. §§ 1391(b) and 1400(a). Defendants' Internet Site Known as Fresh Kutz and Does I-X maintain Defendants' Site on a computer server located in this District. Defendants therefore may be found in this District within the meaning of 28 U.S.C. § 1400(a), and their infringement of Plaintiffs' copyrights occurs in this District within the meaning of 28 U.S.C. § 1391(b).

FACTS COMMON TO ALL COUNTS

I. The Internet Allows the Instantaneous Worldwide Reproduction and Transmission of Perfect Copies of Sound Recordings

17. The Internet is a worldwide network of millions of computers which has become a widely-used means of global communication. Through the Internet, text, graphics, audio, and video information and recordings are quickly and routinely transmitted to nearly anyone with access to a computer and a modem. Internet usage has become commonplace in businesses, schools and in millions of homes worldwide.

18. Information transferred over the Internet is sent in "digitized" form. This means that near perfect copies of virtually any type of information -- including sound recordings -- can be reproduced and transmitted across the Internet. Once "uploaded" to the Internet (i.e., reproduced on a file server connected to the Internet), sound recordings approximating the same quality as compact discs purchased in music stores can be "downloaded" by Internet users (i.e., reproduced onto and distributed to the users' computer) for playback in high-fidelity stereophonic sound. Internet-delivered sound recordings can be played through speakers commonly connected to computers.

19. Recent technological developments have increased the speed with which data can be transmitted across the Internet and have allowed greater amounts of data to be transferred. These advances have made the Internet a viable distribution channel for sound recordings.

II. Piracy of Copyrighted Sound Recordings On The Internet

20. While the Internet is a revolutionary tool for the legitimate gathering and dissemination of information, it also can be misused for unlawful purposes. Piracy of intellectual property such as sound recordings is becoming a pervasive problem on the Internet. The basic nature of the copyright infringement (i.e., copying and distributing) is familiar. However, given the speed and ease of reproducing and widely distributing information on the Internet, the potential harm to copyright owners threatens to be exponentially greater than traditional acts of piracy.

21. The extensive misuse of the Internet for unlawful purposes is in part due to the nature of the medium. The aspects of the Internet that make it a revolutionary tool for legitimate communication -- the ease, for example, with which information can be copied to and from Internet sites, the simplicity of downloading even large files, and the relatively minor cost to a user of establishing a site that can communicate with an audience of millions -- also create unparalleled opportunities for theft. The relative anonymity with which Internet communications may be conducted further facilitates illegal conduct.

22. Unscrupulous Internet users covertly can digitize and copy to the Internet copyrighted sound recordings (in which they have no rights and which they have no authorization to use) as easily as they can upload legitimate material. From there, perfect or near-perfect

reproductions of copyrighted works can be and are copied, distributed, used and played remotely by other users online.

23. Financial losses from traditional piracy cost the worldwide recording industry approximately $2 billion a year. In the United States alone, annual losses are estimated to be $300 million. With the explosive growth of the Internet, these figures may be dwarfed by online piracy unless such piracy is deterred by the courts, applying well-established principles of copyright law to infringing online conduct.

III. Defendants' Unlawful Online Copying and Distribution of Plaintiffs' Recordings

24. The sole and exclusive purpose of Defendants' Site is the unlawful copying, distribution and exchange of unauthorized copyrighted sound recordings, including Plaintiffs' Recordings.

25. Defendants' Site may be accessed by Internet users worldwide and can be located using standard and widely available browser software.

26. Defendants' Site presents a visiting Internet user with an "archive" listing hundreds of song titles and the artists who recorded them. Through express, on-screen invitations, Defendants openly urge visitors to download songs from Defendants' existing inventory. Screen prints of Defendants' Site are attached hereto as Exhibit B. In fact, Defendants provide access to "player" software at their site which, like the song files, users can download to their own computer systems. This software allows users to play the infringing recordings they have downloaded from the site in stereo through speakers attached to their computers. Thus, Defendants are actively promoting copyright infringement by providing users with the tools to further reproduce and distribute infringing copies of Plaintiffs' Recordings.

27. The song titles presented on Defendants' Site are actually links to computer files maintained on the file server housing the Site. These files contain unauthorized full-length copies of copyrighted sound recordings which were uploaded by Defendants themselves or by third parties at Defendants' urging. When a user clicks on a particular song title with their mouse, a full-length reproduction of the corresponding copyrighted sound recording is copied and distributed to the user's own computer.

28. For example, by clicking on the link entitled "Alanis Morrisette-Hand in My Pocket" at Defendants' Site, the copying process is started and a computer file containing a digital reproduction of the popular song "Hand in my Pocket" by Alanis Morrisette is copied from Defendants' Site onto the user's computer. This "download" to the user's computer creates and disseminates an additional copy of the recording to the user's computer memory, while leaving a copy on Defendants' Site for countless other users to copy.

29. In addition to offering infringing copies of copyrighted sound recordings and the software needed to play them to visiting users, Defendants also, upon information and belief, encourage users to contribute additional full-length sound recordings to their archive of pirated works. Upon information and belief, users visiting Defendants' Site can and do "upload" digitized reproductions of further recordings to Defendants' Site. Defendants then, upon information and belief, take and organize the uploaded files by artist and title, thus making additional reproductions of uploaded sound recordings. Defendants are thus working to enlarge their site, magnify their infringement of Plaintiffs' copyrights, and compound the harm to Plaintiffs from their actions.

30. The vast majority of sound recordings offered on Defendants' Site are copyrighted works owned by Plaintiffs or their subsidiaries or affiliates. These infringing recordings were reproduced from legitimate recordings produced, manufactured, and/or distributed by Plaintiffs. Consequently, the sound recordings copied and distributed by and through Defendants' Site are direct copies of Plaintiffs' Recordings.

COUNT ONE

Copyright Infringement Under 17 U.S.C. §§ 101 et seq.

31. Paragraphs 1-30 above are realleged as if fully set forth herein.

32. Plaintiffs are the owners of, or the exclusive licensees in the United States for, Plaintiffs' Recordings and have the exclusive right to manufacture and distribute them in the United States. Plaintiffs' Recordings are original works, copyrightable under the Copyright Act.

33. At all times relevant herein, Plaintiffs have complied with the Copyright Act, 17 U.S.C. §§ 101, *et seq.* and have secured the exclusive rights and privileges in and to the

copyrights in Plaintiffs' Recordings. Exhibit A annexed hereto sets forth a number of Plaintiffs' Recordings which have been unlawfully copied on Defendants' Site. Each recording has been duly registered with the United States Copyright Office, as evidenced by the Registration Certificates issued by the Register of Copyrights, copies of which are annexed hereto as Exhibit C.

34. Plaintiffs' Recordings have been reproduced and distributed by individual Plaintiffs or under their authority. In creating, manufacturing, and distributing legitimate copies of Plaintiffs' Recordings, Plaintiffs have acted in strict conformity with the Copyright Act and all other applicable laws governing copyrights.

35. Plaintiffs have not licensed any of the Defendants to reproduce or distribute any of Plaintiffs' Recordings in any manner whatsoever.

36. Defendants' acts detailed above constitute direct and/or contributory infringements of Plaintiffs' respective copyrights in Plaintiffs' Recordings in violation of 17 U.S.C. §§ 101, *et seq.*

37. By creating, administering operating, and maintaining Defendants' Site, Defendants have actively engaged in, aided, encouraged materially contributed to, and abetted the unauthorized copying and distribution of Plaintiffs' Recordings. Upon information and belief, Defendants' infringements have been committed willfully, and have been and are being engaged in with total disregard for Plaintiffs' intellectual property rights.

38. Defendants' direct and/or contributory copyright infringement has caused, and will continue to cause, Plaintiffs to suffer substantial injuries, loss and damage to their exclusive rights to, and copyrights in, Plaintiffs' Recordings. The precise amount of Plaintiffs' damages will be determined at trial.

39. Defendants' direct and/or contributory copyright infringement, and the threat of continuing infringement, has caused, and will continue to cause, Plaintiffs severe and irreparable injury. Plaintiffs' remedy at law is inadequate to compensate them for the injuries already inflicted and further threatened by Defendants. Therefore, Defendants should be restrained and enjoined pursuant to 17 U.S.C. §§ 101, *et seq.*

///

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request the following relief:

1. That the Court issue a temporary restraining order:

(a) restraining Defendants and their respective agents, servants, employees, successors and assigns, and all other persons acting in concert with, in conspiracy with or affiliated with them from copying, reproducing, duplicating, disseminating, distributing, selling or in any way exploiting any unauthorized copies of Plaintiffs' Recordings or any copyrighted sound recording;

(b) restraining Defendants and their respective agents, servants, employees, successors and assigns, and all other persons acting in concert with, in conspiracy with or affiliated with them from otherwise infringing any sound recording copyright by permitting, supervising, enabling, encouraging, contributing to, aiding or abetting any of the acts in subparagraph (a) above; and

(c) restraining Defendants and their respective agents, servants, employees, successors and assigns, and all other persons acting in concert with, in conspiracy with or affiliated with them from destroying, discarding, transferring, or modifying any documents, software, hardware, equipment, or data used in connection with Defendants' Site, including but not limited to, (i) business records that pertain to the copying, reproduction, duplication, dissemination, or distribution of any sound recordings, or any revenues or remuneration (monetary or otherwise) derived therefrom, (ii) computer files contained on Defendants' Site, (iii) Defendants' site itself, or (iv) documents or other materials relating to Plaintiffs' Recordings; and

(d) directing Defendants' Internet Service Provider SIMPLENET, located at 8070 La Jolla Shores Drive, La Jolla, California, 92037, to block access to Defendants' Site by Defendants or third parties thus preventing further infringements and preserving evidence during the pendency of this litigation.

2. That the Court issue a preliminary injunction in accordance with the temporary restraining order requested above;

3. That the Court issue a permanent injunction making permanent the temporary restraining order and preliminary injunction requested above save that Defendants be ordered to erase, obliterate and otherwise destroy any and all unauthorized copies of any of Plaintiffs' Recordings and any unauthorized copyrighted sound recordings which are in their possession or under their control;

4. That Plaintiffs be awarded statutory or actual damages for Defendants' copyright infringement in an amount to be determined at trial;

5. That the Court issue an order requiring each Defendant to file with this Court and serve on Plaintiffs within ten (10) days after service of the injunction, a report, in writing, under oath, setting forth in detail the manner and form in which Defendants have complied with the injunction;

6. That the Court award Plaintiffs their attorneys' fees pursuant to 17 U.S.C. § 505;

7. That the Court award Plaintiffs their costs of suit incurred herein; and

8. That the Court grant such other and further relief as it deems just and proper.

DATED: June 9, 1997

PROSKAUER ROSE LLP
SCOTT P. COOPER
CHRISTOPHER WOLF
ALEC W. FARR

By: ______________________
Scott P. Cooper
Attorneys for Plaintiffs

Of Counsel:

Steven B. Fabrizio
Recording Industry Association of America
1330 Connecticut Avenue, N.W.
Suite 300
Washington, D.C. 20036
(202) 775-0101

JUDGE SWEET

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUN 09 1997

Christopher Wolf (CW 7387)
Bradley I. Ruskin (BR 8489)
Steven M. Levy (SL 8603)
Proskauer Rose LLP
1585 Broadway
New York, New York 10036
(212) 969-3000
Attorneys for Plaintiffs

97 CIV. 4245

SONY MUSIC ENTERTAINMENT INC.,
A&M RECORDS, INC.,
ARISTA RECORDS, INC.,
ATLANTIC RECORDING CORPORATION,
CAPITOL RECORDS, INC,
ISLAND RECORDS, INC.,
LONDON RECORDS,
MAVERICK RECORDING COMPANY,
MCA RECORDS, INC., and
WARNER BROTHERS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://208.197.0.28/, DOE I (a/k/a "FWIBBLY"),
and DOES II-X, inclusive,

Defendants.

Civil Action No.

COMPLAINT

Plaintiffs, A & M Records, Inc., Arista Records, Inc., Atlantic Recording Corporation, Capitol Records, Inc., Island Records, Inc., London Records, Maverick Recording Company, MCA Records, Inc. Sony Music Entertainment Inc., and Warner Bros. Records, Inc. (collectively "Plaintiffs"), for their Complaint against Defendants Internet Site Operating At

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MCA RECORDS, INC.,
A&M RECORDS, INC.,
CAPITOL RECORDS, INC.,
ISLAND RECORDS, INC.,
MAVERICK RECORDING COMPANY,
POLYGRAM RECORDS, INC.,
SONY MUSIC ENTERTAINMENT INC., and
WARNER BROS. RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://PARSOFT.COM/MP3s/ and DOES I-X,
inclusive,

Defendants.

Civil Action No.

397CV1360-T

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of Plaintiffs' Motion for a Temporary Restraining Order and [illegible],

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision of services for or in the maintenance of the Internet site known as "ftp://parsoft.com/MP3s/" (hereinafter "Defendants' Site"):

1. are temporarily enjoined from:

(a) copying, reproducing, duplicating, disseminating, distributing, selling or in any way exploiting any unauthorized copies of Plaintiffs' Recordings or any copyrighted sound recording;

(b) otherwise infringing any sound recording copyright by permitting, supervising, enabling, encouraging, contributing to, aiding or abetting any of the acts in subparagraph (a) above; and

(c) destroying, discarding, transferring, or modifying any documents, software, hardware, equipment, or data used in connection with Defendants' Site, including but not limited to, (i) business records that pertain to the copying, reproduction, duplication, dissemination, or distribution of any sound recordings, or any revenues or remuneration (monetary or otherwise) derived therefrom, (ii) computer files contained on Defendants' Site, (iii) Defendants' site itself, or (iv) documents or other materials relating to Plaintiffs' Recordings; and

2. shall immediately block access to all unauthorized sound recordings which are copies of or otherwise substantially similar to any of the Subject Recordings at Defendants' Site and at every other computer site over which Defendants have control

ORDERED, that on June 20 AT 9:00 AM, 1997 Defendants Internet site known as ftp://parsoft.com/MP3s/ and Does I-X, inclusive (collectively "Defendants") show cause before this Court in Courtroom ___ of the United States Courthouse located at 1100 Commerce Street, Room 15D36, Dallas, Texas, why an order should not be entered Pursuant to Rule 65 of the Federal Rules of Civil Procedure:

1. continuing the terms of the temporary restraining order entered herein below; and

2. requiring Defendants to file with this Court and serve on Plaintiffs, within ten (10) days after receiving service of this Order, a report, in writing and under oath, setting forth in detail the manner and form in which Defendants have complied with the injunction.

ORDERED, that Parsoft, located at 101 W. Renner Road, Suite 430, Richardson, Texas ("Parsoft"), and their agents, servants and employees, and all persons acting in concert with them or assisting them, shall immediately secure, safeguard and preserve any computer server files or space provided to, allocated for or leased to any Defendants, including Defendants' Site, preventing any access by Defendants or third parties (other than Plaintiffs pursuant to discovery), and it is further

ORDERED, that by the close of business on June 9, 1997, Plaintiffs shall be required to post a bond of $5,000.00 as security for the payment of such cost and damages

incurred or suffered by any party who is found to be wrongfully enjoined or restrained hereby; and it is further

ORDERED, that Defendants submit any papers in response to this order to show cause on or before the fifth (5th) day after service upon them of this order to show cause, and that Defendants make simultaneous service of such responsive papers upon counsel for Plaintiffs by personal service or by Federal Express or similar next day delivery; and it is further

ORDERED, that copies of this Order to Show Cause, together with copies of all of the papers on which it was granted, be served upon the named Defendants personally or by Federal Express or similar next day delivery at the homes or offices of the Defendants at such addresses to be determined by Plaintiffs, within 48 hours of the determination of Defendants' identities and addresses by Plaintiffs, and that such service shall constitute due and sufficient notice hereof.

June 9 1997, at 11:38 A.M.

SO ORDERED:

United States District Judge

SCOTT P. COOPER (State Bar No. 96905)
PROSKAUER ROSE LLP
2121 Avenue of the Stars, 27th Floor
Los Angeles, CA 90067-5010
(310) 557-2900

CHRISTOPHER WOLF
ALEC W. FARR
PROSKAUER ROSE LLP
1233 20th St.
W.
(20 775-7253 fx

Attc 775-0101 fax
Steven DiBrizio | Walsh

FILED
JUN - 9 1997
CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
BY DEPUTY

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

'97 CV 1099 H (JFS)

COPY

A&M RECORDS, INC., a Delaware corporation; ARISTA RECORDS, INC., a Delaware corporation; CAPITOL RECORDS, INC., a Delaware corporation; GEFFEN RECORDS, INC., a California corporation; ISLAND RECORDS, INC., a New York corporation; MAVERICK RECORDING COMPANY, a California general partnership; MCA RECORDS, INC., a California corporation; SONY MUSIC ENTERTAINMENT INC., a Delaware corporation; and WARNER BROS. RECORDS INC., a Delaware corporation, Plaintiffs, v. INTERNET SITE KNOWN AS FRESH KUTZ; and DOES I through X, Defendants.	Case No.: CV- COMPLAINT

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MCA RECORDS, INC.,
A&M RECORDS, INC.,
CAPITOL RECORDS, INC.,
ISLAND RECORDS, INC.,
MAVERICK RECORDING COMPANY,
POLYGRAM RECORDS, INC.,
SONY MUSIC ENTERTAINMENT INC., and
WARNER BROTHERS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://PARSOFT.COM/MP3s/ and DOES I-X,
inclusive,

Defendants.

Civil Action No. _____

COMPLAINT

Plaintiffs, MCA Records, Inc., A & M Records, Inc., Capitol Records, Inc., Island Records, Inc., Maverick Recording Company, PolyGram Records, Inc., Sony Music Entertainment Inc., and Warner Brothers Records, Inc. (collectively "Plaintiffs"), for their Complaint against Defendants Internet Site operating at "ftp://parsoft.com/MP3s" and Does I-X, inclusive (collectively "Defendants") allege as follows:

NATURE OF THE ACTION

1. This case involves the infringement of Plaintiffs' copyrighted sound recordings by Defendants via the Internet. Defendants have created and maintain an Internet site known as "ftp://parsoft.com/MP3s" ("Defendants' Site"), the sole purpose of which is the reproduction,

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

A&M RECORDS, INC., a Delaware corporation; ARISTA RECORDS, INC., a Delaware corporation; CAPITOL RECORDS, INC., a Delaware corporation; GEFFEN RECORDS, INC., a California corporation; ISLAND RECORDS, INC., a New York corporation; MAVERICK RECORDING COMPANY, a California general partnership; MCA RECORDS, INC., a California corporation; SONY MUSIC ENTERTAINMENT INC., a Delaware corporation; and WARNER BROS. RECORDS INC., a Delaware corporation

Plaintiff,

vs.

INTERNET SITE KNOWN AS FRESH KUTZ; and DOES I through X,

Defendant.

CASE NO. 97-CV-1099 H (JFS)

ORDER FOR EXPEDITED DISCOVERY

The Court, having considered ex parte Plaintiffs' Motion for Expedited Discovery and Preservation of Evidence, and the proposed discovery submitted therewith, is of the opinion and finds that plaintiffs' Motion is meritorious and should be granted. It is therefore,

ORDERED ADJUDGED and DECREED that Plaintiff may serve immediately discovery upon Internet Service Provider SIMPLENET and upon Defendants Fresh Kutz and Does I-X; and

ORDERED that SIMPLENET shall provide a response to the first of Plaintiffs' expedited discovery requests within 72 hours of service of said discovery, or seek a protective order from the court;

and

ORDERED that SIMPLENET shall provide a response to Plaintiffs' remaining expedited discovery request within 5 days of service of said discovery, or seek a protective order from the court, and it is further

ORDERED that Defendants shall provide a response to Plaintiffs' expedited discovery requests within 5 days of service of said discovery or seek a protective order from the Court.

IT IS SO ORDERED.

DATED: JUN 10 1997

MARILYN L. HUFF

MARILYN L. HUFF, JUDGE
UNITED STATES DISTRICT COURT

JUDGE SWEET

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., A&M RECORDS, INC., ARISTA RECORDS, INC., ATLANTIC RECORDING CORPORATION, CAPITOL RECORDS, INC., ISLAND RECORDS, INC., LONDON RECORDS, MAVERICK RECORDING COMPANY, MCA RECORDS, INC.,and WARNER BROS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "FWIBBLY"), and DOES II-X, inclusive,

Defendants.

97 CIV. 4245

Civil Action No.

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of the Motion for a Temporary Restraining Order and Order To Show Cause, and the entire record herein, it is this 9th day of June 1997,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision

of services for or in the maintenance of the Internet site known as "ftp://208.197.0.28/" (hereinafter "Defendants' Site"):

1. are temporarily enjoined from:

(a) copying, reproducing, duplicating, disseminating, distributing, selling or in any way exploiting any unauthorized copies of Plaintiffs' Recordings or any copyrighted sound recording;

(b) otherwise infringing any sound recording copyright by permitting, supervising, enabling, encouraging, contributing to, aiding or abetting any of the acts in subparagraph (a) above; and

(c) destroying, discarding, transferring, or modifying any documents, software, hardware, equipment, or data used in connection with Defendants' Site, including but not limited to, (i) business records that pertain to the copying, reproduction, duplication, dissemination, or distribution of any sound recordings, or any revenues or remuneration (monetary or otherwise) derived therefrom, (ii) computer files contained on Defendants' Site, (iii) Defendants' site itself, or (iv) documents or other materials relating to Plaintiffs' Recordings; and

2. shall immediately block access to all unauthorized sound recordings which are copies of or otherwise substantially similar to any of the Subject Recordings at Defendants' Site and at every other computer site over which Defendants have control

ORDERED, that on June 13, 1997 at 10 AM Defendants' Internet site known as "ftp://208.197.0.28/," Doe I (a/k/a "Fwibbly") and Does II-X, inclusive (collectively "Defendants") show cause before this Court in Courtroom 18C of the United States Courthouse located at 500 Pearl Street, in the borough of Manhattan, New York City, New York, why a Preliminary Injunction should not be entered Pursuant to Rule 65 of the Federal Rules of Civil Procedure:

1. continuing the terms of the temporary restraining order entered herein; and

2. requiring Defendants to file with this Court and serve on Plaintiffs, within ten (10) days after receiving service of this Order, a report, in writing and under oath, setting forth in detail the manner and form in which Defendants have complied with the injunction.

ORDERED, that BestWeb Corporation, located at 25 South Riverside, Croton-On-Hudson, New York 10562 ("BestWeb"), and their agents, servants and employees, and all persons acting in concert with them or assisting them, shall immediately secure, safeguard and preserve any computer server files or space provided to, allocated for or leased to any Defendants, including Defendants' Site, preventing any access by Defendants or third parties (other than Plaintiffs pursuant to discovery), and it is further

ORDERED, that by ~~the close of business~~ noon on June 10, 1997, Plaintiffs shall be required to post a bond of $10,000 as security for the payment of such cost and damages

incurred or suffered by any party who is found to be wrongfully enjoined or restrained hereby; and it is further

ORDERED, that Defendants submit any papers in response to this order to show cause on or before the fifth (5th) day after service upon them of this order to show cause, and that Defendants make simultaneous service of such responsive papers upon counsel for Plaintiffs by personal service or by Federal Express or similar next day delivery; and it is further

ORDERED, that copies of this Order to Show Cause, together with copies of all of the papers on which it was granted, be served upon the named Defendants personally or by Federal Express or similar next day delivery at the homes or offices of the Defendants at such addresses to be determined by Plaintiffs, within 48 hours of the determination of Defendants' identities and addresses by Plaintiffs, and that such service shall constitute due and sufficient notice hereof.

New York, New York
June 9, 1997

ISSUED: 12:20 PM

SO ORDERED:

United States District Judge

I, Bradley I. Ruskin, being duly sworn, under penalty of perjury declare:

1. Plaintiffs move by order to show cause and for a temporary restraining order, with expedited discovery, to prevent immediately the violations of its copyright interest in sound recordings. This relief is required by order to show cause to stop this infringement immediately and to ensure that the evidence of such infringement is preserved.

2. No prior request for this relief has made to this Court.

Bradley I. Ruskin (BR-8489)

Sir:

Please take notice that the within is a true copy of
this day duly entered and filed herein in the office of the clerk of .....

.....

of New York
Dated, New York *19*

Yours, etc.,

PROSKAUER ROSE LLP
Attorneys for

1585 Broadway
New York, NY 10036-8299

Attorneys for

Sir:

Please take notice that an order of which the within is a true copy will be presented for settlement and signature herein
to
at *of*
this Court at
in the Borough of
City of New York.
on the day of *19*
at o'clock in the *noon.*
Dated, New York, *19*

Yours, etc.,

PROSKAUER ROSE LLP
Attorneys for

1585 Broadway
New York, NY 10036-8299

To

Attorneys for

INDEX NUMBER 199

~~UNITED STATE DISTRICT COURT~~
FOR THE SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., et al.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "FWIBBLY"), AND DOES II-X, inclusive,

Defendants.

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

PROSKAUER ROSE LLP
Attorneys for Plaintiffs

1585 Broadway
New York, NY 10036-8299
Telephone 212.969.3000

All communications should be referred to Bradley J. Ruskin

Due service of a copy of the within is hereby admitted.

Dated, New York

To

Attorneys for

JUDGE SWEET

Sweet J

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., A&M RECORDS, INC., ARISTA RECORDS, INC., ATLANTIC RECORDING CORPORATION, CAPITOL RECORDS, INC., ISLAND RECORDS, INC., LONDON RECORDS, MAVERICK RECORDING COMPANY, MCA RECORDS, INC., and WARNER BROS. RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "FWIBBLY"), and DOES II-X, inclusive,

Defendants.

97CIV. 4245

Civil Action No.

ORDER FOR EXPEDITED DISCOVERY

The Court, having considered ex parte Plaintiffs' Motion for Expedited Discovery and Preservation of Evidence, and the proposed discovery submitted therewith, is of the opinion and finds that plaintiffs' Motion is meritorious and should be granted. It is therefore,

ORDERED ADJUDGED and DECREED that Plaintiff may serve immediately discovery upon Internet Service Provider BestWeb and upon Defendants ftp://208.197.0.28/, Doe I (a/k/a Fwibbly, and Does II-X; and

ORDERED that BestWeb shall provide a response to the first of Plaintiffs' expedited discovery requests within 72 hours of service of said discovery; and

ORDERED that BestWeb shall provide a response to Plaintiffs' remaining expedited discovery request within 5 days of service of said discovery; and its is further

ORDERED that Defendants shall provide a response to Plaintiffs' expedited discovery requests within 5 days of service of said discovery.

SO ORDERED

Dated, New York, June 9, 1997

UNITED STATES DISTRICT JUDGE

Sir:

Please take notice that the within is a true copy of
this day duly entered and filed herein in the office of the clerk of .....

.....

of New York
Dated, New York 19

Yours, etc.,

PROSKAUER ROSE LLP
Attorneys for

1585 Broadway
New York, NY 10036-8299

To

Attorneys for

Sir:

Please take notice that an order of which the within is a true copy will be presented for settlement and signature herein
to
at *of*
this Court at
in the Borough of
City of New York,
on the *day of* ,19
at *o'clock in the* noon.
Dated, New York, 19

Yours, etc.,

PROSKAUER ROSE LLP
Attorneys for

1585 Broadway
New York, NY 10036-8299

To

Attorneys for

7

INDEX NUMBER 199

~~UNITED STATES DISTRICT COURT~~
FOR THE SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., et al.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "SWIZBLY"), AND DOES II-X, inclusive,

Defendants.

ORDER FOR EXPEDITED DISCOVERY

PROSKAUER ROSE LLP
Attorneys for Plaintiffs

1585 Broadway
New York, NY 10036-8299
Telephone 212.969.3000

All communications should be referred to Bradley T. Ruskin

Due service of a copy of the within is hereby admitted.

Dated, New York

To

Attorneys for

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

A&M RECORDS, INC., a Delaware corporation; ARISTA RECORDS, INC., a Delaware corporation; CAPITOL RECORDS, INC., a Delaware corporation; GEFFEN RECORDS, INC., a California corporation; ISLAND RECORDS, INC., a New York corporation; MAVERICK RECORDING COMPANY, a California general partnership; MCA RECORDS, INC., a California corporation; SONY MUSIC ENTERTAINMENT INC., a Delaware corporation; and WARNER BROS. RECORDS INC., a Delaware corporation

Plaintiff,

vs.

INTERNET SITE KNOWN AS FRESH KUTZ; and DOES I through X,

Defendant.

CASE NO. 97-CV-1099 H (JFS)

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of Plaintiffs' Motion for a Temporary Restraining Order and Preliminary Injunction, and entire record herein, it is this 10th day of June 1997,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in

concert with them or assisting them through the provision of services for or in the maintenance of the Internet site known as "http://www.avalon.simplenet.com/coolmp3/music.htm" and/or "http://www.avalon.simplenet.com//bossnetsux/music.htm" (hereinafter "Defendants' Site"):

1. are temporarily enjoined from:

(a) copying, reproducing, duplicating, disseminating, distributing, selling or in any way exploiting any unauthorized copies of Plaintiffs' Recordings or any copyrighted sound recording;

(b) otherwise infringing any sound recording copyright by permitting, supervising, enabling, encouraging, contributing to, aiding or abetting any of the acts in subparagraph (a) above; and

(c) destroying, discarding, transferring, or modifying any documents, software, hardware, equipment, or data used in connection with defendants' Site, including but not limited to, (I) business records that pertain to the copying, reproduction, duplication, dissemination, or distribution of any sound recordings, or any revenues or remuneration (monetary or otherwise) derived therefrom, (ii) computer files contained on Defendants' Site, (iii) Defendants' site itself, or (iv) documents or other materials relating to Plaintiffs' Recordings; and

2. shall immediately block access to all unauthorized sound recordings which are copies of or otherwise substantially similar to any of the Subject Recordings at Defendants' Site and at every other computer site over which Defendants have control; and it is further

ORDERED, that on June 20, 1997 at 1:15 p.m. Defendants Internet Site Known As Fresh Kutz, Does I-X, inclusive (collectively "Defendants") show cause before this Court in Courtroom 8, of the United States Courthouse located at 940 Front Street, San Diego, California 92101, why a Preliminary Injunction should not be entered pursuant to Rule 65 of the Federal Rules of Civil Procedure:

1. continuing the terms of the temporary restraining order entered herein; and

2. requiring Defendants to file with this Court and serve on Plaintiffs, within ten (10) days after receiving service of this Order, a report in writing, under oath, setting forth in detail the manner and form in which Defendants have complied with the injunction; and it is further

ORDERED, that by the close of business on June 10, 1997, Plaintiffs shall be required to post a bond of $10,000.00 as security for the payment of such cost and damages incurred or suffered by any party who is found to be wrongfully enjoined or restrained hereby; and it is further

ORDERED , that Defendants submit any papers in response to this order to show cause on or before the fifth (5th) day after service upon them of this order to show cause, and that Defendants make simultaneous service of such responsive papers upon counsel for Plaintiffs by personal service or by Federal Express or similarly next day delivery; and it is further

ORDERED, that copies of this Order to Show Cause, together with copies of all of the papers on which it was granted, be served upon the named Defendants in accordance with the Federal Rules of Court.

IT IS SO ORDERED.

DATED: JUN 10 1997

MARILYN L. HUFF

MARILYN L. HUFF, JUDGE
UNITED STATES DISTRICT COURT

JUDGE SWEET

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., A&M RECORDS, INC., ARISTA RECORDS, INC., ATLANTIC RECORDING CORPORATION, CAPITOL RECORDS, INC., ISLAND RECORDS, INC., LONDON RECORDS, MAVERICK RECORDING COMPANY, MCA RECORDS, INC.,and WARNER BROS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "FWIBBLY"), and DOES II-X, inclusive,

Defendants.

97 CIV. 4245

Civil Action No.

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of the Motion for a Temporary Restraining Order and Order To Show Cause, and the entire record herein, it is this 9th day of June 1997,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision

of services for or in the maintenance of the Internet site known as "ftp://208.197.0.28/" (hereinafter "Defendants' Site"):

1. are temporarily enjoined from:

(a) copying, reproducing, duplicating, disseminating, distributing, selling or in any way exploiting any unauthorized copies of Plaintiffs' Recordings or any copyrighted sound recording;

(b) otherwise infringing any sound recording copyright by permitting, supervising, enabling, encouraging, contributing to, aiding or abetting any of the acts in subparagraph (a) above; and

(c) destroying, discarding, transferring, or modifying any documents, software, hardware, equipment, or data used in connection with Defendants' Site, including but not limited to, (i) business records that pertain to the copying, reproduction, duplication, dissemination, or distribution of any sound recordings, or any revenues or remuneration (monetary or otherwise) derived therefrom, (ii) computer files contained on Defendants' Site, (iii) Defendants' site itself, or (iv) documents or other materials relating to Plaintiffs' Recordings; and

2. shall immediately block access to all unauthorized sound recordings which are copies of or otherwise substantially similar to any of the Subject Recordings at Defendants' Site and at every other computer site over which Defendants have control

ORDERED, that on June 13, 1997 at 10 AM Defendants' Internet site known as "ftp://208.197.0.28/," Doe I (a/k/a "Fwibbly") and Does II-X, inclusive (collectively "Defendants") show cause before this Court in Courtroom 18C of the United States Courthouse located at 500 Pearl Street, in the borough of Manhattan, New York City, New York, why a Preliminary Injunction should not be entered Pursuant to Rule 65 of the Federal Rules of Civil Procedure:

1. continuing the terms of the temporary restraining order entered herein; and

2. requiring Defendants to file with this Court and serve on Plaintiffs, within ten (10) days after receiving service of this Order, a report, in writing and under oath, setting forth in detail the manner and form in which Defendants have complied with the injunction.

ORDERED, that BestWeb Corporation, located at 25 South Riverside, Croton-On-Hudson, New York 10562 ("BestWeb"), and their agents, servants and employees, and all persons acting in concert with them or assisting them, shall immediately secure, safeguard and preserve any computer server files or space provided to, allocated for or leased to any Defendants, including Defendants' Site, preventing any access by Defendants or third parties (other than Plaintiffs pursuant to discovery), and it is further

ORDERED, that by ~~the close of business~~ noon on June 10, 1997, Plaintiffs shall be required to post a bond of $ 10,000 as security for the payment of such cost and damages

incurred or suffered by any party who is found to be wrongfully enjoined or restrained hereby; and it is further

ORDERED, that Defendants submit any papers in response to this order to show cause on or before the fifth (5th) day after service upon them of this order to show cause, and that Defendants make simultaneous service of such responsive papers upon counsel for Plaintiffs by personal service or by Federal Express or similar next day delivery; and it is further

ORDERED, that copies of this Order to Show Cause, together with copies of all of the papers on which it was granted, be served upon the named Defendants personally or by Federal Express or similar next day delivery at the homes or offices of the Defendants at such addresses to be determined by Plaintiffs, within 48 hours of the determination of Defendants' identities and addresses by Plaintiffs, and that such service shall constitute due and sufficient notice hereof.

New York, New York
June 9, 1997

Issued: 12:17 PM

SO ORDERED:

United States District Judge

JUDGE SWEET

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUN 09 1997

Christopher Wolf (CW 7387)
Bradley I. Ruskin (BR 8489)
Steven M. Levy (SL 8603)
Proskauer Rose LLP
1585 Broadway
New York, New York 10036
(212) 969-3000
Attorneys for Plaintiffs

97 CIV. 4245

SONY MUSIC ENTERTAINMENT INC.,
A&M RECORDS, INC.,
ARISTA RECORDS, INC.,
ATLANTIC RECORDING CORPORATION,
CAPITOL RECORDS, INC,
ISLAND RECORDS, INC.,
LONDON RECORDS,
MAVERICK RECORDING COMPANY,
MCA RECORDS, INC., and
WARNER BROTHERS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://208.197.0.28/, DOE I (a/k/a "FWIBBLY"),
and DOES II-X, inclusive,

Defendants.

Civil Action No.

COMPLAINT

Plaintiffs, A & M Records, Inc., Arista Records, Inc., Atlantic Recording Corporation, Capitol Records, Inc., Island Records, Inc., London Records, Maverick Recording Company, MCA Records, Inc. Sony Music Entertainment Inc., and Warner Bros. Records, Inc. (collectively "Plaintiffs"), for their Complaint against Defendants Internet Site Operating At

erase, obliterate and otherwise destroy any and all unauthorized copies of any of Plaintiffs' Recordings and any unauthorized copyrighted sound recordings which are in their possession or under their control;

44. That Plaintiffs be awarded statutory or actual damages for Defendants' copyright infringement in an amount to be determined at trial;

45. That the Court issue an order requiring each Defendant to file with this Court and serve on Plaintiffs within ten (10) days after service of an injunction, a report, in writing, under oath, setting forth in detail the manner and form in which Defendant has complied with the injunction;

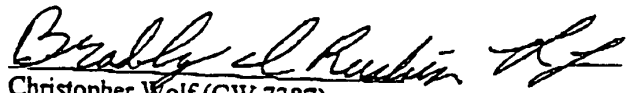
46. That the Court award Plaintiffs their attorneys' fees pursuant to 17 U.S.C. § 505;

47. That the Court award Plaintiffs their costs of suit incurred herein; and

48. That the Court grant such other and further relief as it deems just and proper.

Respectfully submitted,

PROSKAUER ROSE LLP



Christopher Wolf (CW 7387)
Bradley I. Ruskin (BR 8489)
Steven M. Levy (SL 8603)
1585 Broadway
New York, NY 10036-8299
(212) 969-3000

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Christopher Wolf (CW 7387)
Bradley I. Ruskin (BR 8489)
Steven M. Levy (SL 8603)
Proskauer Rose LLP
1585 Broadway
New York, New York 10036
(212) 969-3000
Attorneys for Plaintiffs

SONY MUSIC ENTERTAINMENT INC.,
A&M RECORDS, INC.,
ARISTA RECORDS, INC.,
ATLANTIC RECORDING CORPORATION,
CAPITOL RECORDS, INC,
ISLAND RECORDS, INC.,
LONDON RECORDS,
MAVERICK RECORDING COMPANY,
MCA RECORDS, INC., and
WARNER BROTHERS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://208.197.0.28/, DOE I (a/k/a "FWIBBLY"),
and DOES II-X, inclusive,

Defendants.

Civil Action No.

COMPLAINT

Plaintiffs, A & M Records, Inc., Arista Records, Inc., Atlantic Recording Corporation, Capitol Records, Inc., Island Records, Inc., London Records, Maverick Recording Company, MCA Records, Inc. Sony Music Entertainment Inc., and Warner Bros. Records, Inc. (collectively "Plaintiffs"), for their Complaint against Defendants Internet Site Operating At

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MCA RECORDS, INC.,
A&M RECORDS, INC.,
CAPITOL RECORDS, INC.,
ISLAND RECORDS, INC.,
MAVERICK RECORDING COMPANY,
POLYGRAM RECORDS, INC.,
SONY MUSIC ENTERTAINMENT INC., and
WARNER BROS. RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://PARSOFT.COM/MP3s/ and DOES I-X,
inclusive,

Defendants.

Civil Action No.
397CV1360-T

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of Plaintiffs' Motion for a Temporary Restraining Order and ______ *[handwritten initials]* ______,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision of services for or in the maintenance of the Internet site known as "ftp://parsoft.com/MP3s/" (hereinafter "Defendants' Site"):

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

----------X

INTERACTIVE GIFT EXPRESS, INC., :

:

Plaintiff, :

v. : 95 Civ. 6871 (BSJ)

:

COMPUSERVE INC., et al., : **OPINION & ORDER**

:

Defendants. :

----------X

BARBARA S. JONES

UNITED STATES DISTRICT JUDGE

Plaintiff Interactive Gift Express, Inc. ("IGE")(1) maintains that defendants, comprised of computer software companies, publishing companies, and a retail bookstore, have contributorily infringed and induced infringement of U.S. Patent No. 4,528,643 (the "Freeny patent"). The Freeny patent describes a method or apparatus for reproducing information in a material object at a point-of-sale location. With respect to the computer software and publishing company defendants, plaintiff contends that they are infringing the Freeny patent by selling software or documents "online," that is, over the Internet and World Wide Web.(2) Regarding the retail bookstore defendant, Walden Book Company, Inc. ("Waldenbooks"), plaintiff maintains that Waldenbooks is infringing the Freeny patent by selling a book that includes a CD-ROM containing encrypted computer applications, access to which is not possible until the consumer retrieves a password.

On June 25, 1996, the Court limited discovery to claim construction matters and ordered plaintiff to serve its claim construction report on defendants by August 26, 1996. On October 7, 1996, the Court ordered plaintiff to serve a revised claim construction report ("Report") on defendants by November 8, 1996, the contents of which would be binding on plaintiff. By order dated December 20, 1996, the Court set a claim construction briefing schedule that was subsequently modified by order dated April 11, 1997.

Having reviewed plaintiff's binding Report of November 12, 1996, and the parties' claim construction briefs, the Court renders the following conclusions of law interpreting Claim 1 of the Freeny patent.(3)

BACKGROUND

The Freeny patent, entitled "SYSTEM FOR REPRODUCING INFORMATION IN MATERIAL OBJECTS

AT A Point-of-sale location," issued to Charles C. Freeny, Jr. on July 9, 1985, from U.S. Patent Application No. 456,730, filed January 10, 1983. On December 28, 1994, all rights of the Freeny patent were assigned to IGE, and IGE continues to be the sole owner of all rights of the Freeny patent by virtue of this assignment. The Freeny patent identifies, and claims that the Freeny invention solves, the problems associated with the traditional method of manufacturing, distributing, and selling various information such as audio recordings, motion pictures, books, software, greeting cards, or other information that is capable of being electronically reproduced.

I. The Traditional Manufacturing and Distribution System

According to the Freeny patent, the problem with the preexisting system for manufacturing and distributing information-embodying material objects is threefold. The first problem pertains to the substantial manufacturing and distribution costs incurred by information owners. Information owners traditionally embody this information in some material object (e.g., cassette tape, video tape, floppy disk, etc.) to be distributed to various retail outlets (or point-of-sale locations) for sale to consumers. Because this process requires both manufacturing facilities to reproduce this information in material objects and a network for distributing the information-embodying material objects to various point-of-sale locations, information owners incur substantial costs that are ultimately passed on to the consumers of the material objects.

The second problem with the preexisting system as described by the Freeny patent concerns the compensation of these information owners. According to the Freeny patent, information owners employing this traditional system for manufacturing and distributing material objects may encounter compensation problems when attempting to collect payments from retail outlets for purchases of material objects or when the information embodied in these material objects is illegally reproduced.

The third problem with the traditional system according to the Freeny patent involves the inventory-related decisions that retailers face with respect to these material objects. That is, retailers initially must determine which information-embodying material objects should be stocked, and then must decide the configuration of such information (e.g., compact disc or cassette tape) and the quantity of each such configuration. As with the manufacturing and distribution costs incurred by information owners, these retail costs are passed on to consumers of the material objects. Accordingly, the Freeny patent concludes that because of these economic considerations it is not practical for retailers to maintain a complete inventory of the information-embodying material objects, which, resultantly, leads to lost sales when consumers want to purchase particular information-embodying material objects that have not been stocked by the retailer.

II. The Freeny Invention

According to the Freeny patent, the Freeny invention solves these problems associated with the traditional means for manufacturing and distributing information-embodying material objects by creating a more direct link between information owners and consumers. The Freeny patent describes a method or system for manufacturing information-embodying material objects using a multitude of point of sale machines that are in electronic communication with a common host machine. The Freeny patent refers to these point of sale machines as Information Manufacturing Machines ("IMMs") and to the host machine as the Information Control Machine ("ICM"). Each IMM is located at a point-of-sale location -- "a location where a consumer goes to purchase material objects embodying predetermined or preselected information" -- and each point-of-sale location is located remotely with respect to the system's other point-of-sale locations. Freeny Patent Col. 5, Lns. 47-50. "The [ICM] is located at a remote location with respect to each of the point-of-sale locations and with respect to the [IMMs]." Id. Col. 5, Lns. 35-39. As for "material object," the Freeny patent defines this term as "a medium or device in which information can be embodied or fixed and from which the information embodied therein can be perceived, reproduced, used or otherwise communicated, either directly or with the aid of another machine or device." Id. Col. 4, Lns. 36-41. Examples of material objects identified in the Freeny patent are floppy disks, cassette tapes, phonograph records, 8-track tapes, reel-to-reel tapes, video discs, hand-held calculators, hand-held electronic games, greeting cards, maps, and sheet music. See id. Col. 4, Lns. 41-55.

As for the mechanics of the Freeny invention, initially information is inputted into, encoded by, and stored within the ICM. This encoded information is then transferred to the IMMs via a communication link and stored within each IMM.(4) At this stage, the IMM is now ready to support consumer transactions. A

consumer using the IMM examines the assortment of information stored in that particular IMM and selects a catalog code corresponding to the information the consumer wants the IMM to reproduce. After this selection is made, but before the IMM begins reproducing the requested information-embodying material object, the IMM transmits a "request reproduction code" to the ICM thereby requesting permission to reproduce the information selected by the consumer onto a material object. The request reproduction code includes the catalog code, an IMM code identifying the requesting IMM, and may also contain other information such as credit card data for sale approval purposes. Freeny Patent Col. 9, Lns. 48-50, Col. 13, Lns. 25-31.

The ICM receives the request reproduction code and determines whether to authorize reproduction of the information-embodying material object by the IMM. Should the ICM choose to permit such reproduction, it transmits an authorization code to the IMM. The authorization code includes an IMM code, encoded catalog code, encoded catalog decipher program, and an encoded authorization select code. The encoded catalog code instructs the IMM which information it should decode and reproduce, the encoded catalog decipher program instructs the IMM how to decode this information, and the encoded authorization select code identifies the authorization decipher programs stored in each IMM. "In response to receiving the authorization code, the IMM decodes the preselected information stored in the [IMM]" and then reproduces it onto a material object, after which the material object can be removed from the IMM by the consumer. Id. Col. 6, Lns. 7-10.

For the sake of clarity, here is an example of how the Freeny invention would work in the context of musical recordings. Various musical recordings by various artists would be inputted and stored within the ICM in an encoded format. These recordings would then be transferred for storage in encoded format in selected IMMs, enabling the IMMs to support consumer transactions. A consumer using the IMM would enter the catalog code corresponding to the musical selection he or she wished to purchase, in this example, Sgt. Pepper's Lonely Hearts Club Band ("Sgt. Pepper's") by The Beatles.(5) The IMM now transmits a request reproduction code to the ICM, including the catalog code identifying Sgt. Pepper's, an IMM code identifying the particular IMM being used by the consumer, and possibly the consumer's credit card number for sale approval. If the ICM approves the transaction, it transmits an authorization code to the IMM enabling the IMM, among other things, to decode Sgt. Pepper's into a useable format. The IMM would then reproduce Sgt. Pepper's onto a material object such as a cassette tape or compact disc, after which the consumer could remove his or her copy of Sgt. Pepper's from the ICM.

In sum, the Freeny patent states that the Freeny invention ensures that information owners will be compensated in connection with the reproduction of information, "solves the problems associated with manufacturing, inventory, configuration distribution and collection[,] . . . and permits sale of material objects embodying information in a more efficient, economical and profitable manner," Id. Col. 4, Lns. 8-18.

III. IGE's Infringement Claims

Plaintiff contends that all personal computers are IMMs within the meaning of the Freeny patent when used to download and reproduce information for a price. Plaintiff further asserts that wherever a computer is located constitutes a point-of-sale location pursuant to the Freeny patent whenever information is downloaded and then reproduced at that location, for a price, in a material object such as a floppy disk, hard drive, tape, or paper. Accordingly, plaintiff argues that defendants, by offering computer software and documents for sale via the Internet and World Wide Web are contributorily infringing and including infringement of the Freeny patent. Plaintiff also contends that defendant Waldenbooks is contributorily infringing and including infringement of the Freeny patent by selling a book that includes a CD-ROM containing encrypted computer applications, access to which is not possible until the consumer retrieves a password.

IV. Claim 1 of the Freeny Patent

The Freeny patent includes 57 claims, three of which -- claims 1, 29, and 37 -- are independent. Claims 1 and 29 are method claims and claim 37 is a system or apparatus claim. As indicated in plaintiff's Report, however, there is no distinction between the interpretation of these three independent claims.(6) Therefore, because claim 1 is the broadest of the independent claims, the Court limits its claim construction analysis to

claim 1, but notes that its analysis is equally applicable to claims 29 and 37.

Claim 1 of the Freeny patent provides:

A method for reproducing information in material objects utilizing information manufacturing machines located at point-of-sale locations, comprising the steps of:

providing from a source remotely located with respect to the information manufacturing machine the information to be reproduced to the information manufacturing machine, each information being uniquely identified by a catalog code;

providing a request reproduction code including a catalog code uniquely identifying the information to be reproduced to the information manufacturing machine requesting to reproduce certain information identified by the catalog code in a material object;

providing an authorization code at the information manufacturing machine authorizing the reproduction of the information identified by the catalog code included in the request reproduction codes; and

receiving the request reproduction code and the authorization code at the information manufacturing machine and reproducing in a material object the information identified by the catalog code included in the request reproduction code in response to the authorization code authorizing such reproduction.

The parties dispute (1) whether claim 1 covers the real-time downloading of information or is limited to predetermined or preselected information, (2) whether claim 1 applies to CD-ROMs containing encrypted information that requires a password to decode, and (3) what the terms "authorization code," "point-of-sale locations," "material object," and "information manufacturing machine," as used in Claim 1, mean.

DISCUSSION

Claim construction is a matter of law for the Court to determine. See Markman v. Westview Instruments, Inc., 52 F.3d 967, 970-71 (Fed. Cir. 1995) (en banc), aff'd, 517 U.S. 370 (1996). To ascertain the meaning of a patent's claims, the Court first looks to the intrinsic evidence of record, that is, the patent itself, including the claims, the specification, and, if in evidence, the prosecution history, including prior art cited therein. See Vitronics Corp. v. Conceptronic, Inc., 90 F.2d 1576, 1582-83 (Fed. Cir. 1996). Ordinarily, analysis of the intrinsic evidence will resolve any ambiguities in the claims' terms. See id. at 1583. The terms of a claim are generally given their ordinary meaning, unless it appears that the patentee chose to state clearly in the specification or file history a special definition. See id. at 1582.

First, the Court looks to the words of the claim, both asserted and nonasserted, to define the scope of the patented invention. See id. A technical term used in a patent claim is construed as having the meaning that it would be given by persons of ordinary skill in the art, unless it is apparent from the patent and prosecution history that the patentee used the term with a different meaning. See Hoechst Celanese Corp. v. BP Chemicals Ltd., 78 F.3d 1575, 1578 (Fed. Cir.), cert. denied, 117 S. Ct. 275 (1996).

Second, the Court reviews the patent specification "to determine whether the inventor has used any terms in a manner inconsistent with their ordinary meaning." Vitronics, 90 F.3d at 1582. "The specification acts as a dictionary when it expressly defines terms used in the claims or when it defines terms by implication." Id. "Thus, the specification is always highly relevant to the claim construction analysis," and usually "is the single best guide to the meaning of a disputed term." Id.

Third, the Court reviews the prosecution history, if in evidence, to help it construe the meaning of the claims. "This history contains the complete record of all the proceedings before the Patent and Trademark Office, including any express representations made by the applicant regarding the scope of the claims." Id.

The prosecution history, however, cannot enlarge, diminish, or vary the limitations in the claims. See Markman, 52 F.3d at 980.

Extrinsic evidence, on the other hand, "consists of all evidence external to the patent and prosecution history, including expert and inventor testimony, dictionaries, and learned treatises." Id. "This evidence may be helpful to explain scientific principles, the meaning of technical terms, and terms of art that appear in the patent and prosecution history." Id. "Extrinsic evidence may demonstrate the state of the prior art at the time of the invention." Id. Representations made to foreign patent offices in counterpart foreign applications may also assist in determining how a person skilled in the art would interpret claim language. See Caterpillar Tractor Co. v. Berco, S.p.A., 714 F.2d 1110, 1116 (Fed. Cir. 1983). Extrinsic evidence, cannot, however, vary the meaning of a claim that is established either by the claim itself or by the claim as correctly understood by reference to the specification and the file history. See Vitronics, 90 F.3d at 1584. Moreover, if the claims and specifications are unambiguous or if an analysis of the intrinsic evidence alone resolves any ambiguities in disputed claim terms, it is improper to rely on extrinsic evidence. See id. at 1583.

Finally, although the Court, if possible, is to construe claims so as to sustain their validity, including construing claims in a way that avoids reading on prior art, it is improper for the Court to redraft claims. See Harris Corp. v. IXYS Corp., 114 F.3d 1149, 1153 (Fed. Cir.1997); ACS Hosp. Sys., Inc. v. Montefiore Hosp., 732 F.2d 1572, 1577 (Fed. Cir. 1984).

With these principles in mind, the court now turns to construing claim 1.

I. Timing of Information Delivery

Whereas plaintiff argues that the Freeny patent covers the real-time downloading of information to the IMMs in addition to the predelivery of information to the IMMs, defendants contend that claim 1 should be limited to the predelivery of information. Real-time downloading means that the requested information is not stored within an IMM but rather is transmitted to the IMM promptly after the consumer requests the item. Predelivered -- predetermined or preselected per the Freeny patent -- means that the information is stored within the IMM and the user of the IMM merely selects the requested information from a predetermined or preselected collection. Based on the claim language and the Freeny patent specification, the court construes claim 1 to apply only to the predelivery of information to the IMMs. That is, before an IMM would be capable of supporting a consumer transaction, the information must already be stored within the IMM.

A. Claim Language

As indicated by claim 1, the Freeny method for reproducing information in material objects involves four "steps." And although claim 1 does not explicitly state that these steps must be carried out in the order as listed, the Court concludes that, at a minimum, the step listed first in claim 1 must occur before the step listed fourth because any other interpretation would render the Freeny invention unworkable.

As listed in claim 1, the steps describe, respectively, an information delivery stage, request reproduction code stage, authorization code stage, and a reproduction of information in a material object stage. The first of the listed steps indicates that the information to be reproduced by the IMM must be provided to the IMM from a remote source and that such information is uniquely identified by a catalog code. In other words, this step calls for the predelivery of information to the IMM for storage within the IMM. Following the language of claim 1, it would be impossible for an IMM to reproduce the information-embodying material object if the information to be reproduced was not already stored within the IMM because step four does not provide for the transmission from the ICM to the IMM of the information sought to be reproduced. Step four only describes the IMM's receipt of "the request reproduction code" and "the authorization code," after which the IMM "reproduc[es] in a material object the information . . . in response to the authorization code authorizing such reproduction." If claim 1 was intended to include the real-time downloading of information to the IMM, then in addition to providing for the IMM's receipt of the request reproduction code and authorization code, step four also would call for the IMM's receipt of the information to be reproduced. Alternatively, if it was intended for the patent to cover the real-time downloading of information to the IMM, then in addition to providing for the IMM's receipt of the request reproduction code and authorization code, step four also would call for the IMM's receipt of the information to be reproduced. Alternatively, if it was intended for the

patent to cover the real-time downloading of information, the patent could have defined the term "authorization code" such that it included the requested information as part of that code.(7) Nowhere in the patent, however, is the term "authorization code" defined in this manner.

B. The Specification

In addition to the very language of claim 1, the Freeny patent specification abundantly supports defendants' position that the Freeny patent does not apply to the real-time downloading of information. It is indicated throughout the patent specification that the IMMs "store" the information rather than receive the information for the first time when a consumer interacts with the IMM. For example, the patent states:

In general, information is inputted into the information control machine, via the input line and the inputted information is encoded and stored in the information control machine. The encoded information stored in the information control machines is communicated to the information manufacturing machine via the communication link or the communication link and the received encoded information is stored in each of the information manufacturing machines.

Freeny Patent, Col. 5, Lns. 51-59. It also states that "[i]n response to receiving the authorization code, the information manufacturing machine decodes the preselected information stored in the information manufacturing machine and provides the decoded information on the output line." Id. col., 6, Lns. 7-11. These are but two examples.

Moreover, the specification explains that the IMMs are in fact constructed to store the collection of encoded information in a permanent storage unit called the "master file unit." "Each information manufacturing machine is constructed to receive encoded information . . . and store received encoded information." Id. Col. 5, Lns. 21-24. In turn, the "encoded information along with the corresponding catalog codes are communicated to the information manufacturing machine identified by the IMM code via the communication link for storage in the master file unit of the information manufacturing machine." Id. Col. 12, Lns. 8-13.

The master file unit is constructed to function as a permanent storage unit. The master file unit is constructed and adapted to receive encoded information along with the catalog codes uniquely identifying the encoded information over the communication link. In one other mode, the master file unit receives encoded information and the catalog codes on a signal path. The master file unit stores the received encoded information and the catalog codes.

Id. col. 9, Lns. 39-47. Therefore, as explained by the specification, the first step of claim 1, wherein information is provided to the IMMs, is performed so that the collection of encoded information can be stored at each IMM.

This encoded information, as stored in the IMM, is referred to throughout the specification as "preselected" or "predetermined" information. Clearly, these terms refer to the process whereby the information owner selects which information should be inputted into the ICM and then transmitted to the IMMs for storage. The information is therefore "preselected" or "predetermined" because the information to be transmitted to and stored in the IMMs is selected or determined before the consumer uses the IMM.

Finally, the patent specification teaches away from the real-time downloading of information. The patent states that in "one embodiment" the ICM could be programmed to support the real-time delivery of information to the IMMs. Id. col. 24, Lns. 33-58. In such an embodiment "the information manufacturing machines would not have any encoded information stored therein and could only function to reproduce information in material objects in response to receiving an authorization code which would include the encoded information." Id. Col. 24, Lns. 41-46. After presenting this scenario, however, the specification labels the real-time method of delivery economically unsound, from both a time and money standpoint, and limits any such proposed use to updating the encoded information previously transmitted to and stored in the IMMs. See id. col. 24, Lns. 46-53.

In addition to teaching away from using a real-time delivery method, this portion of the patent specification also supports the Court's interpretation that in order for the Freeny invention to work at all, claim 1, as written, requires some sequence to the steps, and that, at a minimum, step one must precede step four. specifically, the information must be transferred to and stored in the IMM before the IMM is capable of supporting consumer transactions because step four describes the IMM's receipt of only request reproduction codes and authorization codes and says nothing about the IMM's receipt of the information to be reproduced. If claim 1 was intended to include the real-time downloading of information to the IMM, then the patent would explicitly state, as it does when discouraging the use of real-time delivery, that the authorization code would have to include the encoded information in order for the Freeny invention to support real-time delivery. See id. Col. 24, Lns. 41-46. Nowhere in the patent is the authorization code defined to include the information to be reproduced as part of that code.

Accordingly, based on the language of claim 1 and the Freeny patent specification, the court construes claim 1 to apply only to the predelivery of information to the IMMs.

II. Authorization Code

Plaintiff and defendants also dispute the meaning of the term "authorization code." In its Report, plaintiff asserts that the authorization code "enables the information manufacturing machine (the consumers [sic] computer system) to reproduce the electronic data in a material object." Report, Ex. D. Plaintiff also states that a consumer's Internet Protocol (IP) address constitutes an authorization code. Defendants dispute both of these definitions and argue that the "authorization code should be construed to mean an electronic signal that instructs the requesting computer how to reproduce an encoded item of information." Defendant CompuServe's Brief on Claim Interpretation at 39.

A. IP Address as Authorization Code

The Court agrees with defendants that a hardware address such as an IP address as used on the Internet does not constitute an "authorization code" as that term is used in the Freeny patent. "The Internet Protocol (IP) provides for the delivery of data through a set of interconnected packet-switched networks (an internetwork or internet). IP transmits and routes datagrams from sources to destinations based on a fixed-length address Chris Shipley & Matt Fish, How the World Wide Web Works 153 (1996) (cited in Plaintiff's Report, Ex. C).

As plaintiff's source indicates, a hardware address such as IP is simply a routing mechanism. Accordingly, in the context of the Freeny invention, it is the IMM code, and not the authorization code, that corresponds to an IP address. As indicated in the Freeny patent specification, the IMM code "uniquely identifies one particular information manufacturing machine." Freeny Patent, col. 7, Lns. 51-53; see also id. Col. 14, Lns. 22-25 ("The IMM code provides a means for the information manufacturing machine to determine if a particular message is intended to be received by that particular information manufacturing machine."). And although the IMM code is a component of both the authorization code and request reproduction code, it is a distinct code that serves only to route information from the ICM to the IMM. Furthermore, the Court notes that if the authorization code and IMM code were one in the same, then the term "authorization code" would be defined the same as the IMM code, and there would be no need to have two separate codes. Accordingly, an IP address does not correspond to an "authorization code" as that term is used in the Freeny patent.

B. Authorization Code as Enabling Reproduction

Defendants also dispute plaintiff's interpretation of authorization code as "enabling" the IMM's reproduction of the information-embodying material object. To the extent that plaintiff uses the term "enables" as a synonym for "authorizes," the Court agrees with plaintiff's interpretation.(8) This, however, does not amount to a definition. For although it explains what the authorization code does, it does not explain precisely how it does it.

As stated previously the authorization code is comprised of several other codes, including an IMM code, encoded catalog code, encoded catalog decipher program, and an encoded catalog authorization select code. See, e.g., Freeny Patent, Col. 9, Lns. 58-61. The encoded catalog code instructions the IMM which information it should decode and reproduce, the encoded catalog decipher program instructs the IMM how to decode this information, and the encoded authorization select code identifies the authorization decipher

programs stored in each IMM. The manufacturing control unit located within each IMM "is constructed and adapted to decipher or decode a received encoded catalog code, encoded catalog decipher program and encoded authorization code, the IMM decodes the preselected information stored in the [IMM]" and then reproduces it onto a material object, after which the material object can be removed from the IMM by the consumer. Id. Col. 6, Lns. 7-10.

Clearly, the encoded catalog decipher program is the seminal component of the authorization code. Without it, the IMM would be unable to convert the information from its encoded, unusable format to its decoded, usable format. Therefore, the Court concludes that the encoded catalog decipher program is the true "authorizing" mechanism of the Freeny invention. Accordingly, the term "authorization code" as used throughout the Freeny patent, must, at a minimum, include a code that enables the IMM to decode or decipher the information stored in encoded format at the IMM that the IMM is to reproduce in a material object.

III. Point-Of-Sale Location

The parties also present different interpretations of the term "point-of-sale location" as used throughout the Freeny patent. In its Report, plaintiff defines point-of-sale location as the "place at which the consumer or purchaser makes the purchase." Report, Ex. D. Accordingly, because plaintiff contends that any personal computer can constitute an IMM within the meaning of the patent, under plaintiff's definition of point-of-sale location, anyplace where a personal computer is located constitutes a point-of-sale location when that computer is used to reproduce information in a material object for a price. Defendants, on the other hand, argue that a "point-of-sale location" is a location, such as a retail outlet, where consumers can go to purchase information-embodying material objects.

Again, defendants' interpretation is entirely correct. The Freeny patent makes it abundantly clear that a point-of-sale location is a location such as a retail outlet. When first used in the text of the specification, the term "point-of-sale location" explicitly refers to "retail outlets." Freeny Patent, Col. 1, Lns. 17-18. The specification then continues to refer to a point-of-sale location as a "retail outlet" or "retailer," see, e.g., id. Col. 1, Lns. 37-38; col. 2, Ln. 13; Col. 2, Ln. 63; Col. 2, Ln. 67, and defines "retailers" as "owners of point-of-sale locations. Id. Col. 3, Lns. 41-42. Later, the specification indicates that "[t]he point-of-sale location is a location where a consumer goes to purchase material objects embodying predetermined or preselected information." Freeny Patent, Col. 5, Lns. 47-50. Clearly, this language, and particularly the word "goes," indicates that a point-of-sale location is a place, such as a retail outlet, to which a consumer travels in order to purchase material objects embodying preselected information.

Moreover, a point-of-sale location must be a location at which blank material objects are available for sale to consumers. There is no indication in the patent that the material objects on which the IMM is to reproduce information are stored in the IMM. Rather, the patent indicates that blank material objects are sold to consumers, separate and apart from the IMM, at the point-of-sale location. As the Freeny patent indicates, "[e]ach point-of-sale location has at least one information manufacturing machine, at least one reproduction unit and a plurality of blank material objects." Id. Col. 12, Lns. 66-68. The patent further indicates that the owners of point-of-sale locations are the ones that sell to consumers the blank material objects that are to be used with the IMM, such as 8-track or cassette tapes, and that this sales transaction is separate from any sale that results from the IMM reproducing information onto this material object. See id. Col 13, Lns. 39-44.

Finally, the patent's single reference to point-of-sale location as a "consumer's home," Id. Col. 3, Lns. 66-;67, does not support plaintiff's interpretation. At the point in the specification where the term "point-of-sale location" is used to refer to a consumer's home, the patent is not describing the Freeny invention, but rather a prior art cable television distribution system wherein a particular cable program would be delivered to a consumer's home in response to the consumer requesting that program and paying the program owner the requisite fee. Immediately following the description of this cable system, however, the Freeny patent criticizes this system for being unable to perform certain functions of the Freeny invention. See id. Col. 4, Lns. 1-8. Nowhere else in the patent is the term point-of-sale location used to refer to a consumer's home. Therefore, viewing the patent as a whole, and considering the purpose of the Freeny invention, the numerous references throughout the specification to "retail outlet" or "retailer" in connection with the term "point-of-sale location," and the context in which this single passing reference to a consumer's home as a point-of-sale location is made, the Court concludes that the patent does not support plaintiff's

definition of "point-of-sale location" as either a consumer's home, personal residence, anywhere where a personal computer may be located, or the "place at which the consumer or purchaser makes the purchase."

Accordingly, the Court holds that a "point-of-sale location," is, at a minimum, a place -- such as a retail outlet -- to which a consumer travels for the purpose of purchasing material objects wherein preselected information can be reproduced, and at which blank material objects are available for sale to consumers.(9)

IV. Material Object

Because there is some dispute between the parties as to what constitutes a "material object" within the meaning of the Freeny patent, and considering that the very purpose of the Freeny invention is to reproduce information in "material objects," the Court now turns to construing this term. As defined in the Freeny patent, a "material object" is "a medium or device in which information can be embodied or fixed and from which the information embodied therein can be perceived, reproduced, used or otherwise communicated, either directly or with the aid of another machine or device." Freeny Patent, Col. 4, Lns. 36-41. Immediately after defining "material object," the Freeny patent presents a nonexhaustive list of examples of material objects, including floppy disks, cassette tapes, phonograph records, 8-track tapes, reel-to-reel tapes, video discs, hand-held calculators, hand-held electronic games, greeting cards, maps, and sheet music. See id. Col. 4, Lns. 41-55.

In its Report, however, plaintiff defines s"material object" as "[a] paper with printed information, or a recording on a floppy disk, hard drive, or tape, etc." Report, Ex. D. Far from presenting a definition of "material object," plaintiff's Report merely provides further examples of purported "material objects." Accordingly, the Court now turns to what constitutes a "material object" under the Freeny patent.

The Court agrees with defendants that, at a minimum, a material object (1) must be removable from the IMM and for use at a location other than the point-of-sale location, (2) must be offered for sale as an independent and stand-alone commodity at the point-of-sale location, and (3) must be separate and distinct from the IMM. Regarding removability, the Freeny patent presents a method for reproducing information in material objects at a point-of-sale location. As described by the patent, after the IMM receives the authorization code from the ICM, the IMM decodes the requested preselected information stored within it and then reproduces the requested information in a material object that is removed from the IMM by the consumer. Furthermore, that all of the examples of material objects presented in the patent itself, and that all those listed in plaintiff's Report but for a computer hard drive, are objects that are removable by the consumer, indicates that material objects must possess this quality. This is also buttressed by the fact that one of the purposes of the Freeny invention is to solve the problems associated with the manufacturing, distribution, and stocking of material objects.

A material object must also be offered for sale at point of sale locations as an independent and stand-alone commodity. This requirement was touched upon previously when the Court noted that a point-of-sale location must be a location at which blank material objects are available for sale to consumers. That is, a material object must be offered for sale independently from the information that may be reproduced onto that material object.

Finally, and even though it is self-evident from the patent, the information-embodying material object manufactured by the IMM must be separate and distinct from the IMM. That is, the IMM is the device that reproduces the information in a material object. See, e.g., Freeny Patent, Col. 5, Lns. 21-31.

Thus, a hard drive is not a material object within the meaning of the Freeny patent because it is not removable in the sense envisioned by the Freeny patent. A hard drive is a fundamental component of a computer. Basically, a hard drive is a device that physically stores information such as data or software within the computer. And, although the hard drive, literally speaking, can be removed from the computer, to do so would require the computer's disassembly. Clearly, the dismantling of the IMM is not a step or procedure the Freeny patent indicates a consumer must undertake in order to obtain the material object. Rather, the Freeny patent describes an invention whereby an IMM reproduces information in a material object that is then removed from the IMM by the consumer.

Furthermore, a hard drive cannot constitute a material object because pursuant to the Freeny patent an IMM

is separate and distinct from the material object. In its Report, plaintiff states that a personal computer constitutes an IMM when used to download and reproduce information for a price, and, as discussed above, that a computer's hard drive can constitute a material object. See Report, Ex. D. Therefore, in this scenario, the IMM and material object would be the same device. The hard drive would be acting as an IMM because it is the software stored on the computer's hard drive along with other computer hardware such as a modem that would permit any downloading to take place. The hard drive would also be acting as the material object, however, because it is on the hard drive that any downloaded information would be stored. As described in the patent, however, the IMM is the device that reproduces information onto the material object. See e.g., Freeny Patent, Col. 5, ns. 21-31. Accordingly, a hard drive cannot constitute a material object within the meaning of the Freeny patent because the IMM must be separate and distinct from the material object.

V. Information Manufacturing Machine (IMM)

The parties also dispute the meaning of the term "IMM." As the specification and Figure 1 of the Freeny patent indicate, the IMM is comprised of four separate and distinct components: "a master file unit, a manufacturing control unit, information manufacturing unit, and the reproduction unit." Id. Col. 6, Lns. 27-30.(10) Each of these components is linked by various signal paths. See Freeny Patent, Figs. 1, 3, 4. Arrows in the figures that are part of the Freeny patent indicate the direction in which the signals flow along these signal paths.(11) As indicated by the Freeny patent specification, each of an IMM's four components performs a different function.

A. Manufacturing Control Unit

The manufacturing control unit ("MCU") receives "request reproduction codes which include IMM codes and catalog codes" via an input line, and communicates "the received request reproduction codes" over a communication link to the ICM. Id. Col. 9, Lns. 48-53. The MCU also receives from the ICM, via a communication link, "authorization codes which include IMM codes, encoded authorization select codes." Id. Col. 9, Lns. 57-62.

The MCU also has a plurality "of authorization decipher programs stored therein and each authorization decipher program is uniquely identifiable via an authorization select code." Id. Col. 9, Lns. 54-57. The MCU "is constructed and adapted to decipher or decode a received encoded catalog code, encoded catalog decipher program and encoded authorization select code in accordance with one predetermined authorization decipher program." Id. Col. 9, Lns. 62-66. "After decoding the received encoded catalog code, the encoded catalog decipher program and the encoded authorization select code for use in deciphering the next received encoded catalog code." Id. Col. 10, Lns. 5-11. Then, the MCU sends via a signal path the decoded catalog code to the master file unit component of the IMM. See id. Col. 10, Lns. 11-14.

The MCU also must be constructed in such a way such that it can (1) "decode[] the decipher program and the file decipher from the encoded information" to be reproduced in a material object; (2) "temporarily store[] the decoded decipher program and the decoded file decipher program"; (3) decode the information that is to be reproduced int he material object; and (4) "provide the decoded information [to be reproduced int he material object] on the signal path for the reception by the information manufacturing unit," a third component of the IMM. Id. Col. 10, Lns. 27-40.

Finally, after the selected information ultimately is reproduced in the material object, "the manufacturing control unit then receives the encoded information from he information manufacturing unit over the signal path and provides the encoded information on the signal path to be received by and restored in the master file unit." Id. Col 10, Lns. 50-55.

B. Master File Unit

The master file unit ("MFU") functions as "a permanent storage unit." Id. Col. 9, Lns. 39-40. The MFU receives and then stores both the encoded information that is later reproduced in a material object and the catalog codes that uniquely identify portions of the encoded information. See id. Col. 9, Lns. 40-47. Both the encoded information and the catalog codes are transmitted from the MCU to the MFU via signal paths. See id.; see also Col. 10, Lns. 11-14. After a consumer at the point-of-sale location selects the information he or she wishes to have reproduced in a material object, the MFU provides this information via signal path

for temporary storage in the information manufacturing unit, the third component of the IMM. See id. Col. 10, Lns. 14-21.

C. Information Manufacturing Unit

The Information Manufacturing Unit ("IMU") "temporarily store[s]" the encoded information to be reproduced in a material object after it is received via signal path from the MFU. See id. Col. 10, Lns. 14-26. The IMU also must be capable both of receiving from the MCU the decoded information to be reproduced in a material object in a digital format and of converting that information to an analog format. See id. Col. 10, Lns. 40-45. Finally, the IMU must be able to transmit via signal path the converted decoded information that is to be reproduced in material object to the fourth component of the IMM, the reproduction unit. See id. Col. 10, Lns. 41-48.

D. Reproduction Unit

The reproduction unit is designed to "reproduce received information in a material object." Id. Col. 5, Lns. 30-31. The reproduction unit must be able "to receive the information [to be reproduced in the material object from the IMU] in an analog format [via] signal path," and then "reproduced the received information in a material object." Id. Col. 10, Lns. 45-48.

Accordingly, it is abundantly clear from the patent that these four components of an IMM are separate and distinct form one another and perform different functions. it is equally clear that the material objects located at point-of-sale locations and onto which the information is to be reproduced are separate and distinct from the IMM as a whole, as well as from any of the IMM's component parts.

VI. CD-ROMs

As noted previously, one of the defendants in this action is Waldenbooks, a retailer of books. In 1995, Waldenbooks sold a book entitled "Unauthorized Windows 95 Developer's Resource Kit" by Andrew Schulman. Contained on the inside of the back cover of the book is a "try-before-you-buy CD-ROM" entitled "Smash Hits for Programmers Vol. 1." The CD-ROM contains copies of various computer application programs that the book purchaser can try out--"test drive" per the application--if his or her computer is equipped with a CD-ROM drive. Should the book purchaser want to test drive or purchase one of the application programs, the 1-800 telephone number of the vendor of the software, "The Programmer's Shop," is provided on the book jacket. The book purchaser must call this 1-800 number in order to receive a password to "unlock" the desired program that is contained in its entirety on the CD-ROM as purchased as part of the book from Waldenbooks.(12) Upon receiving the password, the selected program is automatically decrypted and installed from the CD-ROM onto the consumer's computer.

Because the product sold by Waldenbooks is a book containing a CD-ROM, which differs from the on-line products and services of the other defendants, the Court now examines several additional claim construction issues unique to CD-ROMs.

Plaintiff contends that Waldenbooks, by selling the book containing the CD-ROM, induces infringement of the Freeny patent. According to plaintiff's Report:

In the case of a CD-ROM having excepted information, the source can mail or otherwise make the CD-ROM available to the consumer. Typically, the consumer contracts the source through a modem or even by telephone to obtain the authorization code for a specific file(s) on the CD-ROM. The consumer thereafter uses the computer system to enter the authorization code, with the request to reproduce a file by using the file identity (catalog code) and the request (reproduction code).

Report, Ex. C. The term "source," as used in this passage from plaintiff's Report, is defined by plaintiff as "a remotely positioned computer system such as a 'server' in modern terms." Report, Ex. C.

Again, plaintiff's interpretation is simply untenable. In fact, of all of plaintiff's claim interpretations, this one is possibly the most farfetched. First, as described in the Freeny patent, the reproduction code and

auathorization code are separate and distinct and serve different functions. In the case of the CD-ROM described above, however, only one code is required. That is, upon calling the 1-800 number, the consumer is given a password that unlocks the encrypted program. Therefore, in the lexicon of the Freeny patent, this password acts as the authorization code. Because the Freeny invention requires both a request reproduction code and an authorization code, Claim 1 must be interpreted such that it is limited to a method wherein (1) both codes are present, (2) the request reproduction code, and (3) each code serves a different function. Accordingly, the Freeny patent does not cover the CD-ROM described above because only one code (or password) is required to unlock the encrypted programs contained on the CD-ROM.

Second, the Freeny invention requires a request reproduction code to be received initially by an IMM and then later sent from the IMM to an ICM. The Freeny invention also requires an authorization code to be sent from an ICM to th IMM. That is, the Freeny patent describes an invention wherein two machines, an ICM and an IMM, electronically communicate with each other. A person is neither an IMM nor an ICM. In short, the Freeny patent clearly does not cover methods or apparatus wherein the consumer via a telephone call orally receives a password that permits him or her to unlock a computer application program contained on a CD-ROM that is being used in the consumer's personal computer.

CONCLUSION

In an obvious attempt to expand the scope of its patent beyond that which was intended, plaintiff implausibly asserts that its patent covers certain uses of the Internet and World Wide Web, and applies to certain CD-ROM applications. It is abndantaly clear to the Court, however, that the Freeny patent clams and specification do not support plaintiff's broad interpretation.

In light of the foregoing, the Court enters the following Order adopting the following construction of the Freeny patent's claims:

1. Claims 1-56 of the Freeny patent are confined to a method, system or apparatus whereby a consumer uses an "information manufacturing machine" ("IMM") (as defined below) to reproduce in a material object 9as defined below) an item of information from among a collection of catalogued information items, all of which were predelivered to and atored at th IMM. Claims 1-56 of the Freeny patent do not cover real-time transactions where the requested item of information is transmitted to the IMM at the tie it is requested by the consumer.

2. The term "authorization code" as used in claims 1-56 of the Freeny patent, must, at a minimum, include a code that enables the IM to decode the information that is to be reproduced in a material object and that was previously stored in encoded form at the IMM.

3. Claims 1-56 of the Freeny patent are confined to a method, system or apparatus that requires both an "authorization code" and a "request reproduction code." The "authorization code" and "request reproduction code" are separate and distinct codes, and each code serves a different function.

4. Claims 1-56 of the Freeny patent are confined to a method, system or apparatus that arequires the IMM to receive a "request reproduction code," transsmit the "request reproduction code" to an "information control machine" ("ICM"), and receive an "authorization code from the ICM.

5. The term "point-of-sale location" as used in claims 1-56 of the Freeny patent is a location that must, at a minimum, have each and every one of the following attributes:

a. It must have at least one IMM and therefore at least one device for reproducing information in material objects (a reproduction unit), and at least two blank material objects upon which preselected information stored at the IMM can be reproduced;

b. It must have available for sale to consumers, separate from the IMM, blank material objects wherein preselected information can be reproduced; and

c. It must be a location to which a consmer goesor travels for the purpose of purchasing material objectsd onto which preselected information can be reproduced.

A consumer's home is not a point-of-sale location within the meaning of the Freeny patent.

6. The term "material object" as used in claims 1-56 of the Freeny patent is a tangible medium or device in which information can be embodied, fixed, or stored, other than temporarily, and from which the information embodied therein can be perceived, reproduced, used or otherwise communicated, either directly or with the aid of another machine or device, that:

a. Must be offered for sale, and be purchasable,at point-of-sale locations where at least one IMM is located;

b. Must be offered for sale independently from the information that may be reproduced onto the material object;

c. Must be physically separate and distinct from the IMM located at a point of sale location;

d. Upon reproduction of the selected information, is removed by the consumer from the IMM located at a point of sale location; and

e. Is intended for use by the consumer of the material object at a location other than the point of sale location.

7. The term "information manufacturing machine" or "IMM" as used in claims 1-56 of the Freeny patent must, at a minimum, have the following four separate and distinct components: (a) a Manufacturing Control Unit, (b) a Master File Unit, (c) an Information Manufacturing Unit, and (d) a Reproduction Unit.

Also, the Master File Unit and the Reproduction unit components of the IMM must, at a minimum, have the following attributes:

a. The Master File Unit must function as the permanent storage unit for encoded information to be reproduced in a material object and catalog codes that uniquely identify the encoded information to be reproduced in a material object. The master File Unit cannot perform the step of "reproducing in a material object the information identified by the catalog code" at point of sale locations as set forth in claim 1 (and the claims dependent thereon), nor can it "reproduce selected information in a material object" at the point of sale location as set forth in claim 29 (and the claims dependent thereon), nor can it "reproduce the information identified by the catalog code in a material object" at point of sale locations, as set forth in claim 37 (and the claims dependent thereon).

b. The Reproduction Unit must receive information on a unidirectional signal path from the Information Manufacturing Unit in analog form, and reproduce the received information in at least one of two or more blank material objects located at the IMM at a point of sale location. The Reproduction Unit cannot perform the functions of the Manufacturing Control Unit, the Master File Unit, or the Information Manufacturing

Unit.

SO ORDERED:

BARBARA S. JONES

UNITED STATED DISTRICT JUDGE

Dated: New York, New York

May 13, 1998

1. Since filing this lawsuit, plaintiff has changed its corporate name to E-Data.

2. Although plaintiff also alleges in its Complaint that defendants have directly infringed the Freeny patent, plaintiff, in its Revised Claim Construction Report of November 12, 1996, concedes that none of the defendants are direct infringers.

3. The Court notes at the outset that no Markman hearing is needed in this case because the Court does not require expert or other testimony to aid it in its claim construction.

4. Whether the information must be stored in the IMM is a point of contention between the parties that the Court resolves infra.

5. Although in this example the consumer is purchasing an entire album by one artist, presumably the Freeny invention, assuming the existence of proper licensing and other agreements with information owners, would permit consumers to select numerous songs from different albums by various artists for reproduction onto a single material object.

6. That there is no distinction between claims 1, 29, and 37 for claim construction purposes is evidenced by the fact that, in its Report, plaintiff provides a detailed interpretation of claim 1, and then when construing claims 29 and 37 simply states "See Claim 1."

7. The Court further notes that claims 29 and 37 also support this reading and that claim 37, in fact, explicitly states that the information received from the ICM is "stored" in the IMM.

8. Presumably defendants would also agree with this interpretation as they recognize that the patent explicitly states that the purpose of the authorization code is to "authorize" the reproduction of the information-embodying material object. See, e.g., Defendant CompuServe's Brief on Claim Interpretation at 35.

9. For the sake of clarity, the Court notes that a retail store is not the only type of location that could constitute a "point-of-sale location" within the meaning of the Freeny patent. For example, a wholesale store satisfying the limitations of the Freeny patent claims could constitute a point-of-sale location. A point-of-sale location, however, cannot be a consumer's home.

10. Figure 3 of the Freeny patent, which presents a "schematic view of the information manufacturing machine portion of the point of sale information manufacturing system shown in Fig. 1," id. Col. 4, Lns. 27-29, provide some additional details regarding three of the IMM's four components. The manufacturing control unit is comprised of a manufacturing program unit, communication modem, and an information catalog and request unit. the master file unit is comprised of a digital storage unit and a reader. Incidentally,

the Court notes that Figure 3 mislabels the master file unit as 26 rather than 32. The patent specification makes clear, however, that the master file unit is comprised of these two components. See Freeny Patent, Co. 19, Lns. 55-56. The information manufacturing unit includes a digital information unit and a digital to analog converter. Finally, Figure 3 does not provide any additional details regarding the reproduction unit.

11. So, for example, as indicated by the direction of the arrow in Figure 1, and the specification text, output line 22 sends signals from the information manufacturing unit to the reproduction unit. See Freeny Patent, Fig 1; Col. 5, Lns. 28-31.

12. Some programs are not contained on the CD-ROM and therefore cannot be unlocked upon entry of the password and then installed. Rather, these programs must be shipped separately to the consumer. Only those programs contained on the CD-ROM that can be unlocked are at issue here.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	)	
	)	
ARTHUR R. HAIR	)	
	)	
Serial No. 08/471,964	)	
	)	
Filed: June 6, 1995	)	A SYSTEM FOR TRANSMITTING
	)	DESIRED DIGITAL VIDEO OR
Art Unit: 2413	)	AUDIO SIGNALS
	)	
Patent Examiner:	)	
	)	
H. Nguyen	)	

Pittsburgh, Pennsylvania 15213

January 8, 1998

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

DECLARATION UNDER 37 C.F.R. §1.132

I, Arthur R. Hair, hereby declare that:

I am the inventor of the above-identified patent application.

I have reviewed the above-identified patent application, including the claims.

The entire right, title, and interest of my invention is assigned to Parsec Sight/Sound, Inc., a Pennsylvania corporation.

I am Chairman of the Board and Chief Technology Officer of Parsec Sight/Sound, Inc.

Parsec Sight/Sound, Inc. has licensed the above-identified patent application to Digital Sight/Sound, Inc., a Pennsylvania corporation. See Exhibit A.

Digital Sight/Sound, Inc. has raised more than one million dollars from investors to operate a web site and sell electronically digital audio signals from its memory to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties' control units. Digital Sight/Sound, Inc. expects to have its updated web site operational to the public July 1, 1998, so Digital Sight/Sound, Inc. can practice the claimed invention of the above-identified patent application.

A copier of my claimed invention of the above-identified patent application, N2k, has sold electronically digital audio signals from its memory to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties control units. A copy of the web pages of N2k's web site on the worldwide web is attached as Exhibit B. These web pages are accessed by a second party calling up N2k's web site through a telephone line with a computer (second party control unit). Once the web site of N2k is accessed, the second party with the

computer purchases with a credit card (electronic sale) the desired digital audio signals that are offered for sale by N2k and which the second party chooses to purchase. Once the second party provides the credit card number to N2k through the second party's computer, the desired digital audio signals are transferred over telecommunications lines from the memory of N2k to the computer of the second party. The second party then plays the desired digital audio signals through the speakers of the computer of the second party.

Others have established web sites on the worldwide web and electronically distributed for free digital audio signals from their respective memories to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties' control units. These copiers have been sued by some of the major record labels in the United States for infringing these major record labels' copyrights in the associated songs that are transferred over the worldwide web through telecommunications lines as digital audio signals. See Exhibit C.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements are made with the knowledge that willful false statements in the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United

States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

1/8/1998
Date

Arthur R. Hair

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	)	
	)	
ARTHUR R. HAIR	)	
	)	
Serial No. 08/471,964	)	
	)	
Filed: June 6, 1995	)	A SYSTEM FOR TRANSMITTING
	)	DESIRED DIGITAL VIDEO OR
Art Unit: 2413	)	AUDIO SIGNALS
	)	
Patent Examiner:	)	
	)	
H. Nguyen	)	

Pittsburgh, Pennsylvania 15213

January 8, 1998

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

DECLARATION UNDER 37 C.F.R. §1.132

I, Arthur R. Hair, hereby declare that:

I am the inventor of the above-identified patent application.

I have reviewed the above-identified patent application, including the claims.

The entire right, title, and interest of my invention is assigned to Parsec Sight/Sound, Inc., a Pennsylvania corporation.

I am Chairman of the Board and Chief Technology Officer of Parsec Sight/Sound, Inc.

Parsec Sight/Sound, Inc. has licensed the above-identified patent application to Digital Sight/Sound, Inc., a Pennsylvania corporation. See Exhibit A.

Digital Sight/Sound, Inc. has raised more than one million dollars from investors to operate a web site and sell electronically digital audio signals from its memory to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties' control units. Digital Sight/Sound, Inc. expects to have its updated web site operational to the public July 1, 1998, so Digital Sight/Sound, Inc. can practice the claimed invention of the above-identified patent application.

A copier of my claimed invention of the above-identified patent application, N2k, has sold electronically digital audio signals from its memory to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties control units. A copy of the web pages of N2k's web site on the worldwide web is attached as Exhibit B. These web pages are accessed by a second party calling up N2k's web site through a telephone line with a computer (second party control unit). Once the web site of N2k is accessed, the second party with the

computer purchases with a credit card (electronic sale) the desired digital audio signals that are offered for sale by N2k and which the second party chooses to purchase. Once the second party provides the credit card number to N2k through the second party's computer, the desired digital audio signals are transferred over telecommunications lines from the memory of N2k to the computer of the second party. The second party then plays the desired digital audio signals through the speakers of the computer of the second party.

Others have established web sites on the worldwide web and electronically distributed for free digital audio signals from their respective memories to second parties through telecommunications lines to second party control units so the second parties can play the digital audio signals through speakers of the second parties' control units. These copiers have been sued by some of the major record labels in the United States for infringing these major record labels' copyrights in the associated songs that are transferred over the worldwide web through telecommunications lines as digital audio signals. See Exhibit C.

I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements are made with the knowledge that willful false statements in the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United

States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.

1/8/1998
Date

Arthur R. Hair

Albert B. Chu
Technology Transfer &
Market Development Vice President
AT&T Labs

75 Willow Road
Menlo Park, CA 94025
650 463-7633
FAX 650 327-3796
chu@research.att.com

April 27, 1998

Scott Sander
CEO and President
Digital Sight/Sound Inc.
Parsec Sight/Sound Inc.
733 Washington Road, Suite 212
Mount Lebanon, PA 15228

Dear Scott:

We appreciate your understanding of AT&T's internal procedures. Given that a2b music℠ is to be formed as a separate and distinct venture outside of AT&T, it will be more efficient to have a2b music sign the license directly with Parsec Sight/Sound Inc. after the legal entity is formed. The following summarizes the plan that we have agreed to:

1. DSS will sign a license with AT&T for the a2b music platform (attachment 1), which will be assigned to a2b music when the new a2b music legal entity is formed, which is anticipated to be within 60 days.

2. DSS is authorized by AT&T to withhold payment of the NRE and annual minimum royalty payments associated with 1 above, and will remit such payments to a2b music within 10 business days from the time that a2b music signs the PSS Patent License.

3. a2b music will sign the PSS Patent License (attachment 2) within 10 business days after it is formed as a legal entity. The license will be retroactive to the date that 1 above is signed, and any royalties due under the agreement shall be remitted per the terms of the agreement. This contract will be included in the asset/obligation listing for the a2b music entity.

4. We recognize the need to communicate a clear message to customers and the marketplace that DSS and a2b music are working together in a complementary manner. A senior a2b music representative will be available to provide a supportive statement for a press release, should DSS elect to make such a release. In addition, either someone from a2b music or I would be able to participate in a conference call with any DSS customer to confirm this plan as necessary.

5. It is understood that the name of the new entity may not be a2b music, and that it is also possible that the assets of a2b music may be sold to a third party. Either case will remain subject to these agreements. Further, in the event that a2b music is not formed as a separate entity and is retained by AT&T, AT&T shall have the option of taking the license on behalf of the a2b music "division."

Assuming this is acceptable to DSS and PSS, please sign the two licenses in attachment 1 and return both of them to me. I will sign them and return one to you. If you have any questions or concerns, please feel free to contact me.

Sincerely,

Albert B. Chu

Cc: H. Singer
J. Rudder

SCOTT P. COOPER (State Bar No. 96905)
PROSKAUER ROSE LLP
2121 Avenue of the Stars, 27th Floor
Los Angeles, CA 90067-5010
(310) 557-2900

CHRISTOPHER WOLF
ALEC W. FARR
PROSKAUER ROSE LLP
1233 20th St. N.W.
(202) 775-7253 fax
Attorneys for Plaintiffs
775-0101 fax
Steven D'Onofrio / Walsh

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

'97 CV 1099 H (JFS)

A&M RECORDS, INC., a Delaware corporation; ARISTA RECORDS, INC., a Delaware corporation; CAPITOL RECORDS, INC., a Delaware corporation; GEFFEN RECORDS, INC., a California corporation; ISLAND RECORDS, INC., a New York corporation; MAVERICK RECORDING COMPANY, a California general partnership; MCA RECORDS, INC., a California corporation; SONY MUSIC ENTERTAINMENT INC., a Delaware corporation; and WARNER BROS. RECORDS INC., a Delaware corporation,

Plaintiffs,

v.

INTERNET SITE KNOWN AS FRESH KUTZ; and DOES I through X,

Defendants.

Case No.: CV-

COMPLAINT

U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
JUN - 9 1997
NANCY DOHERTY, CLERK
By ______ Deputy

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MCA RECORDS, INC.,
A&M RECORDS, INC.,
CAPITOL RECORDS, INC.,
ISLAND RECORDS, INC.,
MAVERICK RECORDING COMPANY,
POLYGRAM RECORDS, INC.,
SONY MUSIC ENTERTAINMENT INC., and
WARNER BROS. RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://PARSOFT.COM/MP3s/ and DOES I-X,
inclusive,

Defendants.

Civil Action No.
397CV1360-T

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of Plaintiffs' Motion for a Temporary Restraining Order and ...... — [initials], ...,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision of services for or in the maintenance of the Internet site known as "ftp://parsoft.com/MP3s/" (hereinafter "Defendants' Site"):

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

MCA RECORDS, INC.,
A&M RECORDS, INC.,
CAPITOL RECORDS, INC.,
ISLAND RECORDS, INC.,
MAVERICK RECORDING COMPANY,
POLYGRAM RECORDS, INC.,
SONY MUSIC ENTERTAINMENT INC., and
WARNER BROTHERS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS
FTP://PARSOFT.COM/MP3s/ and DOES I-X,
inclusive,

Defendants.

Civil Action No. _____

COMPLAINT

Plaintiffs, MCA Records, Inc., A & M Records, Inc., Capitol Records, Inc., Island Records, Inc., Maverick Recording Company, PolyGram Records, Inc., Sony Music Entertainment Inc., and Warner Brothers Records, Inc. (collectively "Plaintiffs"), for their Complaint against Defendants Internet Site operating at "ftp://parsoft.com/MP3s" and Does I-X, inclusive (collectively "Defendants") allege as follows:

NATURE OF THE ACTION

1. This case involves the infringement of Plaintiffs' copyrighted sound recordings by Defendants via the Internet. Defendants have created and maintain an Internet site known as "ftp://parsoft.com/MP3s" ("Defendants' Site"), the sole purpose of which is the reproduction,

JUDGE SWEET

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., A&M RECORDS, INC., ARISTA RECORDS, INC., ATLANTIC RECORDING CORPORATION, CAPITOL RECORDS, INC., ISLAND RECORDS, INC., LONDON RECORDS, MAVERICK RECORDING COMPANY, MCA RECORDS, INC., and WARNER BROS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "FWIBBLY"), and DOES II-X, inclusive,

Defendants.

97 CIV. 4245

Civil Action No.

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of the Motion for a Temporary Restraining Order and Order To Show Cause, and the entire record herein, it is this 9th day of June 1997,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision

JUDGE SWEET

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SONY MUSIC ENTERTAINMENT INC., A&M RECORDS, INC., ARISTA RECORDS, INC., ATLANTIC RECORDING CORPORATION, CAPITOL RECORDS, INC., ISLAND RECORDS, INC., LONDON RECORDS, MAVERICK RECORDING COMPANY, MCA RECORDS, INC., and WARNER BROS RECORDS INC.,

Plaintiffs,

v.

INTERNET SITE KNOWN AS "FTP://208.197.0.28/", DOE I (a/k/a "FWIBBLY"), and DOES II-X, inclusive,

Defendants.

97 CIV. 4245

Civil Action No.

TEMPORARY RESTRAINING ORDER AND ORDER TO SHOW CAUSE RE: PRELIMINARY INJUNCTION

Upon consideration of the Motion for a Temporary Restraining Order and Order To Show Cause, and the entire record herein, it is this 9th day of June 1997,

ORDERED, that for a period of ten (10) days from the issuance of this Order, good cause having been shown pursuant to Rule 65 of the Federal Rules of Civil Procedure that immediate and irreparable injury and damage will result to plaintiffs before the motion for a preliminary injunction can be heard and decided, Defendants, their agents, servants and employees, and all persons acting in concert with them or assisting them through the provision

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

SERIAL NUMBER

EXAMINER	
ART UNIT	PAPER NUMBER
2785	15

02/11/98

Below is a communication from the EXAMINER in charge of this application

COMMISSIONER OF PATENTS AND TRADEMARKS

ADVISORY ACTION

☒ THE PERIOD FOR RESPONSE:

a) ☒ is extended to run _____ or continues to run 2 months from the date of the ~~final rejection~~ Notice of Appeal

b) ☐ expires three months from the date of the final rejection or as of the mailing date of this Advisory Action, whichever is later. In no event however, will the statutory period for the response expire later than six months from the date of the final rejection.

Any extension of time must be obtained by filing a petition under 37 CFR 1.136(a), the proposed response and the appropriate fee. The date on which the response, the petition , and the fee have been filed is the date of the response and also the date for the purposes of determining the period of extension and the corresponding amount of the fee. Any extension fee pursuant to 37 CFR 1.17 will be calculated from the date of the originally set shortened statutory period for response or as set forth in b) above.

☒ Appellant's Brief is due in accordance with 37 CFR 1.192(a).

☒ Applicant's response to the final rejection, filed 1/13/98 has been considered with the following effect, but it is not deemed to place the application in condition for allowance:

1. ☐ The proposed amendments to the claim and /or specification will not be entered and the final rejection stands because:

   a. ☐ There is no convincing showing under 37 CFR 1.116(b) why the proposed amendment is necessary and was not earlier presented.

   b. ☐ They raise new issues that would require further consideration and/or search. (See Note).

   c. ☐ They raise the issue of new matter. (See Note).

   d. ☐ They are not deemed to place the application in better form for appeal by materially reducing or simplifying the issues for appeal.

   e. ☐ They present additional claims without cancelling a corresponding number of finally rejected claims.

   NOTE: _____

2. ☐ Newly proposed or amended claims _____ would be allowed if submitted in a separately filed amendment cancelling the non-allowable claims.

3. ☒ Upon the filing an appeal, the proposed amendment ☐ will be entered ☐ will not be entered and the status of the claims will be as follows:

   Claims allowed: _____
   Claims objected to: _____
   Claims rejected: 1-63

   However;

   ☐ Applicant's response has overcome the following rejection(s): _____

4. ☒ The affidavit, exhibit or request for reconsideration has been considered but does not overcome the rejection because link(s) is required to be established between the merits of the claimed invention and the evidence of secondary considerations (i.e., exhibits A, B, C). SEE STRATOFLEX, INC. V. AEROQUIP CORP., 218 USPQ 871 (Fed. cir. 1983)

5. ☐ The affidavit or exhibit will not be considered because applicant has not shown good and sufficent reasons why it was not earlier presented.

☐ The proposed drawing correction ☐ has ☐ has not been approved by the examiner.

☐ Other

HOA T. NGUYEN
PRIMARY EXAMINER
AU 2785

PTOL-303 (REV. 5-89)

BEST AVAILABLE COPY

GP 2785

Attorney's Docket No. HAIR-1 CONT III **PATENT**

#16

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair
Serial No.: 0 8 /471,964 Group No.: 2785
Filed: June 6, 1995 Examiner: Hoa Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231

TRANSMITTAL OF APPEAL BRIEF (PATENT APPLICATION—37 C.F.R. 192)

1. Transmitted herewith, in triplicate, is the APPEAL BRIEF in this application, with respect to the Notice of Appeal filed on January 9, 1998.

NOTE: "The appellant shall, within 2 months from the date of the notice of appeal under § 1.191(a) or within the time allowed for response to the action appealed from, if such time is later, file a brief in triplicate." 37 C.F.R. 1.192(a) [emphasis added].

2. STATUS OF APPLICANT

This application is on behalf of

- ☐ other than a small entity.
- ☒ a small entity.

A verified statement:

- ☐ is attached.
- ☒ was already filed.

06/16/1998 HNGUYEN 00000068 08471964
02 FC:217 150.00 OP

3. FEE FOR FILING APPEAL BRIEF

Pursuant to 37 C.F.R. 1.17(f), the fee for filing the Appeal Brief is:

☒	small entity	$150.00
☐	other than a small entity	$300.00

Appeal Brief fee due $ 155.00

CERTIFICATE OF MAILING/TRANSMISSION (37 C.F.R. 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☒ deposited with the United States Postal Service, with sufficient postage, as first class mail, in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

Date: 6/9/98

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka

Signature

Tracey L. Milka

(type or print name of person certifying)

4. EXTENSION OF TERM

NOTE: The time periods set forth in 37 C.F.R. 1.192(a) are subject to the provision of § 1.136 for patent applications. 37 C.F.R. 1.191(d). See also Notice of November 5, 1985 (1060 O.G. 27).

The proceedings herein are for a patent application and the provisions of 37 C.F.R. 1.136 apply.

(complete (a) or (b), as applicable)

(a) ☒ Applicant petitions for an extension of time under 37C.F.R. 1.136 (fees: 37 C.F.R. 1.17(a)-(d)) for the total number of months checked below:

Extension (months)	Fee for other than small entity	Fee for small entity
☐ one month	$110.00	$55.00
☐ two months	$390.00	$195.00
☒ three months	$930.00	$465.00
☐ four months	$1,470.00	$735.00

Fee $ 475.00

If an additional extension of time is required, please consider this a petition therefor.

(check and complete the next item, if applicable)

☐ An extension for _____ months has already been secured, and the fee paid therefor of $_____ is deducted from the total fee due for the total months of extension now requested.

Extension fee due with this request $_____

or

(b) ☐ Applicant believes that no extension of term is required. However, this conditional petition is being made to provide for the possibility that applicant has inadvertently overlooked the need for a petition and fee for extension of time.

5. TOTAL FEE DUE

The total fee due is:

Appeal brief fee $ 155.00

Extension fee (if any) $ 475.00

TOTAL FEE DUE $ 630.00

6. FEE PAYMENT

☒ Attached is a check in the sum of $ 630.00.

☐ Charge Account No. _____ the sum of $_____.

A duplicate of this transmittal is attached.

7. FEE DEFICIENCY

NOTE: If there is a fee deficiency and there is no authorization to charge an account, additional fees are necessary to cover the additional time consumed in making up the original deficiency. If the maximum six-month period has expired before the deficiency is noted and corrected, the application is held abandoned. In those instances where authorization to charge is included, processing delays are encountered in returning the papers to the PTO Finance Branch in order to apply these charges prior to action on the cases. Authorization to change the deposit account for any fee deficiency should be checked. See the Notice of April 7, 1986, *1065 O.G. 31-33.*

☒ If any additional extension and/or fee is required, this is a request therefor and to charge Account No. 19-0737.

AND/OR

☒ If any additional fee for claims is required, charge Account No. 19-0737.

Ansel S Schwartz

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Tel. No.: (412) 621-9222

Ansel M. Schwartz

(type or print name of attorney)

425 N. Craig Street
Suite 301

P.O. Address

Pittsburgh, PA 15213

#17

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of	)	
	)	
ARTHUR R. HAIR	)	ON APPEAL TO THE BOARD OF APPEALS
	)	
Serial No. 08/471,964	)	
	)	Appeal No.
Filed: June 6, 1995	)	
	)	Examiner: Hoa Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS	)	Group Art Unit: 2785

DWB 6/25/98

Pittsburgh, Pennsylvania 15213

June 9, 1998

Assistant Commissioner for Patents
Washington, D.C. 20231

BRIEF ON APPEAL

Sir:

This is an appeal brief from the Final Rejection dated July 10, 1997, for the above-identified patent application.

I. Status of Claims

A. Total Number of Claims in Application: Claims in the application are 1-63.

B. Status of all the Claims:

Claims Pending: Claims 1-63 are pending.

Claims Rejected: Claims 1-63 were rejected.

Claims 9-15, 17-28, 43-56, 61 and 62 are apparatus claims. Claims 1-8, 16, 29-42, 57-60 and 63 are method claims.

C. Real Party in Interest:

The real party in interest concerning the above-identified patent application is the assignee, Parsec Sight/Sound, Inc.

D. Related Appeals and Interferences:

There are no related appeals or interferences to the above-identified patent application.

E. The Claims on Appeal are as Follows:

1. A method for transferring desired digital video or digital audio signals comprising the steps of:

forming a connection through telecommunications lines between a first memory of a first party and a second memory of a second party control unit of a second party, said first memory having said desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory; and

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party control unit of the second party through telecommunications lines while the second party control unit with the second memory is in possession and control of the second party; and playing through speakers of the second party control unit the digital video or digital audio signals in the second memory, said speakers of the second party control unit connected with the second memory of the second party control unit.

2. A method as described in Claim 34 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.

3. A method as described in Claim 2 including before the transferring step, the step of electronically coding the desired digital video or digital audio signals into a configuration which would prevent unauthorized reproduction of the desired digital video or digital audio signals.

4. A method as described in Claim 3 wherein the first memory includes a first party hard disk having a plurality of digital video or digital audio signals, and a sales random access memory chip which temporarily stores a replica of the desired digital video or digital audio signals purchased by the second party for subsequent transfer via telecommunications lines to the second memory of the second party; and including before the transferring step, there is the step of storing a replica of the desired digital video or digital audio signals from the hard disk into the sales random access memory chip.

5. A method as described in Claim 4 wherein the second party control unit has a second party integrated circuit which controls and executes commands of the second party, and a second party control panel connected to the second party integrated circuit, and before the forming step, there is the step of commanding the second party integrated circuit with the

second party control panel to initiate the purchase of the desired digital video or digital audio signals from the first party.

6. A method as described in Claim 5 wherein the second memory of the second party control unit includes an incoming random access memory chip which temporarily stores the desired digital video or digital audio signals received from the sales random access memory chip, a second party hard disk for storing the desired digital video or digital audio signals, and a playback random access memory chip for temporarily storing the desired digital video or digital audio signals for sequential playback; and the storing step includes the steps of storing the desired digital video or digital audio signals in the incoming random access memory chip, transferring the desired digital video or digital audio signals from the incoming random access memory chip to the second party hard disk, storing the desired digital video or digital audio signals in the second party hard disk, commanding the second party integrated circuit with the second party control panel to play the desired digital video or digital audio signals and transferring a replica of the desired digital video or digital audio signals from the second party hard disk to the playback random access memory chip for playback.

7. A method as described in Claim 6 including after the transferring step, there is the step of repeating the commanding, playing, and transferring a replica steps.

8. A method for transferring digital video or digital audio signals from a first party to a second party comprising the steps of:

placing a second party control unit in possession and control of the second party by the second party at a desired location determined by the second party;

entering into a second party control panel of the second party control unit of the second party commands by the second party to purchase desired digital video or digital audio signals from a first party;

forming a connection through telecommunications lines between a first memory of the first party and a second memory of the second party control unit, said first memory having desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party into the second memory of the second party through telecommunications lines while the second memory is in possession and control of the second party;

entering into the second party control panel commands to play the desired digital video or digital audio signals in the second memory of the second party control unit; and

playing the desired digital video or digital audio signals with the second party control unit.

9. A system for transferring digital video or digital audio signals comprising:

a first party control unit having a first memory having desired digital video or digital audio signals, and means or a mechanism for electronically selling the desired digital video or digital audio signals;

a second party control unit having a second party control panel, a second memory connected to the second party control panel, and means or a mechanism for playing the desired digital video or digital audio signals connected to the second memory and the second party control panel, said playing means or mechanism operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a location determined by the second party; and

telecommunications lines connected to the first party control unit and the second party control unit through which the electronic sales of the desired digital video or digital audio signals occur and through which the desired digital video or digital audio signals are electronically transferred from the first memory to the second memory while the second memory is in possession and control of the second party after the desired digital video or digital audio signals are sold to the second party by the first party.

10. A system as described in Claim 9 wherein the first party control unit includes a first party hard disk having a plurality of digital video or digital audio signals which include the desired digital video or digital audio signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video or digital audio signals of the first party's hard disk.

11. A system as described in Claim 10 wherein the second party control unit includes a second party hard disk which stores a plurality of digital video or digital audio signals, and a playback random access memory chip electronically connected to the second party hard disk for storing a replica of the desired digital video or digital audio signals as a temporary staging area for playback.

12. A system as described in Claim 11 wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party

and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video or digital audio signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

13. A system as described in Claim 12 wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video or digital audio signals; and a second party control panel through which the second party control integrated circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

14. A system as described in Claim 13 wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the telecommunications lines for temporarily storing the desired digital video or digital audio

signals received from the first party's control unit for subsequent storage to the second party hard disk.

15. A system as described in Claim 14 wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video or digital audio signals.

16. A method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

placing a second party control unit having a receiver and the second memory connected to the receiver by the second party at a desired location determined by the second party;

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of the second memory;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party control unit having the second memory at the location determined by the second party while said receiver is in possession and control of the second party;

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals in the second memory with the second party control unit.

17. A system for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising:

means or a mechanism for transferring money electronically via telecommunications lines from the second party to the first party controlling use of the first memory, at a location remote from the second memory, said second party controlling use and in possession of the second memory;

means or a mechanism for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween, said connecting means or mechanism in electrical communication with the transferring means or mechanism;

means or a mechanism for transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory while said receiver is in possession and control of the second party, said receiver placed at a location determined by the second party, said transmitting means or mechanism in electrical communication with said connecting means or mechanism;

means or a mechanism for storing the digital video or digital audio signals in the second memory, said storing means or mechanism in electrical communication with said transmitting means or mechanism; and means or mechanism for playing the digital video or digital audio signals stored in the second memory, said playing means or mechanism connected to the second memory.

18. A system as described in Claim 17 wherein the connecting means or mechanism comprise a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

19. A system as described in Claim 18 wherein the first control unit comprises a first control panel, first control integrated circuit and a sales random access memory, said sales random access memory and said first control panel in electrical communication with said first control integrated circuit, said second control unit comprising a second control panel, a second

control integrated circuit, an incoming random access memory and a playback random access memory, said second control panel, said incoming random access memory and said playback random access memory in electrical communication with said second control integrated circuit.

20. A system as described in Claim 19 wherein the telecommunications lines include telephone lines.

21. A system as described in Claim 20 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

22. A system as described in Claim 21 including a video display and speakers in possession and control of the second party, said video display and speakers in electrical communication with said second control integrated circuit.

23. A system for transmitting desired digital video or digital audio signals stored on a first memory of a first party at a first location to a second memory of a second party at a second party location comprising:

means or a mechanism for the first party to charge a fee to the second party for access to the desired digital video or digital audio signals at a location remote from the second

location, said first party controlling use of the first memory, said second party controlling use and in possession of the second memory;

means or a mechanism for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween, said connecting means or mechanism in electrical communication with the transferring means or mechanism;

means or a mechanism for transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory while said receiver is in possession and control of the second party, said receiver placed by the second party at the second party location determined by the second party, said transmitting means or mechanism in electrical communication with said connecting means or mechanism;

means or a mechanism for storing the digital video or digital audio signals in the second memory, said storing means or mechanism in electrical communication with said transmitting means or mechanism; and means or mechanism for playing the digital video or digital audio signals stored in the second memory, said playing means or mechanism connected to the second memory.

24. A system as described in Claim 61 wherein the connecting means or mechanism comprise a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

25. A system as described in Claim 24 wherein the first control unit comprises a first control panel, first control integrated circuit and a sales random access memory, said sales random access memory and said first control panel in electrical communication with said first control integrated circuit, said second control unit comprising a second control panel, a second control integrated circuit, an incoming random access memory and a playback random access memory, said second control panel, said incoming random access memory and said playback random access memory in electrical communication with said second control integrated circuit.

26. A system as described in Claim 25 wherein the telecommunications lines include telephone lines.

27. A system as described in Claim 26 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

28. A system as described in Claim 27 including a video display and speakers in possession and control of the second party, said video display and speakers in electrical communication with said second control integrated circuit.

29. A method for transmitting desired digital video or digital audio signals stored in a first memory of a first party at a first party location to a second memory of a second party comprising the steps of:

placing a second party control unit having the second memory by the second party at a desired second party location determined by the second party, said second party location remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the digital video or digital audio signals possessed by the first party, said first party and said second party in communication via said telecommunications lines;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transferring electronically via telecommunications lines the digital video or digital audio signals from a first location with the first memory to the desired second party location with the second memory while the second memory is in possession and control of the second party, said second party location remote from said first location, said first memory in communication with said second memory via the telecommunications lines;

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

30. A method as described in Claim 37 including after the transferring step, there is the step of repeating the charging a fee, connecting, and transferring steps.

31. A method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of a second party control unit having a receiver and the second memory connected to the receiver;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver connected to the

second memory of the second party control unit at the location determined by the second party while said second party control unit is in possession and control of the second party;

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

32. A method as described in Claim 1 wherein the second party is at a second party location and the step of selling electronically includes the step of charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

33. A method as described in Claim 32 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

34. A method as described in Claim 33 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

35. A method as described in Claim 29 wherein the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party at a location remote from the second party location.

36. A method as described in Claim 35 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

37. A method as described in Claim 36 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

38. A method for transferring desired digital video or digital audio signals from a first party to a second party comprising the steps of:

placing a second party control unit having a second memory by the second party at a desired location determined by the second party;

forming a connection through telecommunications lines between a first memory of a first party and the second memory of the second party, said first memory having said desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

39. A method as described in Claim 38 wherein the second party is at a second party location and the step of selling electronically includes the step of charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

40. A method as described in Claim 39 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

41. A method as described in Claim 40 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

42. A method for transferring desired digital video or digital audio signals comprising the steps of:

placing a second party control unit having a second memory by the second party at a desired second party location determined by the second party;

forming a connection through telecommunications lines between a first memory of a first party and the second memory of a second party, said first memory having said desired digital video or digital audio signals;

incurring a fee by the second party to the first party for the use of telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines

while the second memory is in possession and control of the second party; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

43. A system for transferring digital video signals from a first party to a second party at a second party location comprising:

a first party control unit having a first memory having a plurality of desired individual video selections as desired digital video signals, and means or a mechanism for the first party to charge a fee to the second party for access to the desired digital video signals at a location remote from the second party location;

a second party control unit having a second party control panel, a receiver and a video display for playing the desired digital video signals received by the receiver, said second party control panel connected to the video display and the receiver, said receiver and video display operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit, said second party choosing the desired digital video signals from the first memory with said second party control panel; and

telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital video signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital video signals are sold to the second party by the first party.

44. A system as described in Claim 43 wherein the second party control unit includes a second memory which is connected to the receiver and the video display, said second memory storing the digital video signals that are received by the receiver to provide the video display with the digital video signals.

45. A system as described in Claim 44 wherein the first party control unit includes a first party hard disk having a plurality of digital video signals which include the desired digital video signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video signals of the first party's hard disk.

46. A system as described in Claim 45 wherein the second party control unit includes a second party hard disk which stores a plurality of digital video signals, and a playback random access memory chip electronically connected to the second party hard disk for storing a replica of the desired digital video signals as a temporary staging area for playback.

47. A system as described in Claim 46 wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

48. A system as described in Claim 47 wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video signals; and a second party control panel through which the second party control integrated circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

49. A system as described in Claim 48 wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the

telecommunications lines for temporarily storing the desired digital video signals received from the first party's control unit for subsequent storage to the second party hard disk.

50. A system as described in Claim 49 wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video signals.

51. A system as described in Claim 43 wherein the means or mechanism for charging a fee includes means or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a location remote from the second party location.

52. A system as described in Claim 51 wherein the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party.

53. A system as described in Claim 52 wherein the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party.

54. A system as described in Claim 9 wherein the means or mechanism for electronically selling includes means or a mechanism for electronically selling includes means

or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

55. A system as described in Claim 54 wherein the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party.

56. A system as described in Claim 55 wherein the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party.

57. A method for transmitting desired digital video signals stored in a first memory having a plurality of individual video selections as digital video signals of a first party at a first party location to a second party at a second party location so the second party can view the desired digital video signals comprising the steps of:

placing by the second party a receiver, and a video display connected to the receiver at the second party location determined by the second party which is remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the desired digital video signals;

connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;

choosing the desired digital video signals by the second party from the first memory of the first party so desired video selections are selected;

transmitting the desired digital video signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party; and

displaying the desired video signals received by the receiver on the video display in possession and control of the second party.

58. A method as described in Claim 57 wherein the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party so the second party can obtain access to the desired digital video signals stored on the first memory.

59. A method as described in Claim 58 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

. 60. A method as described in Claim 59 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

61. A system as described in Claim 23 wherein the means or mechanism for the first party to charge a fee includes means or a mechanism for transferring money electronically via telecommunications lines to the first party at a location remote from the second memory at the second location.

62. A system for transferring digital audio signals from a first party to a second party at a second party location comprising:

a first party control unit having a first memory having a plurality of desired individual songs as desired digital audio signals, and means or a mechanism for the first party to charge a fee to the second party for access to the desired digital audio signals at a location remote from the second party location;

a second party control unit having a second party control panel, a receiver and speakers for playing the desired digital audio signals received by the receiver, said second party control panel connected to the speakers and the receiver, said receiver and speakers operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit, said second party choosing the desired digital audio signals from the first memory with said second party control panel; and

telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital audio signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital audio signals are sold to the second party by the first party.

63. A method for transmitting desired digital audio signals stored in a first memory having a plurality of individual songs as digital audio signals of a first party at a first party location to a second party at a second party location so the second party can view the desired digital audio signals comprising the steps of:

placing by the second party a receiver, and speakers connected to the receiver at the second party location determined by the second party which is remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the desired digital audio signals;

connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;

choosing the desired digital audio signals by the second party from the first memory of the first party so desired songs are selected;

transmitting the desired digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party; and

playing the desired audio signals received by the receiver on the speakers in possession and control of the second party.

II. STATUS OF AMENDMENTS

The last response dated January 9, 1998, was entered under 37 C.F.R. §1.116. Arguments in support of the patentability of Claims 1-63 were given.

III. SUMMARY OF THE INVENTION

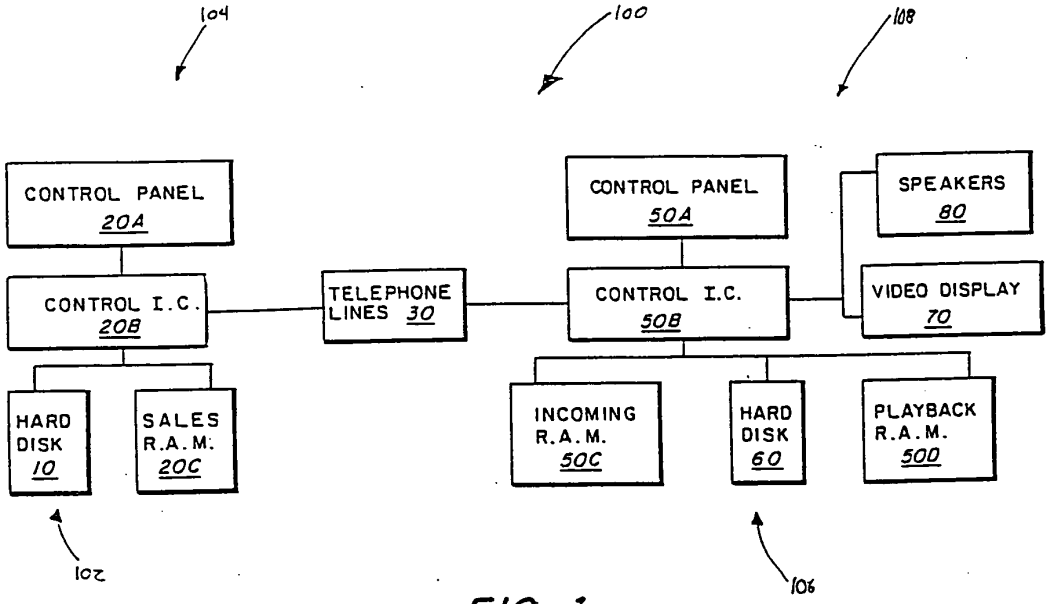


FIG. 1

The three basic mediums (hardware units) of music: records, tapes, and compact discs, greatly restricts the transferability of music and results in a variety of inefficiencies. The capacity of the units is limited. The materials used to manufacture the hardware units are subject to damage and deterioration during normal operations, handling, and exposure to the elements. The physical size of the hardware units imposes constraints on the quantity of hardware units which can be housed for playback in confined areas such as in automobiles, boats, planes, etc. Hardware units limit the ability to play, in a sequence selected by the user, songs from different albums. For example, if the user wants to play one song from ten different albums, the user would spend an inordinate amount of time handling, sorting, and cuing the ten different hardware units. Prior to final purchase, hardware units need to be physically transferred from the manufacturing facility to the wholesale warehouse to the retail warehouse to the retail outlet, resulting in lengthy lag time between music creation and music marketing, as well as incurring unnecessary and inefficient transfer and handling costs. Additionally, tooling costs required for mass production of the hardware units and the material cost of the hardware units themselves, further drives up the cost of music to the end user. Until the recent invention of Digital Audio Music, as used on Compact Discs, distortion free transfer from the hardware units to the stereo system was virtually impossible. Digital Audio Music is simply music converted into a very basic computer language known as binary. A series of commands known as zeros or ones encode the music for future playback. Use of laser retrieval of the binary commands results in distortion free transfer of the music from the compact disc to the stereo system. Quality Digital Audio Music is defined as the binary

structure of the Digital Audio Music. Conventional analog tape recording of Digital Audio Music is not to be considered quality inasmuch as the binary structure itself is not recorded. While Digital Audio Music on compact discs is a technological breakthrough in audio quality, the method by which the music is sold, distributed, stored, manipulated, retrieved, played and protected from copyright infringements remains as inefficient as with records and tapes. Since the invention of tape recording devices, strict control and enforcement of copyright laws have proved difficult and impossible with home recorders. Additionally, the recent invention of Digital Audio Tape Recorders now jeopardizes the electronic copyright protection of quality Digital Audio Music on Compact Discs or Digital Audio Tapes. If music exists on hardware units, it can be copied.

The present invention is related to a system and associated method for the electronic sales and distribution of digital audio or video signals, and more particularly, to a system and method which a user may purchase and receive digital audio or video signal from any location which the user has access to telecommunications lines.

The present invention is an apparatus and method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a receiver of a second party. The receiver has a player that allows the second party to play the desired digital audio or digital video signals the receiver has received from the first party. The second party is in possession and control of the receiver. The receiver receives the digital audio or digital video

signals via telecommunications lines. The second party electronically purchases the digital audio or digital video signals from the first party.

In a first embodiment, the second party uses a second party control unit of the receiver to choose which digital audio or digital video signals from the first party's memory the second party would like to play. If desired, the second party can store the digital video or digital audio signals in a second memory of the receiver. By the use of telecommunications lines, the second party, from the comfort of his home, can access an essentially unlimited number of, for instance, songs or movies, and play them whenever he desires. Any concern regarding the size of the hardware units, or the material they are made of, is essentially eliminated. Furthermore, the clarity of the digital audio or digital video signals, when they are played back, is maintained since the digital audio or digital video signals are transferred over telecommunications lines in digital format from the first memory of the first party. Copyright enforcement can also be maintained.

IV. ISSUES

In the final Office Action dated July 10, 1997, Claims 1-63 were rejected.

The issues can be succinctly stated as follows:

1. Whether the appellant's invention in Claims 1-63 meets the requirements of non-obviousness of 35 U.S.C. §103 and therefore, is patentable over Freeny.

V. GROUPING OF CLAIMS

Claims 1, 2, 5 and 32-34 are separately patentable from the other outstanding claims regardless of whether the other outstanding claims are found patentable.

Claims 4-7, 10-15 and 25-28 are separately patentable from the other outstanding claims regardless of whether the other outstanding claims are found patentable.

Claims 6, 7, 11-15 and 46-50 are separately patentable from the other outstanding claims regardless of whether the other outstanding claims are found patentable.

Claims 8, 9, 16-24, 29-31, 35-42, 44, 54-56 and 61 are separately patentable from the other outstanding claims regardless of whether the other outstanding claims are found patentable.

Claims 15 and 50 are separately patentable from the other outstanding claims regardless of whether the other outstanding claims are found patentable.

Claims 43, 51-53, 57-60, 62 and 63 are separately patentable from the other outstanding claims regardless of whether the other outstanding claims are found patentable.

VI. ARGUMENT

The Examiner has rejected Claims 1-63 as being unpatentable over Freeny. Appellant respectfully traverses this rejection.

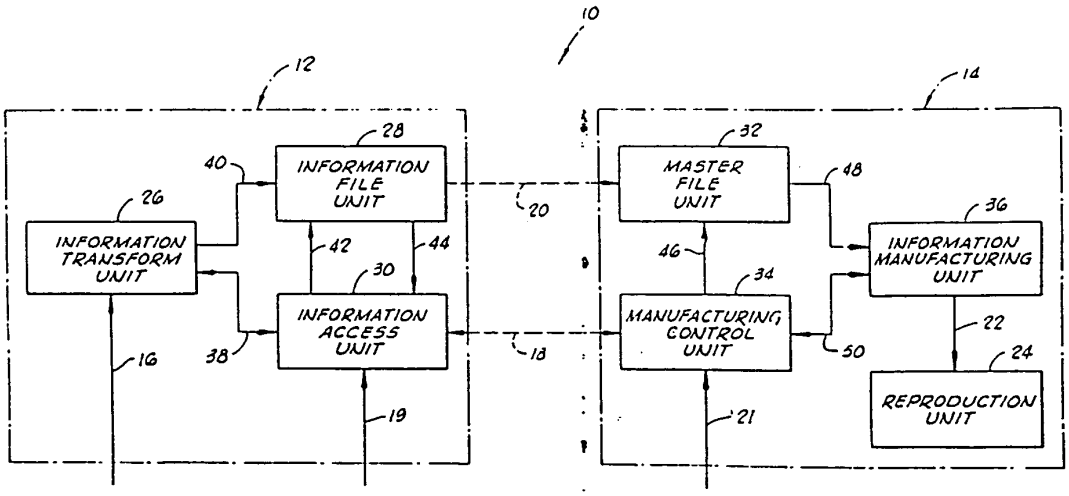


FIG. 1

Referring to Freeny, there is disclosed a system for reproducing information in material objects at a point of sale location. Freeny teaches that the manufacturing facilities and the distribution networks for the material objects represent substantial cost to the owner of the information. See column 1, lines 22-25. Furthermore, the owner of the information embodied in a master recording had to determine how many records, cassette tapes, 8-track tapes and the like were to be manufactured. After manufacturing, the owner of the information then faced the problem of how to distribute such records and tapes to various retail outlets and, once distributed, the owner of the information then faced the problem of collecting the monies due in connection with the sale of such records and tapes. If the records and tapes did not sell for any one of a number of reasons, the owner of the information then typically faced the problem of receiving returns of the previously distributed records and tapes. Thus, such an owner of information might distribute a large number of records and tapes, receive relatively high percentage of such distributed records and tapes as returns, not collect a relatively high percentage of the monies due in connection with the sale of such records and tapes and, thus, the final results might be that the owner of such information merely ended up with a large inventory of records and tapes and not enough money collected even to cover the initial investment. See column 1, lines 49-63.

Furthermore, there was no assurances that material objects providing such particular recording would be available at a relatively large percentage of point of sale locations at a time coinciding with the time of the owner's initial advertising campaign. This results in lost

potential sales. Retailers at various point of sale locations also faced problems with respect to information embodied in recordings. Initially, such retailers faced the problem of determining which recordings were to be stocked and then had to determine which configurations of such recordings and how many of each such configurations. Inventory represented a substantial investment to such retailers and such retailers also had to face pilferage problems which have resulted in lost revenue. All of these problems of the retailers translated to a large extent to an increased product cost to the consumer. See column 2, lines 5-25.

Because of economic considerations, it had not been practical for a retailer (point of sale location) to maintain all of the available recordings in inventory at any given time. Thus, a consumer having a desire to purchase a particular recording might not be able to locate a retail outlet which carried such recording in inventory, and its potential sale simply would be lost. See column 2, lines 62-69.

Freeny teaches a way for reproducing or manufacturing material objects at point of sale locations only with the permission of the owner of the information, thereby assuring that the owner of the information will be compensated in connection with such reproduction. Freeny teaches how to solve the problems associated with manufacturing, inventory, configuration distribution and collection he earlier identified and as described above.

As stated in Interactive Gift Express, Inc. v. Compuserve, Inc. et al., 95 Civ. 6871 (BSJ) (D.C. S.D.N.Y. 1998) on pages 2 and 3,

> The Freeny patent describes a method or system for manufacturing information-embodying material objects using a multitude of point of sale machines that are in electronic communication with a common host machine. The Freeny patent refers to these point of sale machines as Information Manufacturing Machines ("IMMs") and to the host machine as the Information Control Machine ("ICM"). Each IMM is located at a point-of-sale location -- "a location where a consumer goes to purchase material objects embodying predetermined or preselected information" -- and each point-of-sale location is located remotely with respect to the system's other point-of-sale locations. Freeny Patent Col. 5, Lns. 47-50. "The [ICM] is located at a remote location with respect to each of the point-of-sale locations and with respect to the [IMMs]." Id. Col. 5, Lns. 35-39. As for "material object," the Freeny patent defines this term as "a medium or device in which information can be embodied or fixed and from which the information embodied therein can be perceived, reproduced, used or otherwise communicated, either directly or with the aid of another machine or device." Id. Col. 4, Lns. 36-41. Examples of material objects identified in the Freeny patent are floppy disks, cassette tapes, phonograph records, 8-track tapes, reel-to-tapes, video discs, hand-held calculators, hand-held electronic games, greeting cards, maps, and sheet music. See id. Col. 4, Lns. 41-55.
>
> As for the mechanics of the Freeny invention, initially information is inputted into, encoded by, and stored within the ICM. This encoded information is then transferred to the IMMs via a communication link and stored within each IMM. At this stage, the IMM is now ready to support consumer transactions. A consumer using the IMM examines the assortment of information stored in that particular IMM and selects a catalog code corresponding to the information the consumer wants the IMM to reproduce. After this selection is made, but before the IMM begins reproducing the requested information-embodying material object, the IMM transmits a "request reproduction code" to the ICM thereby requesting permission to reproduce the information selected by the consumer onto a material object. The request reproduction code includes the catalog code, an IMM code identifying the requesting IMM, and may also contain other information such as credit card data for sale approval purposes. Freeny Patent Col. 9, Lns. 48-50, Col. 13, Lns. 25-31.

> The ICM receives the request reproduction code and determines whether to authorize reproduction of the information-embodying material object by the IMM. Should the ICM choose to permit such reproduction, it transmits an authorization code to the IMM. The authorization code includes an IMM code, encoded catalog code, encoded catalog decipher program, and an encoded authorization select code. The encoded catalog code instructs the IMM which information it should decode and reproduce, the encoded catalog decipher program instructs the IMM how to decode this information, and the encoded authorization select code identifies the authorization decipher programs stored in each IMM. "In response to receiving the authorization code, the IMM decodes the preselected information stored in the [IMM]" and then reproduces it onto a material object, after which the material object can be removed from the IMM by the consumer. Id. Col. 6, Lns. 7-10.
>
> For the sake of clarity, here is an example of how the Freeny invention would work in the context of musical recordings. Various musical recordings by various artists would be inputted and stored within the ICM in an encoded format. These recordings would then be transferred for storage in encoded format in selected IMMs, enabling the IMMs to support consumer transactions. A consumer using the IMM would enter the catalog code corresponding to the musical selection he or she wished to purchase, in this example, Sgt. Pepper's Lonely Hearts Club Band ("Sgt. Pepper's") by The Beatles. The IMM now transmits a request reproduction code to the ICM, including the catalog code identifying Sgt. Pepper's, an IMM code identifying the particular IMM being used by the consumer, and possibly the consumer's credit card number for sale approval. If the ICM approves the transaction, it transmits an authorization code to the IMM enabling the IMM, among other things, to decode Sgt. Pepper's into a useable format. The IMM would then reproduce Sgt. Pepper's onto a material object such as a cassette tape or compact disc, after which the consumer could remove his or her copy of Sgt. Pepper's from the ICM.

The Examiner contends that it would be obvious to add a playing capability to the teachings of Freeny to arrive at appellant's claimed invention. Besides the fact that it would not be obvious to add a playing capability to the teachings of Freeny, this contention of the examiner presupposes that Freeny, except for the playing capability, teaches all the other limitations of all the claims of appellant. Appellant submits that Freeny fails to teach or

suggest other limitations of every claim of appellant. Besides not teaching or suggesting a playing capability, Freeny does not teach transferring digital video or digital audio signals to a second memory using telecommunications lines from a first memory, where the second memory is in the possession and control of the second party, as well as additional limitations which are not taught by Freeny.

Appellant's view is not simply argument but law determined on May 13, 1998, by the United States District Court for the Southern District of New York in Interactive Gift Express ("IGE"), supra. This opinion and order can be found at this time on the world wide web at http://www.patents.com/ige/order.htm. This Court specifically interprets Freeny consistent with appellant's aforementioned distinctions and following discussion. Appellant cites to IGE, supra, in regard to many of the distinctions between appellant's claim and Freeny as a matter of law. A copy of IGE, supra, is attached to this brief. It is requested the board please read it.

Appellant's invention of Claim 1 eliminates three steps in the distribution process taught by Freeny. Freeny teaches that the host machine otherwise known as the Information Control Machine ("ICM") and the point of sale machines otherwise known as Information Manufacturing Machines ("IMM") are required for the transfer of information and ultimate sale of information to the consumer. Freeny teaches a required step of transferring the information from the ICM to the IMM before the information can be transferred to the

consumer and before the consumer even appears at the IMM to order the information. Appellant's invention of Claim 1 does not need this step.

Freeny also teaches a point of sale location is "a location where a consumer goes to purchase material objects embodying predetermined or preselected information". In appellant's Claim 1, the second party already has the second memory so the second party does not have the step of going anywhere to get the second memory nor does the second party have the step of purchasing the material object to get the information. The second party obtains the audio or video signals through telecommunications lines from the first party for the second party's memory without having the signals in an interim location.

On page 6 of IGE, supra, the court discusses the specification of the Freeny Patent and the issue of the timing of information delivery. Basically, the court finds that Freeny does not teach real-time download of information. Appellant's invention of Claim 1 supports real-time downloading of information. The court in IGE, supra, on page 6-page 7 states

> In addition to the very language of claim 1, the Freeny patent specification abundantly supports defendants' position that the Freeny patent does not apply to the real-time downloading of information. It is indicated throughout the patent specification that the IMMs "store" the information rather than receive the information for the first time when a consumer interacts with the IMM. For example, the patent states:
>
> > In general, information is inputted into the information control machine, via the input line and the inputted information is encoded

and stored in the information control machine. The encoded information stored in the information control machines is communicated to the information manufacturing machine via the communication link or the communication link and the received encoded information is stored in each of the information manufacturing machines.

Freeny Patent, Col. 5, Lns. 51-59. It also states that "[i]n response to receiving the authorization code, the information manufacturing machine decodes the preselected information stored in the information manufacturing machine and provides the decoded information on the output line." Id. col., 6, Lns. 7-11. These are but two examples.

Moreover, the specification explains that the IMMs are in fact constructed to store the collection of encoded information in a permanent storage unit called the "master file unit." "Each information manufacturing machine is constructed to receive encoded information . . . and store received encoded information." Id. Col. 5, Lns. 21-24. In turn, the "encoded information along with the corresponding catalog codes are communicated to the information manufacturing machine identified by the IMM code via the communication link for storage in the master file unit of the information manufacturing machine." Id. Col. 12, Lns. 8-13.

The master file unit is constructed to function as a permanent storage unit. The master file unit is constructed and adapted to receive encoded information along with the catalog codes uniquely identifying the encoded information over the communication link. In one other mode, the master file unit receives encoded information and the catalog codes on a signal path. The master file unit stores the received encoded information and the catalog codes.

Id. col. 9, Lns. 39-47. Therefore, as explained by the specification, the first step of claim 1, wherein information is provided to the IMMs, is performed so that the collection of encoded information can be stored at each IMM.

This encoded information, as stored in the IMM, is referred to throughout the specification as "preselected" or "predetermined" information. Clearly, these terms refer to the process whereby the information owner selects which information should be inputted into the ICM and then transmitted to the IMMs for storage. The information is therefore "preselected" or "predetermined" because the information to be transmitted to and stored in the IMMs is selected or determined before the consumer uses the IMM.

Finally, the patent specification teaches away from the real-time downloading of information. The patent states that in "one embodiment" the ICM could be programmed to support the real-time delivery of information to the IMMs. Id. col. 24, Lns. 33-58. In such an embodiment "the information manufacturing machines would not have any encoded information stored therein and could only function to reproduce information in material objects in response to receiving an authorization code which would include the encoded information." Id. Col. 24, Lns. 41-46. After presenting this scenario, however, the specification labels the real-time method of delivery economically unsound, from both a time and money standpoint, and limits any such proposed use to updating the encoded information previously transmitted to and stored in the IMMs. See id. col. 24, Lns. 46-53.

In addition to teaching away from using a real-time delivery method, this portion of the patent specification also supports the Court's interpretation that in order for the Freeny invention to work at all, claim 1, as written, requires some sequence to the steps, and that, at a minimum, step one must precede step four. specifically, the information must be transferred to and stored in the IMM before the IMM is capable of supporting consumer transactions because step four describes the IMM's receipt of only request reproduction codes and authorization codes and says nothing about the IMM's receipt of the information to be reproduced. If claim 1 was intended to include the real-time downloading of information to the IMM, then the patent would explicitly state, as it does when discouraging the use of real-time delivery, that the authorization code would have to include the encoded information in order for the Freeny invention to support real-time delivery. See id. Col. 24, Lns. 41-46. Nowhere in the patent is the authorization code defined to include the information to be reproduced as part of that code.

Accordingly, based on the language of claim 1 and the Freeny patent specification, the court construes claim 1 to apply only to the predelivery of information to the IMMs.

In regard to Claim 1 of appellant, there is the limitation of "transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party control unit of the second party through telecommunications lines while the second party control unit with the second memory is in possession and control of the second party". Freeny already has stored the preselected or predetermined information which

is in an encoded format in the master file unit of the IMM. See Freeny, column 5, lines 51-59, and column 6, lines 7-11. It is "preselected" or "predetermined" because of the information to be transmitted to and stored in the IMMs is selected or determined by the information owner before the consumer uses the IMM. IGE, supra, at page 6. It is only the authorization code that is received via the input line in response to a payment by a consumer whereupon the preselected information already in the IMM is decoded and transferred to a material object in the IMM to ultimately be physically transferred to the consumer from the IMM. The authorization code is not a video or audio signal but is comprised of an IMM code, encoded catalog code, encoded catalog decipher program and an encoded catalog authorization code. See Freeny, column 9, lines 58-61; IGE, supra, at page 7. Nowhere in Freeny is it taught the requested information by the customer is part of the authorization code. IGE, supra, at page 6. There must be some teaching or suggestion in Freeny for the information to be in the authorization code or transmitted via telecommunications lines in response to the payment by the consumers or while the material object is in the possession and control of the consumer, and there is none. Symbol Technologies, Inc. v. Opticon, Inc., 19 U.S.P.Q.2d 1241 (Fed. Cir. 1991). Accordingly, for this reason alone, that Freeny does not teach transferring audio or video signals from the first memory to the second memory through telecommunications lines in response to a payment by a consumer or while the material object is in the possession and control of the consumer, Claim 1 is patentable over Freeny.

As stated above, the court found Freeny teaches away from the "transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party control unit of the second party through telecommunications lines while the second party control unit with the second memory is in possession and control of the second party", IGE, supra, at page 6, where the court states that Freeny teaches "the specification labels the real-time method of delivery as economically unsound, from both a time and money standpoint . . . See Freeny, column 24, lines 46-53." For this reason alone, Claim 1 is patentable over Freeny. Gillette Co. v. S.C. Johnson & Son, Inc., 16 USPQ2d 1923 (Fed. Cir. 1990).

Another distinction between Claim 1 and Freeny is in regard to the transferring step where the transferring of the audio or video signals to the second memory occurs "while the second party control unit with the second memory is in possession and control of the second party". Freeny teaches that the material object in which the information for the consumer is stored receives the information while it is in the IMM and must be separable from the IMM and must be offered for sale to the consumer as an independent and stand alone commodity to the consumer. The material object is thus not "in the possession and control of the second party while transfer of the audio or video signals occur". The court in IGE, supra, page 9 states

The Court agrees with defendants that, at a minimum, a material object (1) must be removable from the IMM and for use at a location other than the point-of-sale location, (2) must be offered for sale as an independent and stand-alone commodity at the point-of-sale location, and (3) must be separate and distinct from the IMM. Regarding removability, the Freeny patent presents a method for reproducing information in material objects at a point-of-sale location. As described by the patent, after the IMM receives the authorization code from the ICM, the IMM decodes the requested preselected information stored within it and then reproduces the requested information in a material object that is removed from the IMM by the consumer. Furthermore, that all of the examples of material objects presented in the patent itself, and that all those listed in plaintiff's Report but for a computer hard drive, are objects that are removable by the consumer, indicates that material objects must possess this quality. This is also buttressed by the fact that one of the purposes of the Freeny invention is to solve the problems associated with the manufacturing, distribution, and stocking of material objects.

A material object must also be offered for sale at point of sale locations as an independent and stand-alone commodity. This requirement was touched upon previously when the Court noted that a point-of-sale location must be a location at which blank material objects are available for sale to consumers. That is, a material object must be offered for sale independently from the information that may be reproduced onto that material object.

Finally, and even though it is self-evident from the patent, the information-embodying material object manufactured by the IMM must be separate and distinct from the IMM. That is, the IMM is the device that reproduces the information in a material object. See, e.g., Freeny Patent, Col. 5, Lns. 21-31.

Thus, a hard drive is not a material object within the meaning of the Freeny patent because it is not removable in the sense envisioned by the Freeny patent. A hard drive is a fundamental component of a computer. Basically, a hard drive is a device that physically stores information such as data or software within the computer. And, although the hard drive, literally speaking, can be removed from the computer, to do so would require the computer's disassembly. Clearly, the dismantling of the IMM is not a step or procedure the Freeny patent indicates a consumer must undertake in order to obtain the material object. Rather, the Freeny patent describes an invention whereby an IMM reproduces information in a material object that is then removed from the IMM by the consumer.

Furthermore, a hard drive cannot constitute a material object because pursuant to the Freeny patent an IMM is separate and distinct from the material object. In its

> Report, plaintiff states that a personal computer constitutes an IMM when used to download and reproduce information for a price, and, as discussed above, that a computer's hard drive can constitute a material object. See Report, Ex. D. Therefore, in this scenario, the IMM and material object would be the same device. The hard drive would be acting as an IMM because it is the software stored on the computer's hard drive along with other computer hardware such as a modem that would permit any downloading to take place. The hard drive would also be acting as the material object, however, because it is on the hard drive that any downloaded information would be stored. As described in the patent, however, the IMM is the device that reproduces information onto the material object. See e.g., Freeny Patent, Col. 5, Lns. 21-31. Accordingly, a hard drive cannot constitute a material object within the meaning of the Freeny patent because the IMM must be separate and distinct from the material object.

Thus, in order for the material object to meet all the requirements set forth by Freeny, which are (1) removable from the IMM and usable at a location other than the point-of-sale, (2) offered for sale as an independent and stand alone commodity at the point-of sale and separate and distinct from the IMM, it cannot be in the possession and control of the second party at the time of the transfer of the signals, as IGE, supra on page 9 states. The IMM reproduces information in a material object that is then required to be removed from the IMM by the consumer. By definition, since a sale occurs of the material object, the material object cannot be in the possession and control of the consumer before the sale, since the whole purpose of the sale is to transfer possession of the material object. Nowhere is it taught or suggested in Freeny the IMM is ever in the possession and control of the consumer -- and it cannot be by the teachings of Freeny. Nowhere is it taught or suggested in Freeny that the material object is first sold to the consumer where it is released from the IMM and given to the consumer, whereupon the consumer then inserts it back into the IMM (and the IMM is in

the possession and control of the consumer). Freeny teaches the IMM stores the material objects as inventory to sell to consumers so they have something to take the information with them. There must be some teaching or suggestion in Freeny that the IMM or the material object is in the possession and control of the second party during transfer and there is none. Symbol Technologies, supra. See also Freeny, column 4, lines 41-55.

In regard to Freeny, there is no teaching or suggestion of playing through speakers of the second party control unit, the digital audio signals the second party control unit receives from the first party through communications lines. The Examiner contends that it would be obvious to add a playing capability to Freeny, but does not cite any reference concerning this additional feature for "playing". It is respectfully submitted by appellant that the examiner is using non-analogous art in reaching for a basis of rejection of the claimed invention. The CAFC in In re Oetiker, 24 U.S.P.Q.2d 1443 (Fed. Cir. 1992) determined that the PTO erred in finding references showing fasteners for garments were analogous art to an invention concerning a pre-assembly hook for an assembly line metal hose clamp. Here, the Examiner is saying that due to common sense, without citing any references, it would be obvious to combine playback/reproducing with Freeny. But playback/reproducing is non-analogous art to the integrated system with communication lines and is respectfully not appropriate to base the outstanding rejection of the claimed invention. Appellant does not claim he was the first to invent the capability to playing digital audio signals, such as with a stereo, or digital video signals, but appellant did invent an integrated system that can play digital audio signals or

digital video signals at a second party control unit which received such signals through communication lines, such as telephone or cable lines or power lines, from the first memory. There is nothing like it in the applied art of record, as explained more fully below.

Moreover, the only reason the Examiner states to support this contention regarding rejection is to verify the quality of the signal. But, respectfully, this would not be the way verification would be achieved, and it is not the way it is achieved currently regarding transmitted signals over communication lines. Error correction codes, such as Hamming codes, or HEC bytes or parity check codes, etc. are common techniques that are used with the transmission of signals to determine whether the signal is verified as accurate. The bandwidth and number of signals that make up a song are so great that it would be extremely inefficient way of determining whether a song or video was properly sent by playing it to the second party. Signals could still be lost that are not clearly discernible to the second party listening or watching them so that the second party would not realize he or she is obtaining a song or video of lesser quality than was expected. What typically is practiced is that as signals are received, they are checked by the receiving system and, if they are not proper, discarded, with an error indicated, or the signal being requested to be sent again.

In addition, the last thing a manufacturer or seller, such as that taught by Freeny, wants, is for a customer to be standing around watching or listening to what the manufacture or seller is trying to sell. The listening or watching customer would reduce the number of

sales that could occur since the manufacturing machines are being tied up for playing the signals to the customers instead of selling the signals to the customers or manufacturing the signals; and after the signals are played, the second party, having now seen or heard the signals, may not want to purchase the signals any more! This is completely contrary to what a seller/manufacturer wants and what is taught by Freeny.

Moreover, no seller of audio or video signals would do this because every time the audio or digital signals were played for the customer to verify they obtained what they wanted, the seller could incur copyright royalty charges under the copyright act. This would add to the cost of the sale which would be against what the seller would want. There must be some teaching or suggestion of a player and there is none. Symbol Technologies, Inc. In fact, by Freeny teaching the material object must be separable and operable away from the IMM, IGE, supra, at page 9, Freeny is teaching the playing occurs apart from the IMM.

As is clear by the description of the system taught by Freeny, the system is intended, and only intended, in manufacturing and distributing information at retail outlets known as point of sales. The Examiner nonetheless determines that it would be an obvious matter of optimization of design for optimizing verification of transferring of the signal which the Examiner determines as not adding patentable weight to the claimed method. Appellant must respectfully strongly disagree with the Examiner's conclusion in light of the teachings and context of Freeny.

Freeny has everything geared to maximizing the manufacture and distribution of the information. Freeny has attempted to identify all the issues that are involved in such a manufacturing and distribution process and has tried to maximize the efficiency and operation of this manufacturing and distribution for sales. Nowhere has Freeny taught or suggested anything whatsoever about verification of transferring of a signal. Nowhere in the claimed invention is there the limitation of optimizing verification of the transfer of the signal. Furthermore, the Examiner uses the word optimizing verification. Not only is the Examiner reading a limitation into the claims, and reading a teaching into the teachings of Freeny but is suggesting that something is obvious which is in direct conflict with all the teachings of Freeny.

Under patent law, the teachings in a reference cannot be taken out of the context in which they are found. The Examiner is essentially ignoring the teachings of Freeny which only direct one skilled in the art to have consumers go and purchase a material object with information at a point-of-sale so they can take the material object away to view or listen to it at another location. The Examiner, by saying the addition of a playing ability to the IMM is obvious, is ignoring the context in which Freeny teaches the IMM to be found; that is, Freeny teaches the IMM to be without a player, and only for manufacturing the information in material objects which are to be separated from the IMM. The Examiner must take the prior art patent, Freeny, as a whole, and not take the teachings therein out of context and give the teachings meanings they would not have had to one skilled in the art having no knowledge of

appellant's invention, or to anyone else who can read the specification with understanding. In re Wright, 9 U.S.P.Q. 1649 (Fed. Cir. 1989); Smithkline Diagnostics, Inc. v. Helena Laboratories Corp., 8 U.S.P.Q.2d 1468, 1475 (CAFC 1988).

Freeny is interested in efficiently and quickly completing the manufacturing and distribution process to maximize sales. As identified above, everything is geared to capturing every sale. Freeny repeats this fact on many instances in his specification. For there to be a playing unit to play back video or audio digital signals for verification of the transfer of the audio or video signal would enormously slow down the sales process. Besides not making sense, the only value of playing back a video or audio signal is to play back the entire video or audio signal since anything less means the story or song or speech is incomplete and most likely of no value. Thus, it would take an unacceptable amount of time for someone who has just purchased information from a point of sale in the Freeny context, to remain there and playback the entire video or audio signal to determine that the transfer was proper. This would never happen in the context of Freeny which is interested in maximizing sales.

Furthermore, as explained above, there are many better and more accurate and accepted ways of optimizing verification of the transfer of the signal then actually playing the entire signal which is infinitely slower. As the signal is transferred, it can simply be kept track of and an indication can occur when it is complete or as the transfer occurs. This is common for instance, in most transfer verification systems.

Moreover, it is contrary to Freeny since Freeny again is motivated by attaining maximum sales in a way that minimizes costs and assures the owner of payment. If you keep this context of Freeny in mind, and you must because patent law dictates that you cannot take the teachings of a reference out of the context in which they are found, then, as explained above, you would not find appellant's claimed invention obvious from Freeny because Freeny wants the sale to occur and the customer to move on so the next customer can utilize the system for the next sale. Again, besides there being absolutely no teaching or suggestion of playing the manufactured information whatsoever, it would be contrary to the teachings of Freeny because it also would increase the costs of the manufacturing and distribution process since at minimum it would require more manufacturing machines and increased distribution to accommodate more customers if a given customer was watching or playing the information after or while it was being purchased. It is only after reading the claims and specification of appellant would there be any reason to consider adding playing to Freeny, let alone to come up with the argument of optimizing verification of the transfer of the signals which is not identified anywhere.

As mentioned above, patent law dictates that there must be some teaching or suggestion in the reference to cause it to be combined with the other teachings to arrive at appellant's claimed invention. Here, there is no teaching or suggestion in Freeny to combine it with any reason for playing in the manufacturing machine to arrive at appellant's claimed invention.

Without there being some teaching or suggestion, what results is the Examiner picking and choosing elements from the claimed invention, as though the claim was a road map, and saying the individual elements exist in the prior art so essentially the claimed invention is arrive at. But this is also recognized as contrary to patent law. An invention is greater than the sum of its parts. It is submitted that since Freeny is totally devoid of any suggestion of playing in the manufacturing or recording or any other mechanism of Freeny, then the Examiner is looking at the claims and coming up with some argument to say a playing mechanism should be combined with the Freeny system, and thus the claimed invention is obvious. Instead, the Examiner by law is required to look at the references that are being cited to arrive at the claimed invention.

This ignores the fact of what appellant's claims represent. Something totally different than what Freeny is teaching. Appellant's claimed invention is giving the ability to the second party to receive and play video or audio signals at their choosing at their location. It is a totally different approach for a customer than having to go to the point of sale taught by Freeny. Instead, a customer can enjoy the ability to purchase audio or video digital signals wherever the customer wishes as totally dictated by the customer (assuming there is a telecommunications line at hand -- in the U.S., there is a phone or cable line just about everywhere or a cellular call can be made literally everywhere) and to then further enjoy the audio or video digital signals themselves with the device that has received the signals by not having to perform the additional step which is inherent in Freeny of taking the manufactured

information in Freeny and traveling to or having to transfer the manufactured object to another device. This further represents a difference in product design and purpose because Freeny wants to maintain absolute control over the manufacturing process, only releasing the manufactured object to the customer. Appellant's claimed invention essentially defines the manufacturing and playing functions together, which by definition releases the control of the manufacturing device to the customer who is ultimately purchasing the information. Freeny in contrast maintains a very strong difference between the retailer-seller of the information, and the customer who ultimately receives and pays for the information. Freeny goes so far as to cause the information to be destroyed if the customer has some way or other obtained access to the manufacturing device.

It is respectfully submitted by appellants that there is no basis in the prior art to arrive at appellant's claimed invention. As stated above, only hindsight from appellants own specification and claims provides the motivation to take the IMM and redesign it completely so one of its main features, the sale and separation of material objects is eliminated, and a player is added, and that is not the law. In re Gorman, 18 U.S.P.Q.2d 1885 (Fed. Cir. 1991).

The problem appellant's claimed invention solves is eliminating the need for the sale of material objects, and the second party having to go to locations for the purchase of material objects. This problem serves as the motivation for appellant's claimed invention. Without this motivation, there is no basis to redesign Freeny to arrive at appellant's invention of Claim 1.

Additionally, Freeny does not recognize this problem. Furthermore, the Court in In re Newell, 13 U.S.P.Q.2d 1248, 1250 (CAFC 1989) in discussing that the comparison between structure and properties taught in the prior art and those of the claimed invention must include consideration of the problem solved by inventor said:

> In In re Wright, 848 F.2d 1216, 6 U.S.P.Q.2d 1959 (Fed. Cir. 1988), we discussed the need, in comparing the differences between the properties taught in the prior art, and those of the appellant's invention, to include consideration of the problem solved by the inventor. "The determination of whether a novel structure is or is not 'obvious' requires cognizance of the properties of that structure and the problem which it solves, viewed in light of the teachings of the prior art." Id. at 1219, 6 U.S.P.Q.2d at 1961-62. See In re Rothermel, 276 F.2d 393, 397, 125 U.S.P.Q. 328, 332 (CCPA 1960): "Where the invention for which a patent is sought solves a problem which persisted in the art, we must look to the problem as well as to its solution if we are to properly appraise what was done and to evaluate it against what would be obvious to one having the ordinary skills of the art."

The problem that the appellant's invention solves is eliminating the need for the sale of material objects, and the second party having to go to locations for the purchase of material objects as compared to the prior art. Freeny does not recognize this problem. Freeny deals with the problem of improving inventory control of material objects. In contrast, appellant views the material objects as part of the problem and seek to eliminate them. Since the problem appellant's claimed invention addresses is distinct from the problem dealt with by the applied art of record, appellant's claimed invention is patentable over Freeny. In re Newell, supra.

Accordingly, Claim 1 is not obvious from Freeny and is patentable over Freeny. Claims 2-42, 44-50, 54-56 and 61 are patentable for the reasons Claim 1 is patentable.

Claim 8 is patentable over Freeny for the reasons Claim 1 is patentable. Another distinction between Claim 8 and Freeny is that the court has determined that Freeny teaches a point-of-sale location is where of a consumer goes to purchase material objects and is specifically not the home of the consumer, and is not "at a desired location determined by the second party". On page 8 of IGE, supra, the court states

> The Freeny patent makes it abundantly clear that a point-of-sale location is a location such as a retail outlet. When first used in the text of the specification, the term "point-of-sale location" explicitly refers to "retail outlets." Freeny Patent, Col. 1, Lns. 17-18. The specification then continues to refer to a point-of-sale location as a "retail outlet" or "retailer," see, e.g., id. Col. 1, Lns. 37-38; col. 2, Ln. 13; Col. 2, Ln. 63; Col. 2, Ln.67, and defines "retailers" as "owners of point-of-sale locations. Id. Col. 3, Lns. 41-42. Later, the specification indicates that "[t]he point-of-sale location is a location where a consumer goes to purchase material objects embodying predetermined or preselected information." Freeny Patent, Col. 5, Lns. 47-50. Clearly, this language, and particularly the word "goes," indicates that a point-of-sale location is a place, such as a retail outlet, to which a consumer travels in order to purchase material objects embodying preselected information.
>
> Moreover, a point-of-sale location must be a location at which blank material objects are available for sale to consumers. There is no indication in the patent that the material objects on which the IMM is to reproduce information are stored in the IMM. Rather, the patent indicates that blank material objects are sold to consumers, separate and apart from the IMM, at the point-of-sale location. As the Freeny patent indicates, "[e]ach point-of-sale location has at least one information manufacturing machine, at least one reproduction unit and a plurality of blank material objects." Id. Col. 12, Lns. 66-68. The patent further indicates that the owners of point-of-sale locations are the ones that sell to consumers the blank

material objects that are to be used with the IMM, such as 8-track or cassette tapes, and that this sales transaction is separate from any sale that results from the IMM reproducing information onto this material object. See id. Col. 13, Lns. 39-44.

Finally, the patent's single reference to point-of-sale location as a "consumer's home," Id. Col. 3, Lns. 66-;67, does not support plaintiff's interpretation. At the point in the specification where the term "point-of-sale location" is used to refer to a consumer's home, the patent is not describing the Freeny invention, but rather a prior art cable television distribution system wherein a particular cable program would be delivered to a consumer's home in response to the consumer requesting that program and paying the program owner the requisite fee. Immediately following the description of this cable system, however, the Freeny patent criticizes this system for being unable to perform certain functions of the Freeny invention. See id. Col. 4, Lns. 1-8. Nowhere else in the patent is the term point-of-sale location used to refer to a consumer's home. Therefore, viewing the patent as a whole, and considering the purpose of the Freeny invention, the numerous references throughout the specification to "retail outlet" or "retailer" in connection with the term "point-of-sale location," and the context in which this single passing reference to a consumer's home as a point-of-sale location is made, the Court concludes that the patent does not support plaintiff's definition of "point-of-sale location" as either a consumer's home, personal residence, anywhere where a personal computer may be located, or the "place at which the consumer or purchaser makes the purchase."

Accordingly, the Court holds that a "point-of-sale location," is, at a minimum, a place -- such as a retail outlet -- to which a consumer travels for the purpose of purchasing material objects wherein preselected information can be reproduced, and at which blank material objects are available for sale to consumers.

Claim 8 has the limitation of placing a second party control unit in possession and control of the second party by the second party at a desired location determined by the second party, where the second party control unit has a second memory to which the audio or video signals are transferred. Freeny does not teach or suggest this limitation, but as stated above, teaches and requires a consumer to go to the point-of-sale location to purchase material objects embodying predetermined or preselected information. See Freeny, column 5, lines 47-58 and

IGE, supra, at page 8. Again, this is a totally different approach to the invention of claim 8 and manifests Freeny's different intent, to provide a manufacturing device which sells to consumers like a vending machine, not a method or apparatus claimed by appellant which allows the consumer to obtain audio or video information at their home or wherever, whenever they want it without being limited by material objects taught by Freeny. Appellant's approach is totally different from Freeny's approach. For this reason alone, Claim 8 is patentable over Freeny.

Claims 9-31, 35-42, 44-50, 54-56 and 61 are also patentable over Freeny for the reasons claim 8 is patentable.

Claims 4-7, 10-15 and 25-27 have the limitation that the first memory includes a "sales random access memory chip which temporarily stores a replica of the desired digital video or digital audio signals purchased by the second party for subsequent transfer via telecommunications lines to the second memory of the second party". Freeny does not teach or suggest this limitation. Freeny cannot teach or suggest this limitation since Freeny does not transfer the desired digital video or digital audio signals purchased by the second party via telecommunications lines when the second party memory is in the possession and control of the second party. For this reason alone, Claims 4-7, 10-15 and 25-27 are patentable.

Claims 6, 7, 11-15 and 50 have the limitation that the "second memory of the second party control unit includes an incoming random access memory chip which temporarily stores the desired digital video or digital audio signals received from the sales random access memory chip, and second party hard disk for storing the desired digital video or digital audio signals, and a playback random access memory chip for temporarily storing the desired digital video or digital audio signals for sequential playback". Freeny does not teach or suggest any of these limitations. Freeny cannot teach or suggest any of these limitations because Freeny only teaches material objects which IGE, supra, has determined must all be separable and operable away from the IMM. IGE, supra, specifically holds that any type of a permanent memory device is not taught or suggested by Freeny. See IGE, supra, at page 9, where IGE, supra, states that a hard drive cannot constitute a material object pursuant to the Freeny patent and is separate and distinct from the material object. For this reason alone, Claims 6, 7, 11-15 and 46-50 are patentable over Freeny.

Claims 15 and 50 have the limitation that the "second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video or digital audio signals". Freeny does not teach or suggest anything at all about displaying, let alone a video display unit, let alone a video display unit connected to a playback random access memory chip. Again, as explained above, Freeny does not teach or suggest a playback random access memory chip as any type of a material object. All material objects cannot be permanent in but

must be separable from the IMM. For this reason alone, Claims 15 and 50 are patentable over Freeny.

Freeny has the limitation of "telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital video signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital video signals are sold to the second party by the first party". As explained above in regard to Claim 1, Freeny does not teach or suggest to use telecommunications lines to transfer the information to the consumer while the second party control unit is in the possession and control of the second party. Freeny teaches to place the information in the IMM before the consumer ever arrives to purchase the information, and then sell the material object with the information to the consumer. The term "sell" defines that the material object is not in the possession and control of the purchaser. For this reason, Claim 43 is patentable over Freeny.

Claim 43 also has the limitation of "said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit". As explained above in regard to Claim 8, Freeny does not teach or suggest for the second party to place the second party control unit at a second party location determined by the second party. Freeny requires the consumer to go to the point-of-sale. For this reason alone, Claim 43 is patentable over Freeny.

Claims 51-53, 57-60, 62 and 63 are patentable for the reasons Claim 43 is patentable.

Appellant submits herewith a Declaration by inventor Arthur R. Hair which introduces secondary evidence of patentability of the claimed invention of the above-identified patent application. A determination of obviousness under 35 U.S.C. § 103 is a legal conclusion involving factual inquiries. Uniroyal, Inc. v. Rudkin-Wiley Corp., 837 F.2d 1044, 1050, 5 USPQ2d 1434, 1438 (Fed. Cir.), *cert. denied*, 488 U.S. 825 (1988); Pro-Mold and Tool Co., Inc. v. Great Lakes Plastics, Inc., 37 USPQ2d 1626, 1629 (Fed. Cir. 1996). Among these factual inquiries are secondary considerations, which include evidence of factors tending to show nonobviousness, such as commercial success of the invention, satisfying a long-felt need, failure of others to find a solution to the problem at hand, and copying of the invention by others. *Id.*; Panduit Corp. v. Dennison Mfg. Co., 810 F.2d 1561, 1566, 1 USPQ2d 1593, 1595 (Fed. Cir.), *cert. denied*, 481 U.S. 1052 (1987); Pro-Mold and Tool Co., supra at 1629. It is the secondary considerations that are often most probative and determinative of the ultimate conclusion of obviousness or nonobviousness. Pro-Mold and Tool Co., supra at 1630. The examiner must consider secondary evidence of patentability in determining the patentability of the claimed invention. In re GPAC, Inc., 57 F.3d 1573, 35 USPQ2d 1116 (Fed. Cir. 1995).

The secondary evidence introduced into the record is that of copying, and commercial success. In regard to commercial success, Digital Sight/Sound, Inc. has licensed the claimed

invention of the above-identified patent application and has raised over $1,000,000.00 to implement the claimed invention. This investment of $1,000,000.00 evidences the claimed invention is unique and different from anything before. This investment supports the fact a material license arrangement has been formed. Such secondary evidence of licensing supports patentability of the claimed invention of the above-identified patent application. Minnesota Mining & Manufacturing Co. v. Johnson & Johnson Orthopaedics, Inc., 976 F.2d 1559, 24 USPQ2d 1321 (Fed. Cir. 1992).

Furthermore, since the investment was to put into practice the claimed invention of the above-identified patent application, and there was nothing else yet in existence but the intellectual property of the claimed invention, investors were investing solely in the claimed invention, and putting into practice the claimed invention; not anything else since nothing else existed. This clearly establishes a nexus between the license and investment, and the claimed invention. Litton Systems, Inc. v. Honeywell, Inc., 87 F.3d 1559, 39 USPQ2d 1321 (Fed. Cir. 1996), *remanded*, 117 S. Ct. 1240 (1997).

In addition, since the Notice of Appeal was filed, the real party in interest has formed a license arrangement with AT&T to license the claimed invention of appellant. A copy of the letter by AT&T to the real party in interest, Parsec Sight/Sound, Inc., is enclosed.

The Declaration also introduces into the record evidence of copying by N2k and by various parties having web sites who have been sued by the major record labels. Copying, especially by N2k which is a publicly traded company on the Nasdaq Stock Exchange (by definition N2k must be worth millions of dollars to be allowed to be traded on the Nasdaq Stock Exchange), is strong evidence of patentability. Panduit Corp. v. Dennison Mfg. Co., 227 USPQ 337 (Fed. Cir. 1985), *remanded*, 475 U.S. 809, 229 USPQ 478 (1986), *on remand*, 1 USPQ2d 1593 (Fed. Cir. 1987). This is because N2k who had ample resources, copied the claimed invention rather than any prior art device that it could have, thus strongly evidencing nonobvious. Panduit Corp. v. Dennison Mfg. Co., 774 F.2d 1082, 227 USPQ 337 (Fed. Cir. 1985), *remanded*, 475 U.S. 809, 229 USPQ 478 (1986), *on remand*, 810 F.2d 1561, 1 USPQ2d 1593 (Fed. Cir. 1987). Specialty Composites v. Cabot Corp., 845 F.2d 981, 6 USPQ2d 1601 (Fed. Cir. 1988).

Accordingly, due to the secondary evidence of patentability of copying, and the licensing of the claimed invention to a company with investments totaling more than $1,000,000.00 specifically and only for the purpose of practicing the claimed invention, the claimed invention of the above-identified patent application is patentable over the 35 U.S.C. Section 103 rejection of Freeny.

CONCLUSION

To summarize, appellant submits that Claims 1-63 are patentable over Freeny for the following reasons:

Freeny does not disclose a player.

Freeny does not teach transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party control unit of the second party through telecommunications lines.

Freeny teaches to store the audio or video signals in an IMM first, before they can be transferred to a consumer, and not with telecommunications lines while the second party unit is in possession and control of the second party.

Freeny teaches away from using telecommunications lines to transfer the signals to the second party control unit while the second party control unit is in possession and control of the second party.

Freeny teaches a system for a different problem that the problem claim 1 of appellant's is solving.

The Examiner is taking the teachings of Freeny out of the context in which they are found to attempt to arrive at appellant's claimed invention even though there are still limitations that are missing of appellant's claimed invention.

The Examiner is using hindsight to attempt to arrive at appellant's claimed invention.

The Examiner is technically incorrect that accuracy of the transmission of video or audio signals is confirmed by viewing or listening to the signals.

Appellant's claimed invention is not obvious from Freeny.

Freeny does not teach placing the second memory at a location chosen by the second party for the transfer of signals.

Freeny does not teach or suggest to use a hard disk or a chip as part of the second party controlled unit.

In view of the above arguments, the apparatus and method claims of the above-identified patent application are patentable over the applied art of record. Accordingly, the reversal of the Examiner by the Honorable Board of Appeals is respectfully solicited.

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231

on 6/9/98

Ansel M. Schwartz
Registration No. 30,587

6/9/98
Date

Respectfully submitted,

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
425 N. Craig Street, Suite 301
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Appellants

VII. APPENDIX OF CLAIMS

1. A method for transferring desired digital video or digital audio signals comprising the steps of:

forming a connection through telecommunications lines between a first memory of a first party and a second memory of a second party control unit of a second party, said first memory having said desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory; and

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party control unit of the second party through telecommunications lines while the second party control unit with the second memory is in possession and control of the second party; and playing through speakers of the second party control unit the digital video or digital audio signals in the second memory, said speakers of the second party control unit connected with the second memory of the second party control unit.

2. A method as described in Claim 34 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.

3. A method as described in Claim 2 including before the transferring step, the step of electronically coding the desired digital video or digital audio signals into a configuration which would prevent unauthorized reproduction of the desired digital video or digital audio signals.

4. A method as described in Claim 3 wherein the first memory includes a first party hard disk having a plurality of digital video or digital audio signals, and a sales random access memory chip which temporarily stores a replica of the desired digital video or digital audio signals purchased by the second party for subsequent transfer via telecommunications lines to the second memory of the second party; and including before the transferring step, there is the step of storing a replica of the desired digital video or digital audio signals from the hard disk into the sales random access memory chip.

5. A method as described in Claim 4 wherein the second party control unit has a second party integrated circuit which controls and executes commands of the second party, and a second party control panel connected to the second party integrated circuit, and before the forming step, there is the step of commanding the second party integrated circuit with the

second party control panel to initiate the purchase of the desired digital video or digital audio signals from the first party.

6. A method as described in Claim 5 wherein the second memory of the second party control unit includes an incoming random access memory chip which temporarily stores the desired digital video or digital audio signals received from the sales random access memory chip, a second party hard disk for storing the desired digital video or digital audio signals, and a playback random access memory chip for temporarily storing the desired digital video or digital audio signals for sequential playback; and the storing step includes the steps of storing the desired digital video or digital audio signals in the incoming random access memory chip, transferring the desired digital video or digital audio signals from the incoming random access memory chip to the second party hard disk, storing the desired digital video or digital audio signals in the second party hard disk, commanding the second party integrated circuit with the second party control panel to play the desired digital video or digital audio signals and transferring a replica of the desired digital video or digital audio signals from the second party hard disk to the playback random access memory chip for playback.

7. A method as described in Claim 6 including after the transferring step, there is the step of repeating the commanding, playing, and transferring a replica steps.

8. A method for transferring digital video or digital audio signals from a first party to a second party comprising the steps of:

placing a second party control unit in possession and control of the second party by the second party at a desired location determined by the second party;

entering into a second party control panel of the second party control unit of the second party commands by the second party to purchase desired digital video or digital audio signals from a first party;

forming a connection through telecommunications lines between a first memory of the first party and a second memory of the second party control unit, said first memory having desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party into the second memory of the second party through telecommunications lines while the second memory is in possession and control of the second party;

entering into the second party control panel commands to play the desired digital video or digital audio signals in the second memory of the second party control unit; and

playing the desired digital video or digital audio signals with the second party control unit.

9. A system for transferring digital video or digital audio signals comprising:

a first party control unit having a first memory having desired digital video or digital audio signals, and means or a mechanism for electronically selling the desired digital video or digital audio signals;

a second party control unit having a second party control panel, a second memory connected to the second party control panel, and means or a mechanism for playing the desired digital video or digital audio signals connected to the second memory and the second party control panel, said playing means or mechanism operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a location determined by the second party; and

telecommunications lines connected to the first party control unit and the second party control unit through which the electronic sales of the desired digital video or digital audio signals occur and through which the desired digital video or digital audio signals are electronically transferred from the first memory to the second memory while the second memory is in possession and control of the second party after the desired digital video or digital audio signals are sold to the second party by the first party.

10. A system as described in Claim 9 wherein the first party control unit includes a first party hard disk having a plurality of digital video or digital audio signals which include the desired digital video or digital audio signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video or digital audio signals of the first party's hard disk.

11. A system as described in Claim 10 wherein the second party control unit includes a second party hard disk which stores a plurality of digital video or digital audio signals, and a playback random access memory chip electronically connected to the second party hard disk for storing a replica of the desired digital video or digital audio signals as a temporary staging area for playback.

12. A system as described in Claim 11 wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party

and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video or digital audio signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

13. A system as described in Claim 12 wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video or digital audio signals; and a second party control panel through which the second party control integrated circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

14. A system as described in Claim 13 wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the telecommunications lines for temporarily storing the desired digital video or digital audio

signals received from the first party's control unit for subsequent storage to the second party hard disk.

15. A system as described in Claim 14 wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video or digital audio signals.

16. A method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

placing a second party control unit having a receiver and the second memory connected to the receiver by the second party at a desired location determined by the second party;

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of the second memory;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party control unit having the second memory at the location determined by the second party while said receiver is in possession and control of the second party;

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals in the second memory with the second party control unit.

17. A system for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising:

means or a mechanism for transferring money electronically via telecommunications lines from the second party to the first party controlling use of the first memory, at a location remote from the second memory, said second party controlling use and in possession of the second memory;

means or a mechanism for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween, said connecting means or mechanism in electrical communication with the transferring means or mechanism;

means or a mechanism for transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory while said receiver is in possession and control of the second party, said receiver placed at a location determined by the second party, said transmitting means or mechanism in electrical communication with said connecting means or mechanism;

means or a mechanism for storing the digital video or digital audio signals in the second memory, said storing means or mechanism in electrical communication with said transmitting means or mechanism; and means or mechanism for playing the digital video or digital audio signals stored in the second memory, said playing means or mechanism connected to the second memory.

18. A system as described in Claim 17 wherein the connecting means or mechanism comprise a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

19. A system as described in Claim 18 wherein the first control unit comprises a first control panel, first control integrated circuit and a sales random access memory, said sales random access memory and said first control panel in electrical communication with said first control integrated circuit, said second control unit comprising a second control panel, a second

control integrated circuit, an incoming random access memory and a playback random access memory, said second control panel, said incoming random access memory and said playback random access memory in electrical communication with said second control integrated circuit.

20. A system as described in Claim 19 wherein the telecommunications lines include telephone lines.

21. A system as described in Claim 20 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

22. A system as described in Claim 21 including a video display and speakers in possession and control of the second party, said video display and speakers in electrical communication with said second control integrated circuit.

23. A system for transmitting desired digital video or digital audio signals stored on a first memory of a first party at a first location to a second memory of a second party at a second party location comprising:

means or a mechanism for the first party to charge a fee to the second party for access to the desired digital video or digital audio signals at a location remote from the second

location, said first party controlling use of the first memory, said second party controlling use and in possession of the second memory;

means or a mechanism for connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween, said connecting means or mechanism in electrical communication with the transferring means or mechanism;

means or a mechanism for transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory while said receiver is in possession and control of the second party, said receiver placed by the second party at the second party location determined by the second party, said transmitting means or mechanism in electrical communication with said connecting means or mechanism;

means or a mechanism for storing the digital video or digital audio signals in the second memory, said storing means or mechanism in electrical communication with said transmitting means or mechanism; and means or mechanism for playing the digital video or digital audio signals stored in the second memory, said playing means or mechanism connected to the second memory.

24. A system as described in Claim 61 wherein the connecting means or mechanism comprise a first control unit in possession and control of the first party and a second control unit in possession and control of the second party.

25. A system as described in Claim 24 wherein the first control unit comprises a first control panel, first control integrated circuit and a sales random access memory, said sales random access memory and said first control panel in electrical communication with said first control integrated circuit, said second control unit comprising a second control panel, a second control integrated circuit, an incoming random access memory and a playback random access memory, said second control panel, said incoming random access memory and said playback random access memory in electrical communication with said second control integrated circuit.

26. A system as described in Claim 25 wherein the telecommunications lines include telephone lines.

27. A system as described in Claim 26 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

28. A system as described in Claim 27 including a video display and speakers in possession and control of the second party, said video display and speakers in electrical communication with said second control integrated circuit.

29. A method for transmitting desired digital video or digital audio signals stored in a first memory of a first party at a first party location to a second memory of a second party comprising the steps of:

placing a second party control unit having the second memory by the second party at a desired second party location determined by the second party, said second party location remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the digital video or digital audio signals possessed by the first party, said first party and said second party in communication via said telecommunications lines;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transferring electronically via telecommunications lines the digital video or digital audio signals from a first location with the first memory to the desired second party location with the second memory while the second memory is in possession and control of the second party, said second party location remote from said first location, said first memory in communication with said second memory via the telecommunications lines;

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

30. A method as described in Claim 37 including after the transferring step, there is the step of repeating the charging a fee, connecting, and transferring steps.

31. A method for transmitting desired digital video or digital audio signals stored on a first memory of a first party to a second memory of a second party comprising the steps of:

selling electronically via telecommunications lines to the second party at a location remote from the first memory by the first party controlling use of the first memory, said second party financially distinct from the first party, said second party in control and in possession of a second party control unit having a receiver and the second memory connected to the receiver;

connecting electronically via telecommunications lines the first memory with the second memory such that the desired digital video or digital audio signals can pass therebetween;

transmitting the desired digital video or digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver connected to the

second memory of the second party control unit at the location determined by the second party while said second party control unit is in possession and control of the second party;

storing the digital video or digital audio signals in the second memory; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

32. A method as described in Claim 1 wherein the second party is at a second party location and the step of selling electronically includes the step of charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

33. A method as described in Claim 32 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

34. A method as described in Claim 33 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

35. A method as described in Claim 29 wherein the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party at a location remote from the second party location.

36. A method as described in Claim 35 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

37. A method as described in Claim 36 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

38. A method for transferring desired digital video or digital audio signals from a first party to a second party comprising the steps of:

placing a second party control unit having a second memory by the second party at a desired location determined by the second party;

forming a connection through telecommunications lines between a first memory of a first party and the second memory of the second party, said first memory having said desired digital video or digital audio signals;

selling electronically by the first party to the second party through telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

39. A method as described in Claim 38 wherein the second party is at a second party location and the step of selling electronically includes the step of charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

40. A method as described in Claim 39 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

41. A method as described in Claim 40 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

42. A method for transferring desired digital video or digital audio signals comprising the steps of:

placing a second party control unit having a second memory by the second party at a desired second party location determined by the second party;

forming a connection through telecommunications lines between a first memory of a first party and the second memory of a second party, said first memory having said desired digital video or digital audio signals;

incurring a fee by the second party to the first party for the use of telecommunications lines, the desired digital video or digital audio signals in the first memory;

transferring the desired digital video or digital audio signals from the first memory of the first party to the second memory of the second party through telecommunications lines

while the second memory is in possession and control of the second party; and playing the digital video or digital audio signals stored in the second memory with the second party control unit.

43. A system for transferring digital video signals from a first party to a second party at a second party location comprising:

a first party control unit having a first memory having a plurality of desired individual video selections as desired digital video signals, and means or a mechanism for the first party to charge a fee to the second party for access to the desired digital video signals at a location remote from the second party location;

a second party control unit having a second party control panel, a receiver and a video display for playing the desired digital video signals received by the receiver, said second party control panel connected to the video display and the receiver, said receiver and video display operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit, said second party choosing the desired digital video signals from the first memory with said second party control panel; and

telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital video signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital video signals are sold to the second party by the first party.

44. A system as described in Claim 43 wherein the second party control unit includes a second memory which is connected to the receiver and the video display, said second memory storing the digital video signals that are received by the receiver to provide the video display with the digital video signals.

45. A system as described in Claim 44 wherein the first party control unit includes a first party hard disk having a plurality of digital video signals which include the desired digital video signals, and a sales random access memory chip electronically connected to the first party hard disk for storing a replica of the desired digital video signals of the first party's hard disk.

46. A system as described in Claim 45 wherein the second party control unit includes a second party hard disk which stores a plurality of digital video signals, and a playback random access memory chip electronically connected to the second party hard disk for storing a replica of the desired digital video signals as a temporary staging area for playback.

47. A system as described in Claim 46 wherein the first party control unit includes a first party control integrated circuit which controls and executes commands of the first party and is connected to the first party hard disk, the first party sales random access memory, and the second party control integrated circuit through the telecommunications lines, said first party control integrated circuit and said second party control integrated circuit regulate the transfer of the desired digital video signals; and a first party control panel through which the first party control integrated circuit is programmed and is sent commands and which is connected to the first party control integrated circuit.

48. A system as described in Claim 47 wherein the second party control unit includes a second party control integrated circuit which controls and executes commands of the second party and is connected to the second party hard disk, the playback random access memory, and the first party control integrated circuit through the telecommunications lines, said second party control integrated circuit and said first party control integrated circuit regulate the transfer of the desired digital video signals; and a second party control panel through which the second party control integrated circuit is programmed and is sent commands and which is connected to the second party integrated circuit.

49. A system as described in Claim 48 wherein the second party control unit includes an incoming random access memory chip connected to the second party hard drive and the second party control integrated circuit, and the first party control unit through the

telecommunications lines for temporarily storing the desired digital video signals received from the first party's control unit for subsequent storage to the second party hard disk.

50. A system as described in Claim 49 wherein the second party control unit includes a video display unit connected to the playback random access memory chip and to the second party integrated circuit for displaying the desired digital video signals.

51. A system as described in Claim 43 wherein the means or mechanism for charging a fee includes means or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a location remote from the second party location.

52. A system as described in Claim 51 wherein the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party.

53. A system as described in Claim 52 wherein the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party.

54. A system as described in Claim 9 wherein the means or mechanism for electronically selling includes means or a mechanism for electronically selling includes means

or a mechanism for charging a fee via telecommunications lines by the first party to the second party at a first party location remote from the second party location.

55. A system as described in Claim 54 wherein the second party has an account and the means or mechanism for charging a fee includes means or a mechanism for charging the account of the second party.

56. A system as described in Claim 55 wherein the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party.

57. A method for transmitting desired digital video signals stored in a first memory having a plurality of individual video selections as digital video signals of a first party at a first party location to a second party at a second party location so the second party can view the desired digital video signals comprising the steps of:

placing by the second party a receiver, and a video display connected to the receiver at the second party location determined by the second party which is remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the desired digital video signals;

connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;

choosing the desired digital video signals by the second party from the first memory of the first party so desired video selections are selected;

transmitting the desired digital video signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party; and

displaying the desired video signals received by the receiver on the video display in possession and control of the second party.

58. A method as described in Claim 57 wherein the step of charging a fee includes the step of charging a fee via telecommunications lines by the first party to the second party so the second party can obtain access to the desired digital video signals stored on the first memory.

59. A method as described in Claim 58 wherein the second party has an account and the step of charging a fee includes the step of charging the account of the second party.

60. A method as described in Claim 59 wherein the step of charging the account of the second party includes the steps of telephoning the first party controlling use of the first memory by the second party; providing a credit card number of the second party controlling the second memory to the first party controlling the first memory so the second party is charged money.

61. A system as described in Claim 23 wherein the means or mechanism for the first party to charge a fee includes means or a mechanism for transferring money electronically via telecommunications lines to the first party at a location remote from the second memory at the second location.

62. A system for transferring digital audio signals from a first party to a second party at a second party location comprising:

a first party control unit having a first memory having a plurality of desired individual songs as desired digital audio signals, and means or a mechanism for the first party to charge a fee to the second party for access to the desired digital audio signals at a location remote from the second party location;

a second party control unit having a second party control panel, a receiver and speakers for playing the desired digital audio signals received by the receiver, said second party control panel connected to the speakers and the receiver, said receiver and speakers operatively controlled by the second party control panel, said second party control unit remote from the first party control unit, said second party control unit placed by the second party at a second party location determined by the second party which is remote from said first party control unit, said second party choosing the desired digital audio signals from the first memory with said second party control panel; and

telecommunications lines connected to the first party control unit and the second party control unit through which the desired digital audio signals are electronically transferred from the first memory to the receiver while the second party control unit is in possession and control of the second party after the desired digital audio signals are sold to the second party by the first party.

63. A method for transmitting desired digital audio signals stored in a first memory having a plurality of individual songs as digital audio signals of a first party at a first party location to a second party at a second party location so the second party can view the desired digital audio signals comprising the steps of:

placing by the second party a receiver, and speakers connected to the receiver at the second party location determined by the second party which is remote from the first party location;

charging a fee by the first party to the second party at a location remote from the second party location so the second party can obtain access to the desired digital audio signals;

connecting electronically via telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;

choosing the desired digital audio signals by the second party from the first memory of the first party so desired songs are selected;

transmitting the desired digital audio signals from the first memory with a transmitter in control and possession of the first party to the receiver of the second party while the receiver is in possession and control of the second party at the second party location determined by the second party; and

playing the desired audio signals received by the receiver on the speakers in possession and control of the second party.

GAU 2785 #

#19

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	)	
	)	
ARTHUR R. HAIR	)	
	)	
Serial No. 08/471,964	)	
	)	
Filed: June 6, 1995	)	A SYSTEM FOR TRANSMITTING
	)	DESIRED DIGITAL VIDEO OR
Art Unit: 2785	)	AUDIO SIGNALS
	)	
Patent Examiner:	)	
	)	
H. Nguyen	)	

Pittsburgh, Pennsylvania 15213

June 19, 1998

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 6/19/98

Ansel S Schwartz

Ansel M. Schwartz
Registration No. 30,587

6/19/98
Date

Assistant Commissioner for Patents
Washington, D.C. 20231

PETITION UNDER RULE 1.97(d)

Petitioner petitions the Assistant Commissioner to enter the enclosed Information Disclosure Statement in the above-identified patent application. The above-identified patent application is in final status. As the enclosed Certification under Rule 1.97 states, the references identified in the Information Disclosure Statement only became known to applicant within the last three months. Accordingly, applicant requests the enclosed Information Disclosure Statement be entered in the above-identified patent application.

06/25/1998 AIBRAHIM 00000049 08471964

01 FC:122 130.00 OP

A check in the amount of $130.00 payable to the Commissioner of Patents and Trademarks is enclosed for this petition.

The Commissioner is hereby authorized to charge any fees or credit any overpayment to Deposit Account No. 19-0737. A duplicate copy of this Petition is enclosed.

Respectfully submitted,

ARTHUR R. HAIR

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
One Sterling Plaza
201 N. Craig Street
Suite 304
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Petitioner

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231,
on 6/19/98

_____
Ansel M. Schwartz
Registration No. 30,587

6/19/98
Date

#19

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	)	
	)	
ARTHUR R. HAIR	)	
	)	
Serial No. 08/471,964	)	
	)	
Filed: June 6, 1995	)	A SYSTEM FOR TRANSMITTING
	)	DESIRED DIGITAL VIDEO OR
Art Unit: 2785	)	AUDIO SIGNALS
	)	
Patent Examiner:	)	
	)	
H. Nguyen	)	

Pittsburgh, Pennsylvania 15213

June 16, 1998

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 6/19/98

Ansel Schwartz

Ansel M. Schwartz
Registration No. 30,587
6/19/98
Date

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

INFORMATION DISCLOSURE STATEMENT

It is respectfully requested that the documents listed below be considered in the above-identified patent application and made of record. Full text copies of the pertinent patents are enclosed and this submission is believed to be in compliance with the appropriate rules concerning information disclosure statements.

No representation is made or intended that better art than that submitted hereunder is available. Also enclosed is Form PTO-1449.

U.S. Patent No. 4,506,387 of Walter

A programming-on-demand cable system and method is disclosed. There is no teaching or suggestion of sales of any kind, let alone sales through telecommunications lines.

U.S. Patent No. 4,124,773 of Elkins

An audio storage and distribution system is disclosed. There is no teaching or suggestion of sales of any kind, let alone sales through telecommunications lines.

"Electronic Orchestras in Your Living Room; MIDI COULD MAKE THE BIGGEST YEAR YET FOR COMPUTER MUSICIANS" by Scott Mace, InfoWorld, March 25, 1985

A device called a midi which is a music synthesizer is described. On page 130, paragraph 4 states that amateur musicians swap music files. No sales over telecommunications lines is taught. Also, paragraph 5 states CompuServe has 300 songs in its group library. There is no teaching or suggest that there is any type of transfer over telecommunications lines from the group library.

"Rock Around the Data Base" by Lydia Dotto, Information Technology, September 1984

This article discusses a wish list of what may happen in the future. Page 130, the middle column, last paragraph. Dotto teaches that people will be able to retrieve, on-line the music itself and the score. On column 3, second to last paragraph, the article teaches that it can be expected one day to see on-line terminals in Canadian retail stores for use by customers. Customers can walk into record stores expecting to be able to get much more information. On page 132, the middle column, second paragraph Dotto teaches that the next step of delivery of actual music to consumers is a development that is at least three or four

years away. In the middle column also on page 132, second to last paragraph, Dotto teaches that the software to permit telepurchasing of actual sales has not yet been developed. Dotto basically is an article of many wishes but does not provide any enablement and specifically states that there is not yet the capability of selling songs over telecommunications lines and it will be several years before that possibility is developed.

Jimmy Bowen: Music Row's Prophet of Change, Chappell, Lindsay, 1986

This is an article about the music industry. Page 39, paragraph 3, Bowen teaches that digitally produced compact disks will overtake the sale of music cassettes in the next decade. Bowen suggests that once compact discs are established, then written and graphic information can be transmitted digitally across telephone wires. Bowen does not actually teach to transmit the song as it is played itself, only the written and graphics information regarding the songs. Furthermore, this is something that is to happen in the future. There is no enablement to carry out this idea, and there is no suggestion or teaching of sales over telecommunications lines of music. On page 42, third paragraph from the bottom, Bowen teaches that in about ten years, one will be able to dial a series of numbers on a telephone and get the digital album over the phone lines and the charges will be on the telephone bill or on a credit card. However, again, Bowen teaches this is ten years in the future and it is just a wish, with no enablement and no teaching or suggestion how to actually accomplish such transfer.

If a fee is required to enter this information disclosure statement, please charge deposit account number 19-0737.

Respectfully submitted,

ARTHUR R. HAIR

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
201 ~~425~~ N. Craig Street, Suite 304
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Applicant

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 6/19/98

_____
Ansel M. Schwartz
Registration No. 30,587

6/19/98
Date

Attorney's Docket No. HAIR-1 CONT III **PATENT**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair

Group No. 2785

Serial No.: 08/ 471,964 Examiner: H. Nguyen

Filed: June 6, 1995

For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231

CERTIFICATION FOR INFORMATION DISCLOSURE STATEMENT (37 CFR 1.97(e))

NOTE: A certification must state either: "(1) that each item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application not more than three months prior to the filing of the statement, or (2) that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or, to the knowledge of the person signing the certificate after making reasonable inquiry, was known to any individual designated in § 1.56(c) more than three months prior to the filing of the statement." 37 CFR 1.97(e).

NOTE: "Section 1.97(e) makes it clear that a certification could contain either of two statements. One statement is that each item of information in an information disclosure statement was cited in a search report from a patent office outside the U.S. not more than three months prior to the filing date of the statement. Under this certification, it would not matter whether any individual with a duty actually knew about any of the information cited before receiving the search report. In the alternative, the certification could state that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or, to the knowledge of the person signing the certification after making reasonable inquiry, was known to any individual having a duty to disclose more than three months prior to the filing of the statement." Notice of January 9, 1992, 1135 O.G. 13-25, at 13. (emphasis added). Thus: "If an item of information is submitted within three months of being cited in a communication from a foreign patent office in a counterpart foreign application, the certification can be properly made regardless of any individual's previous knowledge of the information." Id., 1135 O.G. at 19.

NOTE: "The certification can be based on present, good faith knowledge about when information became known without a search of files being made." Thus, for example, the certification of § 1.97(e) does not preclude the use of the certification in an application by corporations whose practitioners have over the years reviewed thousands of patents and technical publications, even though they are unaware of the relevance of any one thereof to the application. Notice of January 9, 1992, 1135 O.G. 13-15, at 19.

CERTIFICATE OF MAILING/TRANSMISSION (37 CFR 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☒ deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

Date: 6/19/98

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka

Signature

Tracey L. Milka

(type or print name of person certifying)

NOTE: *A copy of the foreign search report need not be submitted with the certification. Notice of April 20, 1992 (1138 O.G. 37-41, 40).*

NOTE: *"The phrase 'after making reasonable inquiry' makes it clear that the individual making the certification has a duty to make reasonable inquiry regarding the facts that are being certified. The certification can be made by a registered practitioner who represents a foreign client and who relies on statements made by the foreign client as to the date the information first became known. A registered practitioner who receives information from a client without being informed whether the information was known for more than three months, however, cannot make the certification without making reasonable inquiry. For example, if an inventor gave a publication to the attorney prosecuting an application with the intent that it be cited to the Office, the attorney should inquire as to when that inventor became aware of the publication and should not submit a certification under 37 CFR 1.97(e)(2) to the Office until a satisfactory response is received. The certification can be based on present, good faith knowledge about when information became known without a search of files being made." Notice of April 20, 1992 (1138 O.G. 37-41, 39).*

NOTE: *"Although it is recognized that an individual actually becomes aware of the information in the communication from a foreign patent office sometime after it was mailed, the mailing date of such a communication, if it occurs prior to a first awareness of the same information, would determine the date for filing of an information disclosure statement without a fee" in a certification procedure under § 1.97(e). Notice of January 9, 1992, 1135 O.G. 13-25, at 19 (emphasis added).*

NOTE: *"The certification under § 1.97(e) should be made by a person who has knowledge of the facts being certified. The certification can be made by a practitioner who represents a foreign client and who relies on statements made by the foreign client as to the date the information first became known. A practitioner who receives information from a client without being informed whether the information was known for more than three months, however, cannot make the certification without making reasonable inquiry." Notice of January 9, 1992, 1135 O.G. 13-25 at 19.*

NOTE: *"The term counterpart foreign patent application means that a claim for priority has been made in either the U.S. application or a foreign application based on the other, or that the disclosures of the U.S. and foreign patent applications are substantively identical (e.g., an application filed in the European Patent Office claiming the same U.K. priority as claimed in the U.S. application)." Notice of April 20, 1992 (1138 O.G. 37-41, 39).*

NOTE: *"Individuals other than the attorney, agent or inventor may comply with this section by disclosing information to the attorney, agent or inventor." 37 CFR 1.56(d) and*

"Individuals associated with the filing or prosecution of a patent application within the meaning of this section are:

(1) each inventor named in the application:

(2) each attorney or agent who prepares or prosecutes the application; and

(3) every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application." 37 CFR 1.56(c).

IDENTIFICATION OF INFORMATION DISCLOSURE STATEMENT FOR WHICH THIS CERTIFICATION IS BEING MADE

1. This certification is being made for the Information Disclosure Statement

   ☒ accompanying this certification.

   ☐ filed _____.
   date

CERTIFICATION

2. I, the person(s) signing below certify

(check appropriate item)

☐ that each item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application not more than three months prior to the filing of the statement. 37 CFR 1.97(e)(1).

NOTE: The three month period starts from the mailing date of the foreign patent office communication. Notice of January 9, 1992, 1135 O.G. 13-25 at 19. The mailing date is the "date on the communication by the foreign patent office." Notice of April 20, 1992 (1138 O.G. 37-41, 39).

OR

☒ that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or to the knowledge of the person signing the certification after making reasonable inquiry, was known to any individual designated in § 1.56(c) more than three months prior to the filing of the statement. 37 CFR 1.97(e)(2).

NOTE: "The time at which information 'was known to any individual designated in 37 CFR 1.56(c)' is the time when the information was discovered in association with the application even if awareness of the materality came later." Notice of April 20, 1992 (1138 O.G. 37-41, 40).

IDENTIFICATION OF PERSON(S) MAKING THIS CERTIFICATION

3. The person making this certification is

(check each applicable item)

(a) ☐ the inventor(s) who signs below

_____

SIGNATURE OF INVENTOR

_____

(type name of inventor who is signing)

(b) ☐ a person who is substantively involved in the preparation or prosecution of the application, and who is associated with the inventor, with the assignee, or with anyone to whom there is an obligation to assign the application (37 CFR 1.56(c)) and who signs below.

_____

SIGNATURE OF PERSON

_____

type name of person who is signing)

_____

Address of person who is signing

_____

(c) ☒ the attorney who signs below on the basis of the information:

(check each applicable item)

☒ supplied by the inventor(s).

☐ supplied by an individual designated in § 1.56(c).

☐ in the attorney's file.

NOTE: "Certification need not be in the form of an oath or a declaration under 37 CFR 1.68. Certification by a registered practitioner or any other individual that the statement was filed within the three-month period of either first citation by a foreign patent office or first discovery of the information will be accepted as dispositive of compliance with this provision in the absence of evidence to the contrary." . . . "A statement on information and belief would not be sufficient." Notice of April 20, 1992 (1138 O.G. 37–41, 39–40).

Ansel Schwartz

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Ansel M. Schwartz

(type or print name of attorney)

Tel. No. (412) 621-9222

~~425~~ 201 N. Craig Street, Suite ~~304~~ W

P.O. Address

Pittsburgh, PA 15213

FORM PTO-1449 (Rev. 2-32) U.S. DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE

INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(Use several sheets if necessary)

ATTY. DOCKET NO.	SERIAL NO.
HAIR-1 CONT III	08/471,964
APPLICANT: Hair	
FILING DATE: June 6, 1995	GROUP: 2785

U.S. PATENT DOCUMENTS

EXAMINER INITIAL		DOCUMENT NUMBER	DATE	NAME	CLASS	SUBCLASS	FILING DATE IF APPROPRIATE
HN		4,506,387	3/85	Walter	359	118	
HN		4,124,771	11/78	Elkins	379	101.01	

FOREIGN PATENT DOCUMENTS

		DOCUMENT NUMBER	DATE	COUNTRY	CLASS	SUBCLASS	TRANSLATION YES	TRANSLATION NO

OTHER DOCUMENTS (Including Author, Title, Date, Pertinent Pages, Etc.)

HN		Scott Mace, "Electronic Orchestras in Your Living Room; MIDI COULD MAKE THE BIGGEST YEAR YET FOR COMPUTER MUSICIANS" InfoWorld, March 25, 1985.
HN		"Rock Around the Data Base" by Lydia Dotto, Information Technology, September 1984.
HN		Jimmy Bowen: Music Row's Prophet of Change, Chappell, Lindsay, 1986.

EXAMINER	DATE CONSIDERED
HOA NGUYEN	9/98

EXAMINER: Initial if citation considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

(Form PTO-1449 [6-2])

Notice of References Cited

Application No.	Applicant(s)
08/471,964	HAIR

Examiner	Group Art Unit	Page
HOA NGUYEN	3385	1 of 1

U.S. PATENT DOCUMENTS

*		DOCUMENT NO.	DATE	NAME	CLASS	SUBCLASS
	A	4,789,868	12/88	Bush	340	825.39
	B					
	C					
	D					
	E					
	F					
	G					
	H					
	I					
	J					
	K					
	L					
	M					

FOREIGN PATENT DOCUMENTS

*		DOCUMENT NO.	DATE	COUNTRY	NAME	CLASS	SUBCLASS
	N						
	O						
	P						
	Q						
	R						
	S						
	T						

NON-PATENT DOCUMENTS

*		DOCUMENT (Including Author, Title, Source, and Pertinent Pages)	DATE
	U		
	V		
	W		
	X		

* A copy of this reference is not being funished with this Office action.
(See Manual of Patent Examining Procedure, Section 707.05(a).)

Practitioner's Docket No. HAIR-1 CONT III **PATENT**

#18

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair
Serial No.: 08/471,964 Group No.: 2785
Filed: June 6, 1995 Examiner: H. Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Commissioner for Patents and Trademarks
Washington, D.C. 20231

CHANGE OF ATTORNEY'S ADDRESS IN APPLICATION

Please send all correspondence for this application as follows:

Ansel M. Schwartz
Attorney at Law
One Sterling Plaza
201 North Craig Street
Suite 304
Pittsburgh, PA 15213

Please direct telephone calls to:

Ansel M. Schwartz
(412) 621-9222

CERTIFICATE OF MAILING/TRANSMISSION (37 C.F.R. 1.8(a))

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☐ deposited with the United States Postal Service with sufficient postage as first class mail, in an envelope addressed to the Commissioner for Patents and Trademarks, Washington, D.C. 20231.

Date: 6/19/98

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka
Signature
Tracey L. Milka
(type or print name of person certifying)

Reg.: 30,587

Tel. No. (412) 621-9222

Customer No.:

SIGNATURE OF PRACTITIONER

Ansel M. Schwartz

(type or print name of practitioner)

One Sterling Plaza
201 North Craig Street

P.O. Address
Suite 304
Pittsburgh, PA 15213

(Change of Attorney's Address in Application [12-3]—page 2 of 2)

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

APPLICATION NUMBER	FILING DATE	FIRST NAMED APPLICANT	ATTORNEY DOCKET NO.

ANSEL M SCHWARTZ
ATTORNEY AT LAW
ONE STERLING PLAZA
201 NORTH CRAIG STREET, SUITE 304
PITTSBURGH PA 15213

EXAMINER	

ART UNIT	PAPER NUMBER
1755	20

DATE MAILED: 09/15/98

This is a communication from the examiner in charge of your application.
COMMISSIONER OF PATENTS AND TRADEMARKS

NOTICE OF ALLOWABILITY

All claims being allowable, PROSECUTION ON THE MERITS IS (OR REMAINS) CLOSED in this application. If not included herewith (or previously mailed), a Notice of Allowance and Issue Fee Due or other appropriate communication will be mailed in due course.

☒ This communication is responsive to ~~APPEAL~~ BRIEF filed on 6/11/98.

☒ The allowed claim(s) is/are 1-63, NONE, 1,5-18, 22-29, 31-36, 40-41, 2-4, 37-39, 42-57, 19-20, 21, 58-61, 30, 62-63, respectively.

☐ The drawings filed on _____ are acceptable.

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some* ☐ None of the CERTIFIED copies of the priority documents have been

☐ received.

☐ received in Application No. (Series Code/Serial Number) _____.

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

*Certified copies not received: _____.

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

A SHORTENED STATUTORY PERIOD FOR RESPONSE to comply with the requirements noted below is set to EXPIRE **THREE MONTHS FROM THE "DATE MAILED"** of this Office action. Failure to timely comply will result in ABANDONMENT of this application. Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

☐ Note the attached EXAMINER'S AMENDMENT or NOTICE OF INFORMAL APPLICATION, PTO-152, which discloses that the oath or declaration is deficient. A SUBSTITUTE OATH OR DECLARATION IS REQUIRED.

☒ Applicant MUST submit NEW FORMAL DRAWINGS

☐ because the originally filed drawings were declared by applicant to be informal.

☒ including changes required by the Notice of Draftperson's Patent Drawing Review, PTO-948, attached hereto or to Paper No. 3.

☐ including changes required by the proposed drawing correction filed on _____, which has been approved by the examiner.

☐ including changes required by the attached Examiner's Amendment/Comment.

Identifying indicia such as the application number (see 37 CFR 1.84(c)) should be written on the reverse side of the drawings. The drawings should be filed as a separate paper with a transmittal letter addressed to the Official Draftperson.

☐ Note the attached Examiner's comment regarding REQUIREMENT FOR THE DEPOSIT OF BIOLOGICAL MATERIAL.

Any response to this letter should include, in the upper right hand corner, the APPLICATION NUMBER (SERIES CODE/SERIAL NUMBER). If applicant has received a Notice of Allowance and Issue Fee Due, the ISSUE BATCH NUMBER and DATE of the NOTICE OF ALLOWANCE should also be included.

Attachment(s)

☐ Notice of References Cited, PTO-892

☒ Information Disclosure Statement(s), PTO-1449, Paper No(s). 20

☐ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

☐ Interview Summary, PTO-413

☐ Examiner's Amendment/Comment

☐ Examiner's Comment Regarding Requirement for Deposit of Biological Material

☐ Examiner's Statement of Reasons for Allowance

HOA T. NGUYEN
PRIMARY EXAMINER

PTOL-37 (Rev. 10/95) ...ICE: 1997—429-299

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office

NOTICE OF ALLOWANCE AND ISSUE FEE DUE

LM41/0915

ANSEL M SCHWARTZ
ATTORNEY AT LAW
ONE STERLING PLAZA
201 NORTH CRAIG STREET, SUITE 304
PITTSBURGH PA 15213

APPLICATION NO.	FILING DATE	TOTAL CLAIMS	EXAMINER AND GROUP ART UNIT	DATE MAILED
08/471,964	06/06/95	063	NGUYEN, H 2785	09/15/98

First Named Applicant: HAIR, ARTHUR R.

TITLE OF INVENTION: A SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS (AS AMENDED)

ATTY'S DOCKET NO.	CLASS-SUBCLASS	BATCH NO.	APPLN. TYPE	SMALL ENTITY	FEE DUE	DATE DUE
2 HAIR-1CONTIT	380-004.000	116	UTILITY	YES	$660.00	12/15/98

THE APPLICATION IDENTIFIED ABOVE HAS BEEN EXAMINED AND IS ALLOWED FOR ISSUANCE AS A PATENT. PROSECUTION ON THE MERITS IS CLOSED.

THE ISSUE FEE MUST BE PAID WITHIN THREE MONTHS FROM THE MAILING DATE OF THIS NOTICE OR THIS APPLICATION SHALL BE REGARDED AS ABANDONED. THIS STATUTORY PERIOD CANNOT BE EXTENDED.

HOW TO RESPOND TO THIS NOTICE:

I. Review the SMALL ENTITY status shown above.
If the SMALL ENTITY is shown as YES, verify your current SMALL ENTITY status:

A. If the status is changed, pay twice the amount of the FEE DUE shown above and notify the Patent and Trademark Office of the change in status, or
B. If the status is the same, pay the FEE DUE shown above.

If the SMALL ENTITY is shown as NO:

A. Pay FEE DUE shown above, or

B. File verified statement of Small Entity Status before, or with, payment of 1/2 the FEE DUE shown above.

II. Part B-Issue Fee Transmittal should be completed and returned to the Patent and Trademark Office (PTO) with your ISSUE FEE. Even if the ISSUE FEE has already been paid by charge to deposit account, Part B Issue Fee Transmittal should be completed and returned. If you are charging the ISSUE FEE to your deposit account, section "4b" of Part B-Issue Fee Transmittal should be completed and an extra copy of the form should be submitted.

III. All communications regarding this application must give application number and batch number. Please direct all communications prior to issuance to Box ISSUE FEE unless advised to the contrary.

IMPORTANT REMINDER: Utility patents issuing on applications filed on or after Dec. 12, 1980 may require payment of maintenance fees. It is patentee's responsibility to ensure timely payment of maintenance fees when due.

PATENT AND TRADEMARK OFFICE COPY

PTOL-85 (REV. 10-96) Approved for use through 06/30/99. (0651-0033)

*U.S. GPO: 1998-437-639/80023

PART B—ISSUE FEE TRANSMITTAL

Complete and mail this form, together with applicable fees, to: **Box ISSUE FEE**
Assistant Commissioner for Patents
Washington, D.C. 20231

MAILING INSTRUCTIONS: This form should be used for transmitting the ISSUE FEE. Blocks 1 through 4 should be completed where appropriate. All further correspondence including the Issue Fee Receipt, the Patent, advance orders and notification of maintenance fees will be mailed to the current correspondence address as indicated unless corrected below or directed otherwise in Block 1, by (a) specifying a new correspondence address; and/or (b) indicating a separate "FEE ADDRESS" for maintenance fee notifications.

CURRENT CORRESPONDENCE ADDRESS (Note: Legibly mark-up with any corrections or use Block 1)

LM41/0915
ANSEL M SCHWARTZ
ATTORNEY AT LAW
ONE STERLING PLAZA
201 NORTH CRAIG STREET, SUITE 304
PITTSBURGH PA 15213

Note: The certificate of mailing below can only be used for domestic mailings of the Issue Fee Transmittal. This certificate cannot be used for any other accompanying papers. Each additional paper, such as an assignment or formal drawing, must have its own certificate of mailing.

Certificate of Mailing

I hereby certify that this Issue Fee Transmittal is being deposited with the United States Postal Service with sufficient postage for first class mail in an envelope addressed to the Box Issue Fee address above on the date indicated below.

Tracey L. Milka (Depositor's name)
Tracey L. Milka (Signature)
12/14/98 (Date)

APPLICATION NO.	FILING DATE	TOTAL CLAIMS	EXAMINER AND GROUP ART UNIT	DATE MAILED
08/471,964	06/06/95	063	NGUYEN, L 2785	09/15/98

First Named Applicant: HAIR, ARTHUR R.

TITLE OF INVENTION: A SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS (AS AMENDED)

ATTY'S DOCKET NO.	CLASS-SUBCLASS	BATCH NO.	APPLN. TYPE	SMALL ENTITY	FEE DUE	DATE DUE
2 HAIR-1CONTIT	380-004.000	114	UTILITY	YES	$440.00	12/15/98

1. Change of correspondence address or indication of " Fee Address" (37 CFR 1.363). Use of PTO form(s) and Customer Number are recommended, but not required.
   - ☐ Change of correspondence address (or Change of Correspondence Address form PTO/SB/122) attached.
   - ☐ "Fee Address" indication (or "Fee Address" Indication form PTO/SB/47) attached.

2. For printing on the patent front page, list (1) the names of up to 3 registered patent attorneys or agents OR, alternatively, (2) the name of a single firm (having as a member a registered attorney or agent) and the names of up to 2 registered patent attorneys or agents. If no name is listed, no name will be printed.
   1 Ansel M. Schwartz
   2 _____
   3 _____

3. ASSIGNEE NAME AND RESIDENCE DATA TO BE PRINTED ON THE PATENT (print or type)
   PLEASE NOTE: Unless an assignee is identified below, no assignee data will appear on the patent. Inclusion of assignee data is only appropriate when an assignment has been previously submitted to the PTO or is being submitted under separate cover. Completion of this form is NOT a subsititue for filing an assignment.
   (A) NAME OF ASSIGNEE: Parsec Sight/Sound, Inc.
   (B) RESIDENCE: (CITY & STATE OR COUNTRY): Mt. Lebanon, Pennsylvania
   Please check the appropriate assignee category indicated below (will not be printed on the patent)
   ☐ individual ☒ corporation or other private group entity ☐ government

4a. The following fees are enclosed (make check payable to Commissioner of Patents and Trademarks):
   ☒ Issue Fee
   ☒ Advance Order - # of Copies 10

4b. The following fees or deficiency in these fees should be charged to:
   DEPOSIT ACCOUNT NUMBER 19-0737
   (ENCLOSE AN EXTRA COPY OF THIS FORM)
   ☒ Issue Fee
   ☒ Advance Order - # of Copies 10

The COMMISSIONER OF PATENTS AND TRADEMARKS IS requested to apply the Issue Fee to the application identified above.

(Authorized Signature) Ansel Schwartz (Date) 12/15/98

NOTE; The Issue Fee will not be accepted from anyone other than the applicant; a registered attorney or agent; or the assignee or other party in interest as shown by the records of the Patent and Trademark Office.

Burden Hour Statement: This form is estimated to take 0.2 hours to complete. Time will vary depending on the needs of the individual case. Any comments on the amount of time required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, D.C. 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND FEES AND THIS FORM TO: Box Issue Fee, Assistant Commissioner for Patents, Washington D.C. 20231

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

TRANSMIT THIS FORM WITH FEE

Attorney's Doc[illegible] No. HAIR-1 CONT III **PATENT**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair

Serial No.: 0 8 / 471,964 Group No.: 2785
Filed: June 6, 1996 Examiner: H. Nguyen
For: A SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS

Date of mailing of PTOL 85 entitled "Notice of Allowance and Base Issue Fee Due" 9/15/98
Issue Batch No. J16

BOX ISSUE FEE
Assistant Commissioner for Patents
Washington, D.C. 20231

TRANSMITTAL OF NEW DRAWING(S) TO CORRECT INFORMALITIES WITHIN THREE MONTH PERIOD OF RESPONSE SET IN NOTICE OF ALLOWABILITY (PTOL 37)

NOTE: Applicant may correct any informalities in the drawings made by the Draftsman's objections on PTO-948 by filing new drawings with the changes incorporated therein. If the filing of the drawings are delayed until receipt of the "Notice of Allowability" (PTOL-37), the new drawings MUST be filed within the THREE MONTH shortened statutory period set for response in the "Notice of Allowability" (PTOL-37). Extensions of time may be obtained under the provisions of 37 C.F.R. 1.136(a).

NOTE: Corrected drawings, as well as the issue fee, should be addressed to: Box Issue Fee. Notice of November 30, 1990 (1122 O.G. 571 to 591).

NOTE: Applicant is required to submit ACCEPTABLE corrected drawings within the three month shortened statutory period set in the "Notice of Allowability" (PTOL-37). Within that three month period, two weeks should be allowed for review by the Office of the correction. If a correction is determined to be unacceptable by the Office, applicant must arrange to have an acceptable correction re-submitted within the original three month period to avoid the necessity of obtaining an extension of time and of paying the extension fee. THEREFORE, APPLICANT SHOULD FILE CORRECTED DRAWINGS AS SOON AS POSSIBLE. Notice of January 14, 1985 (1051 O.G. 3). See also 37 C.F.R. 1.85(c).

CERTIFICATE OF MAILING (37 C.F.R. 1.8)

I hereby certify that this paper (along wth any paper referred to as being attached or enclosed) is being deposited with the United States Postal Service on the date shown below with sufficient postage as first class mail in an envelope addressed to the: Assistant Commissioner for Patents, Washington, D.C. 20231.

Tracey L. Milka
(type or print name of person mailing paper)

Date: 12/8/98

Tracey L. Milka
Signature of person mailing paper

WARNING: *"Facsimile transmissions are not permitted and if submitted will not be accorded a date of receipt" for "(4) Drawings submitted under §§ 1.81, 1.83 through 1.85, 1.152, 1.165, 1.174, 1.437 . . . " 37 C.F.R. 1.6(d)(4).*

SUBMISSION OF DRAWING(S)

1. To correct the informalities in the drawings as noted in the Draftsman's objection(s) on PTO-948, applicant submits herewith new drawing(s) for this application. Number of sheets of drawings submitted 2.

   NOTE: *"Identifying indicia, if provided, should include the application number or the title of the invention, inventor's name, docket number (if any), and the name and telephone number of a person to call if the Office is unable to match the drawings to the proper application. This information should be placed on the back of each sheet of drawing a minimum distance of 1.5 cm. (5/8 inch) down from the top of the page. In addition, a reference to the application number, or, if an application number has not been assigned, the inventor's name, may be included in the left-hand corner, provided that the reference appears within 1.5 cm (9/16 inch) from the top of the sheet." 37 C.F.R. 1.84(c)).*

2. The three month period of response set in the Notice of Allowability (PTOL 37) expires on December 15, 1998. This submission is on or before this expiry date.

CONDITIONAL EXTENTION OF TERM

3. ☒ If an extension of term is deemed to be required, please consider this a request therefor, and an authorization to charge this deposit account 19-0737 for the extension fee.

Reg. No. 30,587

Tel. No.: (412 621-9222

SIGNATURE OF ATTORNEY

Ansel M. Schwartz

(type or print name of attorney)

201 N. Craig Street, Suite 304

P.O. Address

Pittsburgh, PA 15213

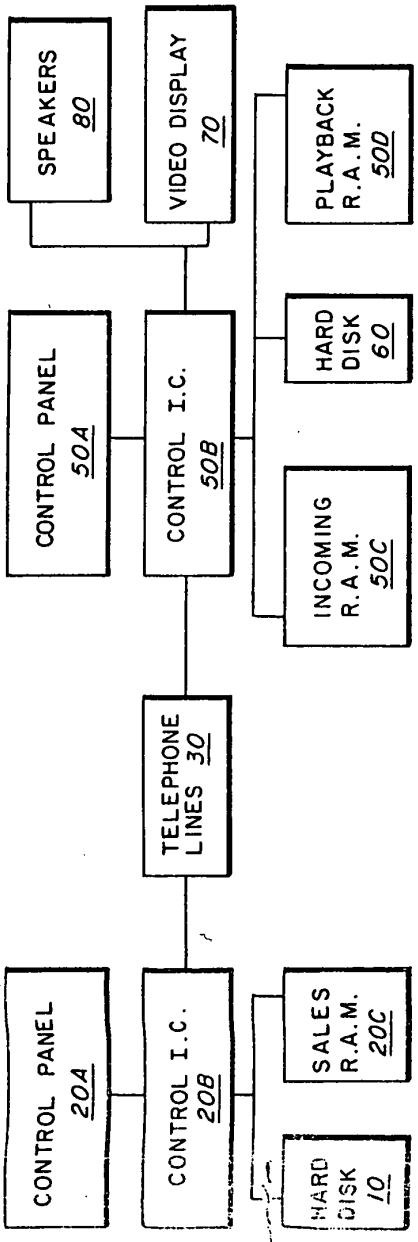


FIG. 1

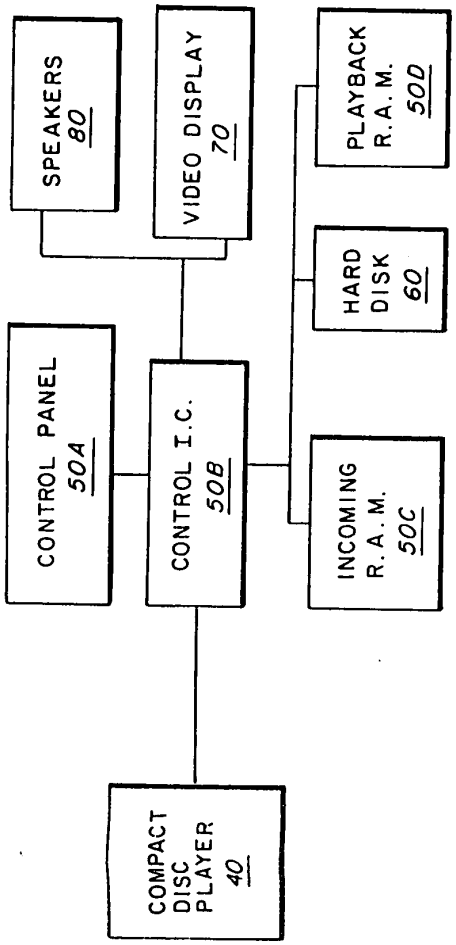


FIG. 2

GP2785
#22/2-4-9
C/V. Jone

RECEIVED
DEC 21 1998

THE UNITED STATES PATENT AND TRADEMARK OFFICE

Group 2700

re Application of:

RTHUR R. HAIR

Serial No. 08/471,964

Filed: June 6, 1995

Art Unit: 2785

Patent Examiner:

H. Nguyen

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Pittsburgh, Pennsylvania 15213

December 14, 1998

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231, on 12/14/98

Ansel M. Schwartz
Registration No. 30,587
12/14/98
Date

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

2/4/99
AD

AMENDMENT UNDER RULE 312

Please enter the following amendment to the above-identified application as follows:

IN THE CLAIMS:

Claim 63, line 3, change "view" to -- listen to -- .

BEST AVAILABLE COPY

REMARKS

Please enter the above amendment to Claim 63. The term "view" in the preamble is desired to be replaced with -- listen to -- as it is more appropriate to listen to digital audio signals than to view them, and it was meant to be -- listen to -- and not "view" in regard to the audio signals. The term -- listen to -- is also more appropriate as can be seen with the last step of Claim 63, which recites "playing the desired audio signals received by the receiver on the speakers . . . ". No new matter has been added. The term "view" was meant to go with the video signals and is so found in Claim 57.

Accordingly, it is respectfully requested that the amendment to the above-identified patent application be entered.

Respectfully submitted,

ARTHUR R. HAIR

By _____
Ansel M. Schwartz, Esquire
Reg. No. 30,587
One Sterling Plaza
201 N. Craig Street
Suite 304
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Applicant

CERTIFICATE OF MAILING

I hereby certify that the correspondence is being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, Washington, DC 20231 on 12/4/98

Ansel M. Schwartz
Registration No. 30,587

12/4/98
Date

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

#24

In re Application of:

ARTHUR R. HAIR

Serial No. 08/471,964

Filed: June 6, 1995

Art Unit: 2785

Patent Examiner:

H. Nguyen

A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Pittsburgh, Pennsylvania 15213

December 14, 1998

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

INFORMATION DISCLOSURE STATEMENT

fee on transmittal

It is respectfully requested that the documents listed below be considered in the above-identified patent application and made of record. Full text copies of the pertinent patents are enclosed and this submission is believed to be in compliance with the appropriate rules concerning information disclosure statements.

No representation is made or intended that better art than that submitted hereunder is available. Also enclosed is Form PTO-1449.

Abstract

This is an abstract regarding a study about teledelivery, which is the downloading of software. It states that teledelivery is expected to grow in the future, 1983-1993. It states music and movies will be brought directly into homes. It does not explain how music and movies will be brought directly to the home. It is not enabling in any way about the way music and movies will be brought directly to the home or anything else. It teaches that Bill Von Meislir attempted to establish Digital Music Company to bring stereo music to cable operators. It does not explain how the stereo music is brought to cable operators, let alone who the cable operators are and nothing about how a consumer obtains the music on cable or how the cable operates or transfers signals. This abstract does not teach or suggest or enable a second party choosing a digital audio or digital video signal from a first party memory for a fee. The claimed invention of the above-identified patent application is patentable over this abstract.

If a fee is required to enter this information disclosure statement, please charge deposit account number 19-0737.

Respectfully submitted,

ARTHUR R. HAIR

By _____

Ansel M. Schwartz, Esquire
Reg. No. 30,587
One Sterling Plaza
201 N. Craig Street, Suite 304
Pittsburgh, PA 15213
(412) 621-9222

Attorney for Applicant

Attorney's Docket No. HAIR-1 CONT III

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Arthur R. Hair
Group No. 2785
Serial No.: 08/471,964 Examiner: H. Nguyen
Filed: June 6, 1995
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231

CERTIFICATION FOR INFORMATION DISCLOSURE STATEMENT (37 CFR 1.97(e))

NOTE: A certification must state either: "(1) that each item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application not more than three months prior to the filing of the statement, or (2) that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or, to the knowledge of the person signing the certificate after making reasonable inquiry, was known to any individual designated in § 1.56(c) more than three months prior to the filing of the statement." 37 CFR 1.97(e).

NOTE: "Section 1.97(e) makes it clear that a certification could contain either of two statements. One statement is that each item of information in an information disclosure statement was cited in a search report from a patent office outside the U.S. not more than three months prior to the filing date of the statement. Under this certification, it would not matter whether any individual with a duty actually knew about any of the information cited before receiving the search report. In the alternative, the certification could state that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or, to the knowledge of the person signing the certification after making reasonable inquiry, was known to any individual having a duty to disclose more than three months prior to the filing of the statement." Notice of January 9, 1992, 1135 O.G. 13-25, at 13. (emphasis added). Thus: "If an item of information is submitted within three months of being cited in a communication from a foreign patent office in a counterpart foreign application, the certification can be properly made regardless of any individual's previous knowledge of the information." Id., 1135 O.G. at 19.

NOTE: "The certification can be based on present, good faith knowledge about when information became known without a search of files being made." Thus, for example, the certification of § 1.97(e) does not preclude the use of the certification in an application by corporations whose practitioners have over the years reviewed thousands of patents and technical publications, even though they are unaware of the relevance of any one thereof to the application. Notice of January 9, 1992, 1135 O.G. 13-15, at 19.

CERTIFICATE OF MAILING/TRANSMISSION (37 CFR 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☒ deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.
Date: 12/14/98

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka
Signature
Tracey L. Milka
(type or print name of person certifying)

NOTE: *A copy of the foreign search report need not be submitted with the certification. Notice of April 20, 1992 (1138 O.G. 37-41, 40).*

NOTE: *"The phrase 'after making reasonable inquiry' makes it clear that the individual making the certification has a duty to make reasonable inquiry regarding the facts that are being certified. The certification can be made by a registered practitioner who represents a foreign client and who relies on statements made by the foreign client as to the date the information first became known. A registered practitioner who receives information from a client without being informed whether the information was known for more than three months, however, cannot make the certification without making reasonable inquiry. For example, if an inventor gave a publication to the attorney prosecuting an application with the intent that it be cited to the Office,, the attorney should inquire as to when that inventor became aware of the publication and should not submit a certification under 37 CFR 1.97(e)(2) to the Office until a satisfactory response is received. The certification can be based on present, good faith knowledge about when information became known without a search of files being made." Notice of April 20, 1992 (1138 O.G. 37-41, 39).*

NOTE: *"Although it is recognized that an individual actually becomes aware of the information in the communication from a foreign patent office sometime after it was mailed, the mailing date of such a communication, if it occurs prior to a first awareness of the same information, would determine the date for filing of an information disclosure statement without a fee" in a certification procedure under § 1.97(e). Notice of January 9, 1992, 1135 O.G. 13-25, at 19 (emphasis added).*

NOTE: *"The certification under § 1.97(e) should be made by a person who has knowledge of the facts being certified. The certification can be made by a practitioner who represents a foreign client and who relies on statements made by the foreign client as to the date the information first became known. A practitioner who receives information from a client without being informed whether the information was known for more than three months, however, cannot make the certification without making reasonable inquiry." Notice of January 9, 1992, 1135 O.G. 13-25 at 19.*

NOTE: *"The term counterpart foreign patent application means that a claim for priority has been made in either the U.S. application or a foreign application based on the other, or that the disclosures of the U.S. and foreign patent applications are substantively identical (e.g., an application filed in the European Patent Office claiming the same U.K. priority as claimed in the U.S. application)." Notice of April 20, 1992 (1138 O.G. 37-41, 39).*

NOTE: *"Individuals other than the attorney, agent or inventor may comply with this section by disclosing information to the attorney, agent or inventor." 37 CFR 1.56(d) and*

"Individuals associated with the filing or prosecution of a patent application within the meaning of this section are:

(1) each inventor named in the application:

(2) each attorney or agent who prepares or prosecutes the application; and

(3) every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application." 37 CFR 1.56(c).

IDENTIFICATION OF INFORMATION DISCLOSURE STATEMENT FOR WHICH THIS CERTIFICATION IS BEING MADE

1. This certification is being made for the Information Disclosure Statement

   ☒ accompanying this certification.

   ☐ filed _____.
   date

CERTIFICATION

2. I, the person(s) signing below certify

(check appropriate item)

☐ that each item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application not more than three months prior to the filing of the statement. 37 CFR 1.97(e)(1).

NOTE: The three month period starts from the mailing date of the foreign patent office communication. Notice of January 9, 1992, 1135 O.G. 13-25 at 19. The mailing date is the "date on the communication by the foreign patent office." Notice of April 20, 1992 (1138 O.G. 37-41, 39).

OR

☒ that no item of information contained in the information disclosure statement was cited in a communication from a foreign patent office in a counterpart foreign application or to the knowledge of the person signing the certification after making reasonable inquiry, was known to any individual designated in § 1.56(c) more than three months prior to the filing of the statement. 37 CFR 1.97(e)(2).

NOTE: "The time at which information 'was known to any individual designated in 37 CFR 1.56(c)' is the time when the information was discovered in association with the application even if awareness of the materality came later." Notice of April 20, 1992 (1138 O.G. 37-41, 40).

IDENTIFICATION OF PERSON(S) MAKING THIS CERTIFICATION

3. The person making this certification is

(check each applicable item)

(a) ☐ the inventor(s) who signs below

_____

SIGNATURE OF INVENTOR

_____

(type name of inventor who is signing)

(b) ☐ a person who is substantively involved in the preparation or prosecution of the application, and who is associated with the inventor, with the assignee, or with anyone to whom there is an obligation to assign the application (37 CFR 1.56(c)) and who signs below.

_____

SIGNATURE OF PERSON

_____

type name of person who is signing)

_____

Address of person who is signing

_____

(c) ☒ the attorney who signs below on the basis of the information:

(check each applicable item)

☐ supplied by the inventor(s).

☐ supplied by an individual designated in § 1.56(c).

☒ in the attorney's file.

NOTE: "Certification need not be in the form of an oath or a declaration under 37 CFR 1.68. Certification by a registered practitioner or any other individual that the statement was filed within the three-month period of either first citation by a foreign patent office or first discovery of the information will be accepted as dispositive of compliance with this provision in the absence of evidence to the contrary." . . . "A statement on information and belief would not be sufficient." Notice of April 20, 1992 (1138 O.G. 37–41, 39–40).

Ansel Schwartz

SIGNATURE OF ATTORNEY

Reg. No.: 30,587

Ansel M. Schwartz

(type or print name of attorney)

Tel. No. (412) 621-9222

One Sterling Plaza

P.O. Address

201 N. Craig Street, Suite 304

Pittsburgh, PA 15213

GP 2785

RECEIVED

Practitioner's Docket No. HAIR-1 CONT III

PATENT DEC 22 1998

IN THE UNITED STATES PATENT AND TRADEMARKS OFFICE Group 2700

In re application of: Arthur R. Hair
Serial No.: 08/ 471,964 Group No. 2785
Filed: June 6, 1995 Examiner: H. Nguyen
For: A SYSTEM FOR TRANSMITTING DESIRED DIGITAL VIDEO OR AUDIO SIGNALS

Assistant Commissioner for Patents
Washington, D.C. 20231
ATTENTION: GROUP DIRECTOR

TRANSMITTAL OF INFORMATION DISCLOSURE STATEMENT AFTER MAILING DATE OF FINAL ACTION OR NOTICE OF ALLOWANCE BUT BEFORE PAYMENT OF ISSUE FEE (37 C.F.R. 1.97(d))

NOTE: An information disclosure statement shall be considered by the Office if filed after the mailing date of either (1) a final action under § 1.113 or (2) a notice of allowance under § 1.311, whichever occurs first, but before payment of the issue fee, provided the statement is accompanied by: (i) a certification as specified in paragraph (e) of section 1.97, (ii) a petition requesting consideration of the information disclosure statement, and (iii) the petition fee set forth in § 1.17(i).

NOTE: If the information disclosure statement that contains the items required by 37 C.F.R. 1.97(d) is filed before, or simultaneously with, the payment of the issue fee, then it will be considered. See Notice of April 20, 1992 (1138 O.G. 37-41, 40) and 37 C.F.R. 1.97(d).

TIME OF TRANSMITTAL OF ACCOMPANYING INFORMATION DISCLOSURE STATEMENT

1. The information disclosure statement transmitted herewith is being filed *after* a final action under § 1.113, or a notice of allowance under § 1.311, whichever occurs first, but before, or simultaneously with, the payment of the issue fee.

WARNING: *"A petition for suspension of action to allow applicant time to submit an information disclosure statement will be denied as failing to present good and sufficient reasons, since 37 C.F.R. 1.97 provides adequate recourse for the timely submission of prior art for consideration by the examiner." Notice of July 6, 1992 (1141 O.G. 63).*

CERTIFICATE OF MAILING/TRANSMISSION (37 C.F.R. 1.8a)

I hereby certify that this correspondence is, on the date shown below, being:

MAILING

☒ deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to the Assistant Commissioner for Patents, Washington, D.C. 20231.

Date: 12/14/98

FACSIMILE

☐ transmitted by facsimile to the Patent and Trademark Office.

Tracey L. Milka
Signature
Tracey L. Milka
(type or print name of person certifying)

CERTIFICATION, PETITION AND FEE

2. In accordance with the requirements of 37 C.F.R. 1.97(d):

   A. Accompanying this transmittal is a certification, as specified in 37 C.F.R. 1.97(e).

   B. Applicant hereby petitions for the consideration of the accompanying information disclosure statement. 37 C.F.R. 1.97(d)(ii).

   C. Applicant submits the petition fee set forth in § 1.17(i) ($130.00).

NOTE: "The petition should be directed to the Group Director of the examining group handling the application. The petition need do nothing more than request consideration of the information being submitted." Notice of April 20, 1992 (1138 O.G. 37-41, 40).

FEE DUE

3. Petition fee due (§ 1.17(i)): $130.00

METHOD OF PAYMENT OF FEE

4.

☒ Attached is a check for $130.00.

☐ Charge Account _____ $130.00.

A duplicate of this petition is attached.

If any additional petition fees are due, please charge Account 19-0737.

Ansel Schwartz

SIGNATURE OF PRACTITIONER

Reg. No. 30,587

Ansel M. Schwartz

(type or print name of practitioner)

Tel. No. (412) 621-9222

One Sterling Plaza
201 N. Craig Street, Suite 304

P.O. Address

Customer No.:

Pittsburgh, PA 15213

PART B—ISSUE FEE TRANSMITTAL

242-6057546
521 - 30 6/17

...plete and mail this form, together ... applicable fees, to: Box ISSUE FEE
Assis... Commissioner ... Patents
Washi... on, D.C. 20231

MAILING INSTRUCTIONS: This form should be used for transmitting the ISSUE FEE. Blocks 1 through 4 should be completed where appropriate. All further correspondence including the Issue Fee Receipt, the Patent, advance orders and notification of maintenance fees will be mailed to the current correspondence address as indicated unless corrected below or directed otherwise in Block 1, by (a) specifying a new correspondence address; and/or (b) indicating a separate "FEE ADDRESS" for maintenance fee notifications.

CURRENT CORRESPONDENCE ADDRESS (Note: Legibly mark-up with any corrections or use Block 1)

RECEIVED
Publishing Division
DEC 17 1998
16

Note: The certificate of mailing below can only be used for domestic mailings of the Issue Fee Transmittal. This certificate cannot be used for any other accompanying papers. Each additional paper, such as an assignment or formal drawing, must have its own certificate of mailing.

Certificate of Mailing

I hereby certify that this Issue Fee Transmittal is being deposited with the United States Postal Service with sufficient postage for first class mail in an envelope addressed to the Box Issue Fee address above on the date indicated below.

Tracey L. Milka (Depositor's name)
Tracey L. Milka (Signature)
12/14/98 (Date)

APPLICATION NO.	FILING DATE	TOTAL CLAIMS	EXAMINER AND GROUP ART UNIT	DATE MAILED
471,964				

First Named Applicant

TITLE OF INVENTION

ATTY'S DOCKET NO.	CLASS-SUBCLASS	BATCH NO.	APPLN. TYPE	SMALL ENTITY	FEE DUE	DATE DUE

1. Change of correspondence address or indication of " Fee Address" (37 CFR 1.363). Use of PTO form(s) and Customer Number are recommended, but not required.

☐ Change of correspondence address (or Change of Correspondence Address form PTO/SB/122) attached.

☐ "Fee Address" indication (or "Fee Address" Indication form PTO/SB/47) attached.

2. For printing on the patent front page, list (1) the names of up to 3 registered patent attorneys or agents OR, alternatively, (2) the name of a single firm (having as a member a registered attorney or agent) and the names of up to 2 registered patent attorneys or agents. If no name is listed, no name will be printed.

1 Ansel M. Schwartz
2 _____
3 _____

3. ASSIGNEE NAME AND RESIDENCE DATA TO BE PRINTED ON THE PATENT (print or type)
PLEASE NOTE: Unless an assignee is identified below, no assignee data will appear on the patent. Inclusion of assignee data is only appropriate when an assignment has been previously submitted to the PTO or is being submitted under separate cover. Completion of this form is NOT a subsitiute for filing an assignment.

(A) NAME OF ASSIGNEE
Parsec Sight/Sound, Inc.

(B) RESIDENCE: (CITY & STATE OR COUNTRY)
Mt. Lebanon, Pennsylvania

Please check the appropriate assignee category indicated below (will not be printed on the patent)
☐ individual ☒ corporation or other private group entity ☐ government

4a. The following fees are enclosed (make check payable to Commissioner of Patents and Trademarks):
☒ Issue Fee
☒ Advance Order - # of Copies 10

4b. The following fees or deficiency in these fees should be charged to:
DEPOSIT ACCOUNT NUMBER 19-0737
(ENCLOSE AN EXTRA COPY OF THIS FORM)
☒ Issue Fee
☒ Advance Order - # of Copies 10

The COMMISSIONER OF PATENTS AND TRADEMARKS IS requested to apply the Issue Fee to the application identified above.

(Authorized Signature) Ansel M. Schwartz (Date) 12/15/98

NOTE; The Issue Fee will not be accepted from anyone other than the applicant; a registered attorney or agent; or the assignee or other party in interest as shown by the records of the Patent and Trademark Office.

Burden Hour Statement: This form is estimated to take 0.2 hours to complete. Time will vary depending on the needs of the individual case. Any comments on the amount of time required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, D.C. 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND FEES AND THIS FORM TO: Box Issue Fee, Assistant Commissioner for Patents, Washington D.C. 20231

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

TRANSMIT THIS FORM WITH FEE

PART B—ISSUE FEE TRANSMITTAL

242-605
561-30

Complete and mail this form, together with applicable fees, to: **Box ISSUE FEE**
Assistant Commissioner for Patents
Washington, D.C. 20231

MAILING INSTRUCTIONS: This form should be used for transmitting the ISSUE FEE. Blocks 1 through 4 should be completed where appropriate. All further correspondence including the Issue Fee Receipt, the Patent, advance orders and notification of maintenance fees will be mailed to the current correspondence address as indicated unless corrected below or directed otherwise in Block 1, by (a) specifying a new correspondence address; and/or (b) indicating a separate "FEE ADDRESS" for maintenance fee notifications.

CURRENT CORRESPONDENCE ADDRESS (Note: Legibly mark-up with any corrections or use Block 1)

LM41/0915

ANSEL M SCHWARTZ
ATTORNEY AT LAW
ONE STERLING PLAZA
201 NORTH CRAIG STREET, SUITE 3[illegible]
PITTSBURGH PA 15213

RECEIVED
Publishing Division
DEC 18 1998

Note: The certificate of mailing below can only be used for domestic mailings of the Issue Fee Transmittal. This certificate cannot be used for any other accompanying papers. Each additional paper, such as an assignment or formal drawing, must have its own certificate of mailing.

Certificate of Mailing

I hereby certify that this Issue Fee Transmittal is being deposited with the United States Postal Service with sufficient postage for first class mail in an envelope addressed to the Box Issue Fee address above on the date indicated below.

Tracey L. Milka (Depositor's name)
Tracey L. Milka (Signature)
12/15/98 (Date)

APPLICATION NO.	FILING DATE	TOTAL CLAIMS	EXAMINER AND GROUP ART UNIT	DATE MAILED
08/471,964	06/06/95	063 16	NGUYEN, H 2785	09/15/98

First Named Applicant: MAIR, ARTHUR R.

TITLE OF INVENTION: A SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS (AS AMENDED)

ATTY'S DOCKET NO.	CLASS-SUBCLASS	BATCH NO.	APPLN. TYPE	SMALL ENTITY	FEE DUE	DATE DUE
3 MAIR-1CONT1T	380-024.000	J16	UTILITY	YES	$445.00	12/15/98

1. Change of correspondence address or indication of "Fee Address" (37 CFR 1.363). Use of PTO form(s) and Customer Number are recommended, but not required.

☐ Change of correspondence address (or Change of Correspondence Address form PTO/SB/122) attached.

☐ "Fee Address" Indication (or "Fee Address" Indication form PTO/SB/47) attached.

2. For printing on the patent front page, list (1) the names of up to 3 registered patent attorneys or agents OR, alternatively, (2) the name of a single firm (having as a member a registered attorney or agent) and the names of up to 2 registered patent attorneys or agents. If no name is listed, no name will be printed.

1 Ansel M. Schwartz
2 _____
3 _____

3. ASSIGNEE NAME AND RESIDENCE DATA TO BE PRINTED ON THE PATENT (print or type)
PLEASE NOTE: Unless an assignee is identified below, no assignee data will appear on the patent. Inclusion of assignee data is only appropriate when an assignment has been previously submitted to the PTO or is being submitted under separate cover. Completion of this form is NOT a subsititue for filing an assignment.

(A) NAME OF ASSIGNEE
Parsec Sight/Sound, Inc.

(B) RESIDENCE: (CITY & STATE OR COUNTRY)
Mt. Lebanon, Pennsylvania

Please check the appropriate assignee category indicated below (will not be printed on the patent)
☐ individual ☒ corporation or other private group entity ☐ government

4a. The following fees are enclosed (make check payable to Commissioner of Patents and Trademarks):
☒ Issue Fee
☒ Advance Order - # of Copies 10

4b. The following fees or deficiency in these fees should be charged to:
DEPOSIT ACCOUNT NUMBER 19-0737
(ENCLOSE AN EXTRA COPY OF THIS FORM)
☒ Issue Fee
☒ Advance Order - # of Copies 10

The COMMISSIONER OF PATENTS AND TRADEMARKS IS requested to apply the Issue Fee to the application identified above.

(Authorized Signature) Ansel Schwartz (Date) 12/15/98

NOTE: The Issue Fee will not be accepted from anyone other than the applicant; a registered attorney or agent; or the assignee or other party in interest as shown by the records of the Patent and Trademark Office.

01/07/1999 RTSEGAYE 00000010 08471964
01 FC:242 605.00 OP
02 FC:561 30.00 OP

Burden Hour Statement: This form is estimated to take 0.2 hours to complete. Time will vary depending on the needs of the individual case. Any comments on the amount of time required to complete this form should be sent to the Chief Information Officer, Patent and Trademark Office, Washington, D.C. 20231. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND FEES AND THIS FORM TO: Box Issue Fee, Assistant Commissioner for Patents, Washington D.C. 20231

Under the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number.

TRANSMIT THIS FORM WITH FEE

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, DC 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR		ATTORNEY DOCKET NO.
08/471,964	06/06/95	HAIR	A	HAIR-1CONTII

LM21/0208

ANSEL M SCHWARTZ
ATTORNEY AT LAW
ONE STERLING PLAZA
201 NORTH CRAIG STREET, SUITE 304
PITTSBURGH PA 15213

EXAMINER	
NGUYEN, H	
ART UNIT	PAPER NUMBER
2785	23

DATE MAILED: 02/08/99

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

Response to Rule 312 Communication	Application No. 08/471,964	Applicant(s) HAIR
	Examiner HOA NGUYEN	Group Art Unit 2784

☐ The petition filed on _____ under 37 CFR 1.312(b) is granted. The paper has been forwarded to the examiner for consideration on the merits.

☒ The amendment filed on *Dec 17, 1998* under 37 CFR 1.312 has been considered, and has been:

- ☐ entered.
- ☒ entered as directed to matters of form not affecting the scope of the invention (Order 3311).
- ☐ disapproved. See explanation below.
- ☐ entered in part. See explanation below.

HOA NGUYEN
PRIMARY EXAMINER
ART UNIT 2784

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.
09/471,964	06/06/95	HAIR	A HAIR-1CONTII

LM21/0826

ANSEL M SCHWARTZ
ATTORNEY AT LAW
ONE STERLING PLAZA
201 NORTH CRAIG STREET, SUITE 304
PITTSBURGH PA 15213

EXAMINER	
NGUYEN, H	
ART UNIT	**PAPER NUMBER**
2785	#35

DATE MAILED: 08/26/99

Please find below and/or attached an Office communication concerning this application or proceeding.

Commissioner of Patents and Trademarks

PTO-90C (Rev. 2/95) 1- File Copy

Supplemental

Notice of Allowability

Application No.	Applicant(s)
08/471,964	Hair
Examiner	**Group Art Unit**
HOA NGUYEN	2784

All claims being allowable, PROSECUTION ON THE MERITS IS (OR REMAINS) CLOSED in this application. If not included herewith (or previously mailed), a Notice of Allowance and Issue Fee Due or other appropriate communication will be mailed in due course.

☒ This communication is responsive to *the submission of prior art on 12/17/98*.

☐ The allowed claim(s) is/are _____.

☐ The drawings filed on _____ are acceptable.

☐ Acknowledgement is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d).

☐ All ☐ Some* ☐ None of the CERTIFIED copies of the priority documents have been

☐ received.

☐ received in Application No. (Series Code/Serial Number) _____.

☐ received in this national stage application from the International Bureau (PCT Rule 17.2(a)).

*Certified copies not received: _____.

☐ Acknowledgement is made of a claim for domestic priority under 35 U.S.C. § 119(e).

A SHORTENED STATUTORY PERIOD FOR RESPONSE to comply with the requirements noted below is set to EXPIRE **THREE MONTHS** FROM THE "DATE MAILED" of this Office action. Failure to timely comply will result in ABANDONMENT of this application. Extensions of time may be obtained under the provisions of 37 CFR 1.136(a).

☐ Note the attached EXAMINER'S AMENDMENT or NOTICE OF INFORMAL APPLICATION, PTO-152, which discloses that the oath or declaration is deficient. A SUBSTITUTE OATH OR DECLARATION IS REQUIRED.

☐ Applicant MUST submit NEW FORMAL DRAWINGS

☐ because the originally filed drawings were declared by applicant to be informal.

☐ including changes required by the Notice of Draftsperson's Patent Drawing Review, PTO-948, attached hereto or to Paper No. _____.

☐ including changes required by the proposed drawing correction filed on _____, which has been approved by the examiner.

☐ including changes required by the attached Examiner's Amendment/Comment.

Identifying indicia such as the application number (see 37 CFR 1.84(c)) should be written on the reverse side of the drawings. The drawings should be filed as a separate paper with a transmittal lettter addressed to the Official Draftsperson.

☐ Note the attached Examiner's comment regarding REQUIREMENT FOR THE DEPOSIT OF BIOLOGICAL MATERIAL.

Any response to this letter should include, in the upper right hand corner, the APPLICATION NUMBER (SERIES CODE/SERIAL NUMBER). If applicant has received a Notice of Allowance and Issue Fee Due, the ISSUE BATCH NUMBER and DATE of the NOTICE OF ALLOWANCE should also be included.

Attachment(s)

☐ Notice of References Cited, PTO-892

☒ Information Disclosure Statement(s), PTO-1449, Paper No(s). *24*

☐ Notice of Draftsperson's Patent Drawing Review, PTO-948

☐ Notice of Informal Patent Application, PTO-152

☐ Interview Summary, PTO-413

☐ Examiner's Amendment/Comment

☐ Examiner's Comment Regarding Requirement for Deposit of Biological Material

☐ Examiner's Statement of Reasons for Allowance

HOA NGUYEN
PRIMARY EXAMINER
ART UNIT 2784

Sheet 1 of 1

A Substitution for IDS of 12/17/98 which is not completed. AN

For IDS of #24

FORM PTO-1449 (Rev. 2-32) U.S. DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE

INFORMATION DISCLOSURE STATEMENT BY APPLICANT

(Use several sheets if necessary)

ATTY. DOCKET NO.	SERIAL NO.
HAIR-1 CONT III	08/471,964
APPLICANT: Hair	
FILING DATE: June 6, 1995	GROUP: 2784 ~~2785~~

U.S. PATENT DOCUMENTS

EXAMINER INITIAL		DOCUMENT NUMBER	DATE	NAME	CLASS	SUBCLASS	FILING DATE IF APPROPRIATE

FOREIGN PATENT DOCUMENTS

		DOCUMENT NUMBER	DATE	COUNTRY	CLASS	SUBCLASS	TRANSLATION YES	TRANSLATION NO

OTHER DOCUMENTS (Including Author, Title, Date, Pertinent Pages, Etc.)

HN		"Teledelivery Business Quantified: Would You Believe $20 Billion?" VideoPrint, v4, n12, p1-4; June 22, 1983; ISSN: 0271-0951 (Abstract is Attached)

EXAMINER	DATE CONSIDERED
HOA T. NGUYEN	8/23/99

EXAMINER: Initial if citation considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

(Form PTO-1449 [5-2])

OIPE JC57 DEC 17 1998 PATENT & TRADEMARK OFFICE

#24

FORM PTO-1449 (Rev. 2-32) U.S. DEPARTMENT OF COMMERCE PATENT AND TRADEMARK OFFICE	ATTY. DOCKET NO.	SERIAL NO.
INFORMATION DISCLOSURE STATEMENT BY APPLICANT (Use several sheets if necessary)	HAIR-1 CONT III	08/471,964
	APPLICANT: Hair	
	FILING DATE: June 6, 1995	GROUP: 2785

U.S. PATENT DOCUMENTS

EXAMINER INITIAL		DOCUMENT NUMBER	DATE	NAME	CLASS	SUBCLASS	FILING DATE IF APPROPRIATE

RECEIVED
DEC 22 1998
Group 2700

Substituted by 449 PTO 7/1/99 SJ

FOREIGN PATENT DOCUMENTS

		DOCUMENT NUMBER	DATE	COUNTRY	CLASS	SUBCLASS	TRANSLATION YES	TRANSLATION NO

OTHER DOCUMENTS (Including Author, Title, Date, Pertinent Pages, Etc.)

		Abstract

EXAMINER	DATE CONSIDERED

EXAMINER: Initial if citation considered, whether or not citation is in conformance with MPEP 609; Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.

(Form PTO-1449 [6-2])

COMMISSIONER FOR PATENTS
UNITED STATES PATENT AND TRADEMARK OFFICE
P.O. BOX 1450
ALEXANDRIA, VA 22313-1450
www.uspto.gov

Patent No. 5966440 Paper No. 26

NOTICE OF *EX PARTE* REEXAMINATION

Notice is hereby given that a request for *ex parte* reexamination of U.S. Patent No. 5966440 was filed on 1/31/05 pursuant to 35 U.S.C. 302 and 37 CFR 1.510(a).

The reexamination proceeding has been assigned Control No. 90/007,407.

This Notice incorporates by reference into the patent file, all papers entered into the reexamination file.

Note: This Notice should be entered into the patent file and given a paper number.

Revised July 2004

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

SIGHTSOUND TECHNOLOGIES, LLC and SIGHTSOUND TECHNOLOGIES, INC.,	
Plaintiff,	CIVIL ACTION NO. 04-1549
v.	JUDGE DONETTA W. AMBROSE
ROXIO, INC., and NAPSTER, LLC,	JURY TRIAL DEMANDED
Defendants.	Pat # 5,191,573 5,675,734 5,986,440

FIRST AMENDED COMPLAINT

Plaintiffs SightSound Technologies, LLC and SightSound Technologies, Inc., (collectively, "SightSound"), by their attorneys, Meyer, Unkovic & Scott LLP, brings this civil action for patent infringement against Defendants Roxio, Inc. and Napster, LLC, and their successors in interest, and in support thereof alleges as follows:

Parties

1. SightSound Technologies, Inc., through its successor by merger, SightSound Technologies Holdings, LLC, is a corporation that is organized and existing under the laws of the State of Delaware, with its principal place of business at 311 South Craig Street, Pittsburgh, Pennsylvania, 15213.

2. SightSound Technologies LLC is a corporation that is organized and existing under the laws of the State of Delaware , with its principal place of business at 311 South Craig Street, Pittsburgh, Pennsylvania, 15213.

3. Defendant, Roxio, Inc. ("Roxio"), has at the relevant times been a corporation organized and existing under the laws of the State of Delaware with a principal place of business located at 455 El Camino Real, Santa Clara, CA, 95050.

4. Defendant, Napster, LLC has at the relevant times been a limited liability company organized and existing under the laws of the State of Delaware, with its principal place of business at 9044 Melrose Ave., Los Angeles, California 90069.

5. On information and belief, Roxio acquired certain assets from Napster, Inc., Napster Music Company, Inc., Napster Mobile Company, Inc. and Pressplay, Inc., including the business of selling digital music electronically.

6. On information and belief, Roxio and Napster, LLC (collectively referred to herein as "Napster"), and their successors in interest, working individually and/or together in conjunction, are involved in the electronic sale, and transmission of digital music throughout the United States, including in the Commonwealth of Pennsylvania.

Jurisdiction

7. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. § 1331 and 1338(a).

Venue

8. Venue is proper in this Court under the provisions of 28 U.S.C. § 1391(c) and 28 U.S.C. § 1400(b).

General Facts

9. Arthur R. Hair ("Hair") is the inventor to whom the United States Patent Office issued United States Patent No. 5,191,573 on March 2, 1993 (hereinafter the "'573 Patent"). A true and correct copy of the '573 Patent is attached hereto as Exhibit "A".

10. SightSound is the assignee of the rights, title and interest in the '573 Patent issued to Hair.

11. Hair is the inventor to whom the United States Patent Office issued United States Patent No. 5,675,734 on October 7, 1997 (hereinafter the "'734 Patent"). A true and correct copy of the '734 Patent is attached hereto as Exhibit "B".

12. SightSound is the assignee of the rights, title and interest in the '734 Patent issued to Hair.

13. The '734 Patent is a continuation of the application that led to the '573 Patent.

14. Hair is the inventor to whom the United States Patent Office issued United States Patent No. 5,966,440 on October 12, 1999 (hereinafter the "'440 Patent"). A true and correct copy of the '440 Patent is attached hereto as Exhibit "C."

15. SightSound is the assignee of the rights, title and interest in the '440 Patent issued to Hair.

16. The '440 Patent is a continuation of the application that led to the '573 Patent.

17. On January 1, 1998, a SightSound predecessor in interest, SightSound.com, Inc. filed a patent infringement action against N2K, Inc. ("N2K"), for infringement of the '573 Patent, and the '734 Patent in the United States District Court for the Western District of Pennsylvania, Civil Action No. 98-0118. In March, 2000 CDnow, Inc., and CDnow Online Inc. (collectively "CDnow") were joined as defendants in that lawsuit and a claim of infringement of the '440 Patent was added against all defendants.

18. In the lawsuit against CDnow and N2K, this Court held a Markman hearing and issued an order on construction of relevant terms of the claims of the patents in suit. Subsequently, a motion for summary judgment filed by N2K and CDnow alleging invalidity of

the '573 Patent, the '734 Patent, and the '440 Patent, was denied. Plaintiff's motion for summary judgment was granted, dismissing allegations by N2K and CDnow that the plaintiff had committed inequitable conduct.

19. Pursuant to a settlement agreement among the parties, CDnow and N2K agreed to a Final Judgment and Order on Consent, entered by this Court on February 20, 2004, that the '573 Patent, the '734 Patent, and the '440 Patent are valid and enforceable.

COUNT 1

Patent Infringement

20. Paragraphs 1-19, inclusive, above, are hereby incorporated herein by reference.

21. Napster and/or its successors in interest has been making and continues to make and/or has sold and continues to sell and/or continues to induce others to sell and/or use and/or contribute to the making, using or selling of one or more digital audio signals for or with systems and/or processes within the scope of the claims of the '573 Patent in this judicial district and elsewhere in the United States.

22. Napster and/or its successors in interest had notice of the '573 Patent, pursuant to 35 U.S.C. § 287, prior to the commencement of this civil action.

23. The unauthorized making, use, or sale of such digital audio signals by Napster and/or its successors in interest infringes the '573 Patent.

24. Napster and/or its successors in interest is a direct and/or contributory infringer of the '573 Patent, and/or has induced infringement of the '573 Patent by others in violation of 35 U.S.C. § 271.

25. Unless enjoined by this Court, Napster and/or its successors in interest will continue to infringe the '573 Patent in the future.

26. On information and belief, Napster and/or its successors in interest has infringed and is infringing the '573 Patent, with full knowledge of the '573 Patent, and the infringement has been willful and deliberate and continues to be willful and deliberate. This case is exceptional under 35 U.S.C. § 285.

COUNT II

27. Paragraphs 1-26, inclusive, above, are hereby incorporated herein by reference.

28. Napster and/or its successors in interest has been making and continues to make and/or has sold and continues to sell and/or continues to induce others to sell and/or use and/or contribute to the making, using or selling of one or more digital audio signals for or with processes within the scope of the claims of the '734 Patent in this judicial district and elsewhere in the United States.

29. Napster and/or its successors in interest received notice of the '734 Patent pursuant to 35 U.S.C. § 287, prior to the commencement of this civil action.

30. The unauthorized making, use, or sale of such a digital audio signal by Napster and/or its successors in interest infringes the '734 Patent.

31. Napster and/or its successors in interest is a direct and/or contributory infringer of the '734 Patent and/or has induced infringement of the '734 Patent by others in violation of 35 U.S.C. § 271.

32. Unless enjoined by this Court, Napster and/or its successors in interest will continue to infringe the '734 Patent in the future.

33. On information and belief, Napster and/or its successors in interest has infringed and is infringing the '734 Patent with full knowledge of the '734 Patent, and the infringement

has been willful and deliberate and continues to be willful and deliberate. This case is exceptional under 35 U.S.C. § 285.

COUNT III

34. Paragraphs 1-33, inclusive, above, are hereby incorporated herein by reference.

35. Napster and/or its successors in interest has been making and continues to make and/or has sold and continues to sell and/or continues to induce others to sell and/or use and/or contribute to the making, using or selling of one or more digital audio signals for or with processes within the scope of the claims of the '440 Patent in this judicial district and elsewhere in the United States.

36. Napster and/or its successors in interest received notice of the '440 Patent pursuant to 35 U.S.C. § 287, prior to the commencement of this civil action.

37. The unauthorized making, use, or sale of such a digital audio signal by Napster or its successors in interest infringes the '440 Patent.

38. Napster and/or its successors in interest is a direct and/or contributory infringer of the '440 Patent and/or has induced infringement of the '440 Patent by others in violation of 35 U.S.C. § 271.

39. Unless enjoined by this Court, Napster and/ or its successors in interest will continue to infringe the '440 Patent in the future.

40. On information and belief, Napster and/or its successors in interest has infringed and is infringing the '440 Patent, with full knowledge of the '440 Patent, and the infringement has been willful and deliberate and continues to be willful and deliberate. This case is exceptional under 35 U.S.C. § 285.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff SightSound Technologies, LLC demands judgment in its favor and against Napster and/or its successors in interest, as follows:

A. That this Court adjudge and decree that United States Patent No. 5, 191,573, United States patent No. 5, 675,734, and United States Patent No. 5,966,440 are valid and enforceable against Napster and/or its successors in interest;

B. That this Court adjudge and decree that Napster and/or its successors in interest has infringed the '573 Patent, the '734 Patent, and the '440 Patent;

C. That this Court preliminarily and permanently enjoin Napster, its officers, directors, agents, employees, servants, attorneys, successors, assigns and all others controlling, controlled by, affiliated with or in privity with Napster, from committing further acts of infringement of the '573 Patent, the '734 Patent, and the '440 Patent, pursuant to 35 U.S.C. § 283;

D. That this Court direct Napster and/or its successors in interest to file with this Court and serve on counsel for SightSound, within thirty (30) days of the entry of said injunction, a report in writing under oath setting forth in detail the manner and form in which Napster and/or its successors in interest has complied with the injunction;

E. That this Court award damages sufficient to compensate SightSound for the infringement of the '573 Patent, the '734 Patent, and the '440 Patent by Napster and/or its successors in interest, pursuant to 35 U.S.C. § 284, together with costs and prejudgment interest for the amount of damages determined;

F. That this Court increase such damages up to three (3) times the amount found or assessed in view of the willful and deliberate character of such infringement of said patents by Napster and or its successors in interest, pursuant to 35 U.S.C. § 284;

G. That this Court find this case "exceptional" and award SightSound its reasonable attorneys' fees, pursuant to 35 U.S.C. § 285; and

H. That this Court award SightSound such other and further relief as the Court may deem just and proper.

PLAINTIFF DEMANDS A JURY TRIAL

Dated: January 4, 2012

/s/ Russell J. Ober
Russell J. Ober
E-Mail: rjo@muslaw.com
MEYER, UNKOVIC & SCOTT LLP
Suite 1300, Oliver Building
535 Smithfield Street
Pittsburgh, PA 15222-2315
Telephone: (412) 456-2806
Facsimile: (412) 456-3255

Attorneys for SightSound Technologies, Inc. and SightSound Technologies, LLC