

PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

64660 U.S. PTO  
90007407



In re the patent of:

Arthur R. HAIR

U.S. Patent No. 5,966,440

Issued: October 12, 1999

Application No. 08/471,964

Filed: June 6, 1995

For: SYSTEM AND METHOD FOR  
TRANSMITTING DESIRED DIGITAL  
VIDEO OR DIGITAL AUDIO SIGNALS

Docket No. NAPSP003

Date: January 31, 2005



CERTIFICATE OF EXPRESS MAILING

I hereby certify that this paper and the documents and/or fees referred to as attached herein are being deposited with the United States Postal Service on January 31, 2005 in an envelope as "Express Mail Post Office to Addressee" service under 37 CFR § 1.10, Mailing Label Number EV 577446447 US, addressed to the Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

Albert S. Penilla

REQUEST FOR EX PARTE REEXAMINATION  
TRANSMITTAL FORM

Commissioner for Patents  
Mail Stop *Ex Parte* Reexam  
P.O. Box 1450  
Alexandria, VA 22313-1450

1. This is a request for *ex parte* reexamination pursuant to 37 CFR 1.510 of U.S. Patent No. 5,966,440, which issued October 12, 1999 ("the '440 patent"). The request is made by a third-party requester.

2. The name and address of the person requesting reexamination is:

Napster, Inc. (formerly Roxio, Inc. and majority owner of Napster, L.L.C.)  
Los Angeles Office  
9044 Melrose Ave.  
Los Angeles, CA 90069.

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Atty. Docket No. NAPSP003

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Rep. Ref: 02/10/2005 MSALDANA 0015285700

3. A check in the amount of \$6,870.00 to cover the *ex parte* reexamination fee (\$2,520.00) and the excess claim fees (\$4,350.00 for 11 extra independent claims (\$2,200.00) and 43 claims in excess of 20 claims (\$2,150.00)) is enclosed. 37 CFR 1.20(c)(1).

4. The Commissioner is authorized to charge any fees beyond the amount enclosed which may be required, or to credit any overpayment, to Deposit Account No. 50-0805 (Order No. NAPSP003).

5. A copy of the '440 patent to be reexamined having a double column format on one side of a separate paper is enclosed. 37 CFR 1.510(b)(4).

**6. Reexamination of claims 1-63 is requested.**

7. A copy of every patent or printed publication relied upon is submitted herewith including a listing thereof on Form PTO-1449.

8. The attached detailed request includes at least the following items:

a. A statement identifying each substantial new question of patentability based on prior patents and printed publications. 37 CFR 1.510(b)(1); and

b. An identification of every claim for which reexamination is requested, and a detailed explanation of the pertinency and manner of applying the cited art to every claim for which reexamination is requested. 37 CFR 1.510(b)(2).

9. It is certified that a copy of this request has been served in its entirety on the patent owner as provided in 37 CFR 1.33(c). The name and address of the party served and the date of service are:

Ansel M. Schwartz, Registration No. 30,587  
201 N. Craig Street, Suite 304  
Pittsburgh, PA 15213

Date of Service: January 31, 2005 (by overnight courier).

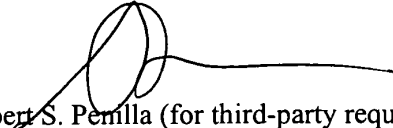
10. Correspondence Address: Direct all communication about the reexamination to:

Albert S. Penilla  
MARTINE PENILLA & GENCARELLA, LLP  
710 Lakeway Drive, Suite 200  
Sunnyvale, CA 94085  
(408) 749-6900  
**Customer Number 25920.**

11. The patent is the subject of the following concurrent proceeding:

**Copending litigation styled:** SightSound Technologies, Inc. v. Roxio, Inc. and Napster, L.L.C., U.S. District Court for the Western District of Pennsylvania, Civil Action No. 04-1549.

Respectfully submitted,  
MARTINE PENILLA & GENCARELLA, LLP



Albert S. Penilla (for third-party requester)  
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re *Ex Parte* Reexamination of:

Arthur R. Hair

U.S. Patent No. 5,966,440

Issued: Oct. 12, 1999

For: SYSTEM AND METHOD FOR  
TRANSMITTING DESIRED  
DIGITAL VIDEO OR DIGITAL  
AUDIO SIGNALS

Examiner: Nguyen, Hoa T.  
(Prior Examiner)

Group Art Unit: 2516  
(Prior Examination)

**REQUEST FOR *Ex Parte*  
REEXAMINATION  
UNDER 37 CFR § 1.510**

Date: January 31, 2005

Mail Stop *Ex Parte* Reexam  
Honorable Commissioner of Patents and Trademarks  
P.O. Box 1450  
Alexandria, VA 22313-1450

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Are Anticipated Under 35 U.S.C. § 102 by Gallagher and/or Are Rendered  
Obvious Under 35 U.S.C. § 103 by Gallagher, in view of Gremillet,  
Freeny, Akashi, Schwartz, Hellman, Ferrarini, Rosch, Elmer-Dewitt,  
Jared, Kramer, Jordan, Waters, McDonnell, Fishcher and/or Zilber. .... 9

**REQUEST FOR REEXAMINATION  
OF U.S. PATENT NO. 5,966,440**

B.	GREMILLET (U.S. Pat. No. 4,499,568): Claims 1 – 63 of the Hair '440 Patent Are Anticipated Under 35 U.S.C. § 102 by Gremillet and/or Are Rendered Obvious Under 35 U.S.C. § 103 by Gremillet in view of Gallagher, Freeny, Akashi, Schwartz, Hellman, Ferrarini, Rosch, Elmer-Dewitt, Jared, Kramer, Jordan, Waters, McDonnell, Fishcher and/or Zilber.....	40
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## I. INTRODUCTION

This Request for *Ex Parte* Reexamination of U.S. Patent No. 5,966,440 (“the ‘440 patent”) raises substantial new questions of patentability with respect to the ‘440 patent based on prior art not cited or considered during the prosecution of the ‘440 patent and based on double patenting in view of U.S. Patent Nos. 5,675,734 (“the ‘734 patent”) and 5,191,573 (“the ‘573 patent”), all issued to Arthur R. Hair (collectively, the “Hair Patents”).

### A. Anticipation and Obviousness

The ‘440 patent is directed to a method and system for transferring money and desired audio or video signals through telecommunications lines from a first memory of a first party to a second memory of a second party. During the prosecution of the ‘440 patent, prior art references Gallagher and Gremillet were neither disclosed nor considered by the Examiner.

Gallagher, like the Hair Patents, teaches a method, system and apparatus for selling and transferring through telecommunications lines, recorded digital audio and video data between a source unit, a database, which may be housed by a record company, and user units, which belong to the general public.

Similarly, Gremillet teaches a method and system for the electronic sale of digital audio signals and recorded information over telecommunications lines, including telephone lines, cables and optical fibres. The digital audio signals are stored in an information bank at a distribution center and are distributed to user equipment that includes a recording device.

Gallagher and Gremillet each individually anticipate all of the claims of the ‘440 patent. Additionally, Gallagher and Gremillet in combination with other prior art references, cited below, render all claims of the ‘440 patent obvious.

Accordingly, because Gallagher and Gremillet alone and in combination with other

prior art references raise substantial new questions of patentability, this Request for Reexamination of the '440 patent should be granted.

### **B. Double Patenting**

The '440 patent is also invalid under the doctrine of obviousness-type double patenting. The '440 patent claims the same innovation as set forth in the '573 patent. The only limitations that do not represent a mere change in wording that the patentee added in the '440 patent are: (1) control unit; (2) speakers; (3) video display; (4) electronic coding or, encryption, of the signal; (5) hard disk; (6) control panel; (7) integrated circuit; and (8) sales, incoming or playback RAM chip. As Requestor will demonstrate in the detailed analysis in Section VIII of this Request, none of these limitations is patentably distinct and all of them would have been obvious to the person of ordinary skill in the art, in 1988.

**The addition of “control unit” and “control panel” is not patentably distinct.** It would have been obvious to one skilled in the art in light of claims 1 and 4 of the '573 patent to have the second memory included in some type of collection of hardware and software called a "control unit" and to have the digital signals on the second memory to be played through speakers connected to the second memory. In addition, the limitation of having the second memory included in some type of collection of hardware and software called a “control unit” was obvious in view of at least Gallagher, Akashi, Freeny, Schwartz. A control unit for the first party too would be understood to one of skill in the art. The "first party control unit" was obvious in view of the “first memory with a transmitter in control and possession of the first party,” of Claim 1 of the '573 Patent. In order to exercise the “control” disclosed some means for control would have to exist. Viewed together a “control unit” was disclosed.

It would have been obvious to have a “control panel” on the user’s unit. Hair's claimed invention as described in the original '573 specification was an "advanced stereo system." '573 Prosecution History, Original Patent Application Filing at p.6. It is well known, was well known in 1988, that a stereo system must have a control panel in order to accept user commands (for example to “play” music).

**The addition of “speakers” is not patentably distinct.** The limitation of having the digital signals on the second memory played through speakers connected to the second memory was obvious to a person skilled in the art in 1988. Namely, it was obvious that a customer would want to play the purchased music through speakers. Moreover, the addition of this limitation is obvious in view of at least Gallagher, Schwartz and Gremillet. Finally, Hair's claimed invention as described in the original '573 specification was an "advanced stereo system" capable of playing digital audio. '573 Prosecution History, Original Patent Application Filing at p.6. Such a unit would obviously be connected to speakers as this was customary for stereo systems and without speakers such a stereo system would be unable to produce sound.

**The addition of “video display” is not patentably distinct.** A video display was obviously required to playback the digital video data disclosed in the claims of the ‘573. As Hair in prosecution claimed an “advanced stereo system” a person of skill in the art would know that the analogous video system would be a machine akin to a videocassette recorder, which would naturally be connected to a TV monitor, or something similar. Moreover, digital video was well known in the late 1980s. Gallagher and Rosch each illustrate the obviousness of a video display in the context of digital video in that time period.

**The addition of “coding” the signal to prevent unauthorized reproduction, or “encryption,” is not patentably distinct.** One skilled in the art would have known in light of claims 3 and 6 of the '573 patent to code or encrypt the signals in a way to prevent unauthorized reproduction. Encryption was widely known and practiced in 1988. Specifically, the limitation of electronically coding the desired digital video or audio signals was obvious in view of at least



Freeny, Gallagher, Waters and a *PC Weekly* 1987 article. That article stated: “Several software firms are including encryption as an option for their spreadsheet or database users. Other developers sell encryption hardware and software to tighten the lid on computer security.”

**The addition of “hard disk” is not patentably distinct.** Usage of hard disc was known in the art well before 1988. Hair himself argued during the prosecution that “[t]he use of transferring money across telecommunications connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales.”) See ‘573 Prosecution History 6/25/92 Hair Decl.

**The addition of “integrated circuit” is not patentably distinct.** A second party control integrated circuit was inherent in the ‘573 teaching of electronic sales. During the prosecution, Hair argued that “the ‘second party’ must have a ‘receiver’ (the control IC of the user in figure 1) in his ‘possession’ in order to receive the music electronically from the hard disk of the agent over the telecommunications lines, such as telephone lines.”) ‘734 Prosecution History, 1/3/94 Hair Decl., p. 3-4 (emphasis added). The limitation of a second party integrated circuit and a control panel connected to the integrated circuit was further obvious in view of at least Gallagher, Freeny, Akashi, Schwartz and Gremillet.

**The addition of RAM chip is not patentably distinct.** The limitation of the incoming random access memory chip to buffer incoming data before storage to a hard disk and a playback random access memory chip to buffer digital signals prior to playback was obvious to a person skilled in art. It was also obvious in view of at least Gallagher, Freeny, Akashi, Schwartz and Ferrarini. Moreover, the functions attributed by Hair to the seller’s “sales random access memory chip” were well known within the field of digital telecommunications.

Accordingly, the ‘440 claims the same invention as the ‘573 patent, and adds only minor and obvious limitations, all of the claims of the ‘440 patent are invalid for obviousness-type of double patenting. Because the Examiner had not rejected the claims on the basis of double

patenting during the prosecution of the '440 patent, Requestor's analysis presents substantial new questions of patentability.

## **II. RELATED AND CO-FILED REQUESTS FOR REEXAMINATION**

In addition to this Request for reexamination of the '440 patent, separate Requests for reexamination of the '573 and '734 patents have also been concurrently filed. As stated, the '573, '734 and '440 patents are all related, disclose identical inventions, claim priority to the same June 13, 1988 earliest filing date, and were issued from continuation applications from the same parent application. Moreover, the three patents also share similar specifications and identical drawings.

## **III. CURRENT STATUS OF THE '440 PATENT**

The '440 patent is currently in litigation in the District Court for the Western District of Pennsylvania in a case styled SightSound Technologies, Inc. v. Roxio, Inc. and Napster, L.L.C., Civil Action No. 04-1549. The case is in its infancy and no formal discovery has taken place. Pursuant to the Court's request, Requestor has filed a Motion to Stay the case pending the outcome of the Reexamination proceedings.

Previously, the '440 patent was in litigation in another case, also in the District Court for the Western District of Pennsylvania, styled as SightSound.com Incorporated v. N2K, Inc., CDnow, Inc., and CDnow Online, Inc., Civil Action No. 98-0118. That case settled before trial with no judicial determination of the invalidity of the '440 patent.

The '573 and '734 patents are also at issue in the current litigation, and were also at issue in the previous litigation.

## **IV. CLAIMS FOR WHICH REEXAMINATION IS REQUESTED**

Reexamination is requested for all claims, 1 through 63.

**V. PRIOR ART PATENTS AND PUBLICATIONS**

Pursuant to 37 C.F.R. § 1.555 Requestor brings to the attention of the Examiner the following references, all of which are listed on the enclosed form PTO-1449, along with copies of the listed references:

Reference Name	Reference Description
"Gallagher"	Great Britain Patent GB 2 178 275 A, "Recorded Data Transfer System," filed July 16, 1986, published February 4, 1987.
"Gremillet"	U.S. Pat. No. 4,499,568, "Process for the Teledistribution of Recorded Information and a System for Performing This Process," filed December 13, 1982, issued February 12, 1985.
"Freeny"	U.S. Patent No. 4,528,643, "System For Reproducing Information In Material Objects At a Point of Sale Location," filed January 10, 1983, issued on July 9, 1985.
"Akashi"	Japanese Patent Application No. S62-284496 to H. Akashi, "Automated Music Purchasing System," filed on June 3, 1986 and published on December 10, 1987. (Translation included.)
"Schwartz"	U.S. Pat. No. 4,636,876, "Audio Digital Recording and Playback System," filed April 19, 1983, issued January 13, 1987.
"Hellman"	U.S. Pat. No. 4,658,093, Software Distribution System, filed July 13, 1983, issued on April 14, 1987.
"Ferrarini"	Ferrarini, "Direct Connections for Software Selections," Business Computer Systems, February 1984.
"Rosch"	"ComNet for the PC," <i>PC Magazine</i> , August 1983.
"Elmer-Dewitt"	"Calling Up an On-Line Cornucopia," <i>Time</i> , April 7, 1986.
"Jared"	"The Copy Protection Wars," <i>PC Magazine</i> , January 14, 1986.
"Kramer"	"Network Applications Are Adding Encryption," <i>PC Week</i> , March 3, 1987.
"Jordan"	<i>Communications and Networking for the IBM PC</i> , 1983.
"Waters"	"Prospects for Standardization in Cable Audio," <i>Technical</i>

	<i>Papers-NCTA Annual Convention, 1984.</i>
<b>“McDonnell”</b>	“AT&T Breaks the Speed Barrier,” <i>Computers &amp; Electronics</i> , September 1984.
<b>“Fishcher”</b>	“Modems, Music, and Your Apple II,” <i>A+</i> , June 1988.
<b>“Zilber”</b>	"It's a Mac, Mac, Mac World," <i>MacUser</i> , April 1988.

For the reasons discussed below, the prior art patents and printed publications submitted herein raise substantial new questions of patentability of claims 1 through 63 of the '440 patent.

#### **VI. STATEMENT POINTING OUT SUBSTANTIAL NEW QUESTIONS OF PATENTABILITY**

This Request for *Ex Parte* Reexamination of the '440 patent raises the following substantial new questions of patentability:

1. Whether claims 1 – 63 are anticipated under 35 U.S.C. § 102 by **Gallagher**;
2. Whether claims 1 – 63 are anticipated under 35 U.S.C. § 102 by **Gremillet**;
3. Whether claims 1 – 63 are rendered obvious under 35 U.S.C. § 103 by **Gallagher**, in view of **Gremillet, Freeny, Akashi, Schwartz, Hellman, Ferrarini, Rosch, Elmer-Dewitt, Jared, Kramer, Jordan, Waters, McDonnell, Fishcher** and/or **Zilber**.
4. Whether claims 1 – 63 are rendered obvious under 35 U.S.C. § 103 by **Gremillet** in view of **Gallagher, Freeny, Akashi, Schwartz, Hellman, Ferrarini, Rosch, Elmer-Dewitt, Jared, Kramer, Jordan, Waters, McDonnell, Fishcher** and/or **Zilber**.
5. Whether claims 1 – 63 are unpatentable for double patenting in view of U.S. Patent No. 5,191,573, also issued to Arthur R. Hair.

#### **VII. DESCRIPTION OF THE RELEVANT PRIOR ART**

In the following claim charts, the left hand column lists the claims of the '440 patent and the right-hand column identifies the relevant portions of the cited references and

explains their pertinence which anticipates under 35 U.S.C. § 102. The right hand column also explains how, in combination with other prior art, the cited references render the Hair '440 patent obvious under 35 U.S.C. § 103, as specifically described below.

**A. GALLAGHER (GB 2 178 275 A): Claims 1 – 63 of the Hair '440 Patent Are Anticipated Under 35 U.S.C. § 102 by Gallagher and/or Are Rendered Obvious Under 35 U.S.C. § 103 by Gallagher, in view of Gremillet, Freeny, Akashi, Schwartz, Hellman, Ferrarini, Rosch, Elmer-Dewitt, Jared, Kramer, Jordan, Waters, McDonnell, Fishcher and/or Zilber.**

Gallagher (GB 2 178 275 A) was not cited or considered by the Examiner during the prosecution of the Hair '440 Patent. Gallagher was filed on July 16, 1986 and published on February 4, 1987, prior to the earliest priority date of June 13, 1988 of the Hair patent.

Accordingly, Gallagher is prior art to the Hair patent.

Gallagher teaches a method, system and apparatus for transferring recorded digital audio and video data between a source unit, a database which may be housed by a record company and user units. See Gallagher at Abstract. The system includes forming a connection through telecommunication lines (which include high speed telephone links by way of modems, or regular telephone links, fibre optic links, electro-magnetic waves or any other suitable medium) between a first memory of a first party and a second memory of a second party, the first memory having the digital audio or video signals, selling electronically by the first party to the second party through the telecommunications lines the desired digital audio or video signals, transferring the desired digital signals from the first party to the second party through the telecommunications lines while the second memory is in possession and control of the second party (at a remote location) and storing the digital signals in the second memory which includes hard disks. See Gallagher at 1. In addition Gallagher also teaches encryption and decryption of the digital audio or video signals for the prevention of unlawful copying and piracy. See Gallagher at 1. Moreover, Gallagher discloses that the sale of the digital audio or video signal is through the user units, for example through the user's personal computer. See Gallagher at 1.

Accordingly, the Gallagher reference raises substantial new questions of

patentability of the Hair patent.

<b>GREAT BRITAIN PATENT GB 2 178 275 A TO GALLAGHER</b>	
<b>Claim</b>	<b>Prior Art Disclosure Rendering Hair Anticipated or Obvious, Including Motivation to Combine</b>
1. A method for transferring desired digital video or digital audio signals comprising the steps of:	Gallagher discloses the transfer of desired digital video audio in a "recorded data transfer system" of "digital data" in the "entertainment industry" such as "audio or visual" data. See Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 & 3
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;	<p>Gallagher discloses forming a connection through telecommunication lines. Gallagher at 1:28-31 ("The media for data transfer is preferably high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.")</p> <p>Gallagher at 1:13-16 (The first memory of a first party is a "database having a main computer, . . . a data storage and processing system, means for controlling the storage and processing of data . . .") Gallagher at 1:67-69 (First party can be the "source unit" which can also contain the first memory, and it "comprises a storage medium 11.") Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 1 &amp; 2 (first memory has desired digital video or digital audio signals).</p> <p>Gallagher also discloses a second memory of a second party control unit of a second party. Gallagher at 1:21-22 ("means for storing/recalling and/or processing data received from the database"). Gallagher at 1:102-14, 2:104-107 ("The user . . . can log on to the data base and make her/his selection according to a supplied menu.")</p>
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	<p>Gallagher at 1:49-50 (Gallagher discloses "sale to the general public via their user units."). Gallagher at 2:92-93 ("<i>home-buying</i> of material" and "immediate access to material."). Gallagher at 1:28-31 (The telecommunication line is "high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.")</p> <p>To the extent that this limitation is not fully disclosed by Gallagher, it would have been obvious to a person skilled in the art to modify Gallagher to include this limitation in view of U.S. Patent No. 4,528,643 to <b>Freeny</b> at 13:31-36 ("a consumer credit card number also might be communicated . . . so the owner of the information could approve the sale and, in effect, charge the sale to the consumer credit card number"). Or, in view of <b>Ferrarini</b> ("If you decide to buy, you receive the software, complete with documentation, via your microcomputer and the telephone lines. . . . Recently, a handful of companies have established services that allow users to purchase software just this way. If they are successful, delivering software via the telephone will become a major method of distribution within the next few years."). Or, in view of <b>Hellman</b> at 5:57-6:2 ("Base unit 12 generates and communicates to authorization and billing unit 13 a signal representing a user originated request for software</p>

	<p>use...BILLING INFORMATION is a credit car[d] number or similar means for billing the user of the software.”).</p> <p><u>See also</u> ‘573 Prosecution History, Paper No. 27 at 2.: “One skilled in the art would know that an electronic sale inherently assumes a transferring of money by providing a credit card number (since that is the only way for electronic sales to occur) coupled with a transferring of a service or product. The use of transferring money across telecommunication connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales.”</p> <p><u>See also</u> ‘734 Prosecution History, 1/3/94 Hair Decl. at 5 (“ [E]lectronic sales’ as disclosed refers to the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals.”).</p> <p><u>See above</u> this Claim, Gallagher disclosure re “desired digital video or digital audio signals” and re “first memory.”</p>
<p>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</p>	<p>Gallagher discloses transferring digital video or audio signals from the database to the user unit through telecommunication lines. Gallagher at 1:28-31, Figs. 1, 2, &amp; 3 (“The media for data transfer is preferably high speed <i>telephone links</i> by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.”).</p> <p>Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database”).</p> <p>Gallagher at 1:49-50 (The <i>general public</i> has the user units and therefore is in possession and control.).</p>
<p>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.</p>	<p>Gallagher discloses playback and speakers. Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i>.”)</p> <p>Gallagher at 1:87-92 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).</p> <p>Gallagher also discloses a second memory of a second party control unit of a second party to which the speakers must be connected. Gallagher at 1:19-22 (“user unit having means for communication with said database including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database”).</p>
<p>2. 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</p>	<p>Gallagher discloses sale is to the general public. Gallagher at 1:49-50 (“sale to the general public via their user units.”)</p> <p>Gallagher also discloses that <i>general public</i> is at home and therefore at a</p>



<p>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.</p>	<p>remote location. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “<i>immediate access to material.</i>”)  <u>See also</u> Claim 1, Gallagher disclosure re “selling electronically.”</p>
<p>3. A method as described in claim 2 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.</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “selling electronically.”</p>
<p>4. A method as described in claim 3 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.</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “telecommunications lines.”  <u>See</u> Claim 1, Gallagher disclosure re “selling electronically.”  <u>See</u> Claim 1, Gallagher disclosure re “first party,” “first memory,” “second party” and “second memory.”  Gallagher discloses that the first party is controlling use of the first memory and the second party is controlling the second memory. Gallagher at 1:44-46 (“The source unit [first party] could belong to a recording artist, the main unit [database] to a major record company [also first party] and user units to the general public [second party].”).</p>
<p>5. A method as described in claim 4 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.</p>	<p>Gallagher at 1:19-22 (“user unit having means for communication with said database including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or processing data received from the database”).</p>
<p>6. 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.</p>	<p>Gallagher at 1:36-38 (“The system may incorporate anti-piracy methods such as the encryption or encoding of data either generally or uniquely.”).  Gallagher at 1:50-54 (“By arranging for the data to be encoded/encrypted uniquely for each user unit, the borrowing or unlawful copying of material could be eliminated. This method could also be used to ensure security between all units.”).  Gallagher at 1:70, Fig. 1 (the source unit has an “encoder/decoder 13”). Gallagher at 1:83, Fig. 2 (the database has an “encoder/decoder 22”). Gallagher at 1:90, Fig. 3 (the user unit has a “decoder 33”).</p>

<p>7. 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.</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “first party,” “first memory,” “second party” and “second memory.”</p> <p><u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio signals” and re “first memory.”</p> <p>Gallagher at 1:32-35 (“The media for storage of data would be floppy disk, <i>hard disk</i>, optical or laser disk, magnetic tape, integrated circuit memory or any other suitable medium.”)</p> <p>Gallagher at 1:81-84 (“The database, Figure 2, comprises a parallel transmitter/receiver 20, a serial/parallel and parallel/serial converter 21, an encoder/decoder 22 and a <i>buffer store 23</i>.”) A person skilled in the art would realize that a “buffer store 23” can be a sales random access memory chip.</p> <p><u>See</u> Claim 1, Gallagher disclosure re “telecommunications lines.”</p> <p>Gallagher at 2:98-103, Figs.1 &amp; 2 (“a database having a main <i>computer</i>, a caller/called interface, a transmitter/receiver interface, a data storage and processing system, <i>means for controlling</i> the storage and <i>processing</i> of data, means for controlling the process of being called by one or more user units or another database.”). To the extent a “sales random access memory chip” is not expressly disclosed, computers inherently have random access memory chips which would temporarily store a replica of the desired digital video or audio signal for subsequent transfer.</p>
<p>8. A method as described in claim 7 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.</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “first party” and “second party control unit.”</p> <p><u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio signals.”</p> <p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p> <p>Gallagher at 1:102-104 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”).</p> <p>Accordingly, a person of ordinary skill at the time would understand that a “means for communication with said database including a transmitter/receiver interface” and a “means for “processing data” would include a second party integrated circuit for controlling and executing commands and a second party control panel connected to the second party integrated circuit and where the second party integrated circuit is commanded with the second party control panel to initiate the purchase of the desired digital video or digital audio signals from the first party.</p>

<p>9. 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.</p>	<p>Gallagher at 1:19-22 (“at least one user unit having <i>means for communication</i> with said database including a transmitter/receiver interface and <i>means for storing/recalling</i> and/or <i>processing</i> data received from the database.”). Accordingly, “second party control unit” with “second memory,” “incoming random access memory chip” and “playback random access memory chip” are disclosed.</p> <p>See Claim 7 for Gallagher disclosure of “sales random access memory chip.”<sup>1</sup> (Note: Although Claim 9 depends from Claim 5, there is no disclosure of sales random access memory chip in Claims 5, 4, 3, 2 or 1. Accordingly, this term in Claim 9 lacks antecedent basis as well.)</p> <p>Gallagher at 1:81-84 (“The database, Figure 2, comprises a parallel transmitter/receiver 20, a serial/parallel and parallel/serial converter 21, an encoder/decoder 22 and a <i>buffer store</i> 23.”) A person skilled in the art would realize that a “buffer store 23” can be a sales random access memory chip.</p> <p>Gallagher at 1:32-35 (“The media for storage of data would be floppy disk, <i>hard disk</i>, optical or laser disk, magnetic tape, integrated circuit memory or any other suitable medium.”)</p> <p>See Claim 1, Gallagher disclosure re “digital video or digital audio signals.”</p> <p>Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i>.”). Gallagher at 1:87-92 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”). Accordingly, a person skilled in the art at the time would realize that a playback random access memory chip is disclosed.</p> <p>Gallagher at 1:102-104 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”).</p> <p>See Claim 1, Gallagher disclosure re “first party” and “second party control unit.”</p> <p>Accordingly, a person of ordinary skill at the time would understand that a “<i>means for communication</i> with said database including a transmitter/receiver interface and <i>means for storing/recalling</i> and/or <i>processing</i> data received from the database.” would include all of the limitations of this claim.</p> <p>See also Claim 8, Gallagher disclosure.</p>

<sup>1</sup> A citation to a previous claim—from which the current claim being discussed does not depend—is made for purposes of disclosure only, where a particular limitation, phrase or concept has already been disclosed, such that repetition is avoided. Requestor has endeavored to keep this request brief, and such citation does not suggest that the claim being discussed depends from the cited previous claim, where such dependence is not expressly claimed.

<p>10. 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.</p>	<p><u>See Claim 9.</u> Gallagher discloses repeating the commanding, playing and transferring a replica steps. A person skilled in the art would understand that once information is stored in the second memory of the user unit, it can be replayed and recopied: “<i>means for storing/recalling and/or processing data received from the database.</i>” Gallagher at 1:19-22.</p>
<p>11. A method for transferring digital video or digital audio signals from a first party to a second party comprising the steps of:</p>	<p><u>See Claim 1.</u></p>
<p>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;</p>	<p>Gallagher discloses a second party control unit (part of the user unit). Gallagher at 1:19-22 (“at least one user unit having <i>means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.</i>”).</p> <p>Gallagher also discloses that general public is at home and therefore at a location determined by the second party. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “<i>immediate access to material.</i>”)</p>
<p>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;</p>	<p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p> <p>Gallagher at 1:102-104 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”).</p> <p><u>See Claim 1,</u> Gallagher disclosure re “digital video or digital audio signals.”</p>
<p>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;</p>	<p>Gallagher at 1:28-31 (“The media for data transfer is preferably high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.”).</p> <p>Gallagher at 1:81-84 (“The database, Figure 2, comprises a parallel transmitter/receiver 20, a serial/parallel and parallel/serial converter 21, an encoder/decoder 22 and a buffer store 23.”)</p> <p>Gallagher also discloses a “transmitter/receiver” at the source unit), at the database (Gallagher at 1:81-82, Fig. 2), and at the user unit (Gallagher at 1:87-88, Fig. 3).</p> <p>Gallagher discloses that “[t]he data is transferred from the source unit to the database where it is processed for storage in library form whereby selected data can be transmitted to any user and/or source unit in national or foreign territories.” (Gallagher at 1:39-43)</p> <p><u>See Claim 1,</u> Gallagher disclosure re “digital video or digital audio</p>

	signals,” “first memory of first party,” and “second memory of second party control unit.”
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;	<u>See</u> Claim 1, Gallagher disclosure re “selling electronically.” <u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio signals” and “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;	<u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio signals,” “first memory of first party,” “second memory of the second party” and “telecommunications lines.”  Gallagher at 1:49-50 (The <i>general public</i> has the user units and therefore is in possession and control of the second memory.). <u>See also</u> Claim 1, Gallagher disclosure re “second memory in possession and control of 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	Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and <i>means for storing/recalling and/or processing data</i> received from the database.”).  Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i> .”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).
playing the desired digital video or digital audio signals with the second party control unit.	Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i> .”).
12. A system for transferring digital video or digital audio signals comprising:	See Claim 1.
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;	Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).  <u>See</u> Claim 1 re “digital video or digital audio signals.”  <u>See</u> Claim 1 re “electronically selling.”
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	Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).

<p>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</p>	<p>from the database.”).</p> <p>Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i>.”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).</p> <p>Gallagher also discloses sale to the general public that is at home and therefore at a remote location. The second party control unit is placed by the second party at a location determined by the second party. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p>
<p>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.</p>	<p><u>See Claim 1</u>, Gallagher disclosure re “telecommunications lines.”</p> <p><u>See Claim 1</u>, Gallagher disclosure re “electronic selling.”</p> <p><u>See Claim 1</u>, Gallagher disclosure re “digital video or digital audio signals.”</p> <p><u>See Claim 1</u>, Gallagher disclosure re electronic transfer of digital video or digital audio signals from the first memory to the second memory.</p> <p><u>See Claim 1</u>, Gallagher disclosure re “second memory in possession and control of the second party.”</p>
<p>13. A system as described in claim 12 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.</p>	<p><u>See Claim 12</u>. Gallagher discloses a first party control unit with a first party hard disk that has the desired digital video or digital audio signals. Gallagher at 1:13-18.</p> <p><u>See Claim 7</u>, Gallagher disclosure re “hard disk.” Gallagher at 1:32-35</p> <p><u>See Claim 7</u>, Gallagher disclosure re “sales random access memory chip.” Gallagher at 1:81-84.</p> <p>Gallagher also discloses that the sales random access memory chip is electronically connected to the first party hard disk, and that the first party hard disk stores a replica of the desired digital video or audio signals. Gallagher at 1:19-22, 1:28-31, Figs. 1, 2, &amp; 3</p>
<p>14. A system as described in claim 13 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</p>	<p><u>See Claim 9</u>.</p> <p>Gallagher discloses a second party control unit with a second party hard disk which stores digital video or audio signals. Gallagher at 1:19-22</p> <p>Gallagher discloses playback random access memory chip that is electronically connected to the second party hard disk that acts as a temporary staging area for playback. Gallagher at Abstract, p.1, 1:87-92.</p>

<p>the desired digital video or digital audio signals as a temporary staging area for playback.</p>	<p>temporary staging area for playback. Gallagher at Abstract, p.1, 1:87-92.</p>
<p>15. A system as described in claim 14 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.</p>	<p><u>See Claim 1, Gallagher disclosure re “second party integrated circuit.”</u></p> <p>Gallagher at 1:13-16 (The first memory of a first party is a “database having a main computer, . . . a data storage and processing system, means for controlling the storage and processing of data . . . .”)</p> <p>Gallagher at 1:67-69 (First party can be the “source unit” which can also contain the first memory, and it “comprises a storage medium 11.”)</p> <p>Gallagher at 1:67-74 (“From Figure 1 it is seen that the source unit . . . comprises a storage medium 11, a buffer 12, an encoder/decoder 13, a serial/parallel and parallel/serial converter 14, and a parallel transmitter/receiver 15.”)</p> <p>Gallagher at 1:93-96 (“It is assumed that recorded material may be sent and received by both the source unit and the database and that the user unit may only receive recorded material.”)</p> <p><u>See Claim 7, Gallagher disclosure re “hard disk.” Gallagher at 1:32-35.</u></p> <p><u>See Claim 7, Gallagher disclosure re “sales random access memory chip.” Gallagher at 1:81-84.</u></p> <p><u>See Claim 1, Gallagher disclosure re “telecommunications lines.”</u></p> <p><u>See Claim 1, Gallagher disclosure re “digital video or digital audio signals.”</u></p> <p>Thus, Gallagher discloses that the first party and second party control integrated circuits regulate the transfer of the desired digital video or audio signals. Moreover, Gallagher discloses that the first party control panel is used to program and is connected to the first party control integrated.</p>
<p>16. A system as described in claim 15 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</p>	<p>Gallagher discloses a second party control unit with a control integrated circuit. Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”). Gallagher at 1:102-104 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”). Thus, Gallagher teaches that the second party control unit controls and executes commands of the second party.</p> <p><u>See Claim 7, Gallagher disclosure re “hard disk.” Gallagher at 1:32-35.</u></p> <p><u>See Claim 9, Gallagher disclosure re “playback random access memory</u></p>

<p>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.</p>	<p>chip.” Gallagher at 1:19-22.</p> <p><u>See Claim 1, Gallagher disclosure re “telecommunications lines.”</u></p> <p>Thus, Gallagher discloses that the second party control unit is connected to the second party hard disk, the playback random access memory and the first party control integrated circuit through the telecommunications lines. Gallagher at 1:32-35.</p> <p><u>See Claim 1, Gallagher disclosure re “digital video or digital audio signals.”</u></p> <p>Gallagher 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a parallel receiver/transmitter 30, a serial/parallel and parallel/serial converter 31, a storage medium 32 such as video tape or optical disk, a decoder 33 and suitable conversion apparatus 34 for audio and/or visual reproduction.”). Gallagher at 1:102-104 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”).</p> <p>Accordingly, Gallagher discloses that the first party and second party control integrated circuits regulate the transfer of the desired digital video or audio signals. Moreover, Gallagher discloses that the first party control panel is used to program and is connected to the first party control integrated.</p>
<p>17. A system as described in claim 16 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.</p>	<p><u>See Claim 9 for disclosures of “incoming random access memory chip” of the second party control unit, “second party hard disk,” “second party control integrated circuit.”</u></p> <p><u>See Claim 12, Gallagher disclosure re “first party control unit.”</u></p> <p><u>See Claim 1, Gallagher disclosure re “telecommunications lines.”</u></p>
<p>18. A system as described in claim 17 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.</p>	<p>Gallagher discloses that the second party control unit includes a video display unit that is connected to the playback random access memory chip and to the second party integrated circuit for displaying digital information. Gallagher at 1:87-92 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).</p>



<p>19. A system as described in claim 12 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.</p>	<p><u>See Claims 1 and 2.</u></p>
<p>20. A system as described in claim 19 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.</p>	<p><u>See Claims 1 and 3.</u></p>
<p>21. A system as described in claim 20 wherein the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party.</p>	<p><u>See Claims 1 and 4.</u></p>
<p>22. 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:</p>	<p><u>See Claims 1 and 11.</u></p>
<p>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;</p>	<p><u>See Claim 11.</u></p> <p>Gallagher discloses a second party control unit (part of the user unit). Gallagher at 1:19-22 (“at least one user unit having <i>means for communication</i> with said database including a transmitter/receiver interface and <i>means for storing/recalling</i> and/or <i>processing</i> data received from the database.”).</p> <p>Gallagher also discloses that general public is at home and therefore at a location determined by the second party. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p>
<p>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</p>	<p><u>See Claim 1, Gallagher disclosure re “selling electronically via telecommunications lines.”</u></p> <p>Gallagher discloses that the first party is in control and possession of the first memory. Gallagher at 1:8-9 (“a database which may be housed by a record company”). Gallagher at 1:13-18 (The first memory of a first</p>

<p>party, said second party in control and in possession of the second memory;</p>	<p>party is a “database having a main computer, . . . a data storage and processing system, means for controlling the storage and processing of data, means for controlling the process of being called by one or more user units or another database”).</p> <p>Gallagher discloses that the second party is in control and possession of the second memory. Gallagher at 1:49-50 (The <i>general public</i> has the user units, which contain the second memory, and therefore is in possession and control.).</p> <p>Gallagher also discloses that general public is at home and therefore at a remote location. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p> <p>Gallagher discloses that the first and second parties are financially distinct as the “record company” provides the digital data “for sale to the general public.” (Gallagher at 1:46-50). During prosecution, Hair admitted that “[o]ne skilled in the art would know since the music is distributed through electronic sale, ‘the second party must be financially distinct from the first party’ or there could be no sale.” See ‘734 Patent File Wrapper, 1/3/94 Hair Decl. at 3-4.</p>
<p>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;</p>	<p>Gallagher discloses forming a connection electronically through telecommunications lines between the first and second memories. Gallagher at 1:28-31 (“The media for data transfer is preferably high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.”).</p> <p>Gallagher discloses the transfer of desired digital video audio in a “recorded data transfer system” of “digital data” in the “entertainment industry” such as “audio or visual” data. See Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 &amp; 3</p>
<p>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;</p>	<p>See Claim 1, Gallagher disclosure re “digital video or digital audio signals.”</p> <p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).</p> <p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p> <p>See also limitation immediately above re “control and possession.”</p>
<p>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</p>	<p>Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database”).</p>

second party control unit.	Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i> .”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).
23. 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:	<u>See</u> Claims 1 and 11.
means or 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;	<u>See</u> Claim 1 re “selling electronically via telecommunications lines.”
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;	<p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).</p> <p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p> <p>Gallagher discloses that the connecting means or mechanism is in electrical communication with the transferring means or mechanism.</p> <p><u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio.”</p>
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;	<p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”). Therefore the transmitter is in control and possession of the first party.</p> <p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”). Therefore the receiver is in possession and control of the second party</p> <p>Gallagher also discloses that general public is at home and therefore at a</p>

	<p>location determined by the second party. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p> <p>Gallagher discloses that the connecting means or mechanism is in electrical communication with the transferring means or mechanism.</p> <p><u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio.”</p>
<p>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.</p>	<p><u>See</u> Claim 22.</p> <p>Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database”).</p> <p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).</p> <p>Therefore, Gallagher discloses that the storing means or mechanism is in electrical communication with said transmitting means or mechanism.</p> <p>Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i>.”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).</p>
<p>24. A system as described in claim 23 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.</p>	<p><u>See</u> Claim 12, Gallagher disclosure re “a first party control unit” in possession and control of a first party and connected to a “second party control unit” in possession and control of the second party.</p>
<p>25. 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</p>	<p><u>See</u> Claims 7, 8 and 9, Gallagher disclosure re a first control unit with a first control panel, first integrated circuit and a sales random access memory in electrical communication with first integrated circuit; and second control unit having a second control panel, second integrated circuit, incoming random access memory and playback random access memory, where the second control panel, incoming random access memory and playback random access memory are in electrical communication with the second control integrated circuit.</p>

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.	Gallagher discloses telephone lines. Gallagher at 1:28-31 (“The media for data transfer is preferably high speed <i>telephone links</i> by way of modems. However, <i>normal telephone links</i> , fibre optic links, electro-magnetic waves or any other suitable medium may be used.”).
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.	Gallagher at 1:32-35 (“The media for storage of data would be floppy disk, <i>hard disk</i> , optical or laser disk, magnetic tape, integrated circuit memory or any other suitable medium.”)
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.	Gallagher at 1:87-92 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).  Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling and/or processing data</i> received from the database”).
29. 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:	<u>See Claim 11.</u>
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;	<u>See Claim 1</u> , Gallagher disclosure re “selling electronically.”  <u>See Claims 4 and 22</u> , Gallagher disclosure re “controlling use” of the first memory by the first party and the second memory by the second party.  <u>See Claims 2, 19 and 22</u> , Gallagher disclosure re “remote location” or “location remote.”
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	<u>See Claim 22</u> , Gallagher disclosure re “connecting electronically via telecommunications lines.”  <u>See Claim 23</u> , Gallagher disclosure re “in electrical communication.”  <u>See also Claim 22</u> limitation re “control and possession.”

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;	<p><u>See</u> claim 22, Gallagher disclosure re “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 of the second party control unit having the second memory.”</p> <p><u>See</u> Claim 23, Gallagher disclosure re “in electrical communication.”</p> <p><u>See also</u> Claim 22 limitation re “control and possession.”</p>
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.	<p>Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database”).</p> <p>Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i>.”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).</p> <p><u>See also</u> Claim 22 limitation re “control and possession.”</p>
30. A system as described in claim 29 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.	<p><u>See</u> Claim 1, Gallagher disclosure re “selling electronically.”</p> <p><u>See</u> Claim 2, Gallagher disclosure re “first party location remote from the second party location.”</p>
31. A system as described in claim 30 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.	<p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).</p> <p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p>

32. A system as described in claim 31 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.	<p><u>See</u> claim 25, which is identical.</p> <p><u>See</u> Claims 7, 8 and 9, Gallagher disclosure re a first control unit with a first control panel, first integrated circuit and a sales random access memory in electrical communication with first integrated circuit; and second control unit having a second control panel, second integrated circuit, incoming random access memory and playback random access memory, where the second control panel, incoming random access memory and playback random access memory are in electrical communication with the second control integrated circuit.</p>
33. A system as described in claim 32 wherein the telecommunications lines include telephone lines.	<p><u>See</u> claim 26, which is identical.</p> <p>Gallagher discloses telephone lines. Gallagher at 1:28-31 (“The media for data transfer is preferably high speed <i>telephone links</i> by way of modems. However, <i>normal telephone links</i>, fibre optic links, electromagnetic waves or any other suitable medium may be used.”).</p>
34. A system as described in claim 33 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.	<u>See</u> claim 27, which is identical.
35. A system as described in claim 34 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.	<u>See</u> claim 28, which is identical.
36. 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	Gallagher discloses the transfer of desired digital video audio in a “recorded data transfer system” of “digital data” in the “entertainment industry” such as “audio or visual” data. <u>See</u> Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 & 3

<p>the steps of:</p>	<p>Gallagher at 1:13-16 (The first memory of a first party is a “database having a main computer, . . . a data storage and processing system, means for controlling the storage and processing of data . . . .”)</p> <p>Gallagher at 1:21-22 (The second memory of a second party is a “user unit having . . . means for storing/recalling and/or processing data received from the database”).</p>
<p>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;</p>	<p>Gallagher discloses a second memory of a second party control unit of a second party. Gallagher at 1:21-22 (“means for storing/recalling and/or processing data received from the database”). Gallagher at 1:102-14, 2:104-107 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”).</p> <p>The second party location is remote. Gallagher discloses sale is to the general public. Gallagher at 1:49-50 (“sale to the general public via their user units.”) Gallagher also discloses that general public is at home and therefore at a remote location. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p>
<p>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;</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “selling electronically.”</p> <p><u>See</u> Claims 4 and 22, Gallagher disclosure re “controlling use” of the first memory by the first party and the second memory by the second party.</p> <p><u>See</u> Claims 2, 19 and 22, Gallagher disclosure re “remote location” or “location remote.”</p>
<p>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;</p>	<p><u>See</u> Claim 22, Gallagher disclosure re “connecting electronically via telecommunications lines.”</p> <p><u>See</u> Claim 23, Gallagher disclosure re “in electrical communication.”</p> <p><u>See also</u> Claim 22 limitation re “control and possession.”</p>
<p>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;</p>	<p><u>See</u> claim 22, Gallagher disclosure re “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 of the second party control unit having the second memory.”</p> <p><u>See</u> Claim 23, Gallagher disclosure re “in electrical communication.”</p> <p><u>See also</u> Claim 22 limitation re “control and possession.”</p>
<p>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</p>	<p>Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling and/or processing data</i> received from the database”).</p>



with the second party control unit.	Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i> .”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).  <u>See also</u> Claim 22 limitation re “control and possession.”
37. A method as described in claim 36 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.	<u>See</u> claim 2, which is identical.
38. A method as described in claim 37 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.	<u>See</u> claim 3, which is identical.
39. A method as described in claim 38 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.	<u>See</u> claim 4, which is identical.
40. A method as described in claim 39 including after the transferring step, there is the step of repeating the charging a fee, connecting, and transferring steps.	<u>See</u> claim 5, which is identical.
41. 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:	<u>See</u> Claim 11.

<p>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;</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “selling electronically via telecommunications lines.”</p> <p>Gallagher discloses that the first party is in control and possession of the first memory. Gallagher at 1:8-9 (“a database which may be housed by a record company”). Gallagher at 1:13-18 (The first memory of a first party is a “database having a main computer, . . . a data storage and processing system, means for controlling the storage and processing of data, means for controlling the process of being called by one or more user units or another database”).</p> <p>Gallagher discloses that the second party is in control and possession of the second memory. Gallagher at 1:49-50 (The <i>general public</i> has the user units, which contain the second memory, and therefore is in possession and control.).</p> <p>Gallagher also discloses that general public is at home and therefore at a remote location. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p> <p>Gallagher discloses that the first and second parties are financially distinct as the “record company” provides the digital data “<i>for sale</i> to the general public.” (Gallagher at 1:46-50). During prosecution, Hair admitted that “[o]ne skilled in the art would know since the music is distributed through electronic sale, ‘the second party must be financially distinct from the first party’ or there could be no sale.” <u>See</u> ‘734 Patent File Wrapper, 1/3/94 Hair Decl. at 3-4.</p>
<p>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;</p>	<p>Gallagher discloses forming a connection electronically through telecommunications lines between the first and second memories. Gallagher at 1:28-31 (“The media for data transfer is preferably high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.”).</p> <p>Gallagher discloses the transfer of desired digital video audio in a “recorded data transfer system” of “digital data” in the “entertainment industry” such as “audio or visual” data. <u>See</u> Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 &amp; 3</p>
<p>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;</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “digital video or digital audio signals.”</p> <p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).</p> <p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p>

	See also limitation immediately above re “control and possession.”
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.	Gallagher at 1:19-22 (“user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database”).  Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i> .”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).
42. A method for transferring desired digital video or digital audio signals from a first party to a second party comprising the steps of:	See claim 11, which is identical.
placing a second party control unit having a second memory by the second party at a desired location determined by the second party;	See claim 11, which is identical.  See “placing” limitation of claim 11 above.
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;	See claim 11, which is identical.  See “forming” limitation of claim 11 above.
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;	See claim 11, which is identical.  See “selling” limitation of claim 11 above.
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.	See “transferring” limitation of claim 1 above.
43. A method as described in claim 42 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	See claim 2, which is identical.  See claim 2 above.

party at a first party location remote from the second party location.	
44. A method as described in claim 43 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.	<u>See claim 3, which is identical.</u>  See claim 3 above.
45. A method as described in claim 44 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.	<u>See claim 11, which is identical.</u>  See claim 4 above.
46. A method for transferring desired digital video or digital audio signals comprising the steps of:	<u>See Claims 1 and 11.</u>
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;	<u>See Claim 11.</u>  Gallagher discloses a second party control unit (part of the user unit). Gallagher at 1:19-22 ("at least one user unit having <i>means for communication</i> with said database including a transmitter/receiver interface and <i>means for storing/recalling</i> and/or <i>processing</i> data received from the database.".)  Gallagher also discloses that general public is at home and therefore at a location determined by the second party. Gallagher at 2:92-93 (" <i>home-buying of material</i> " and "immediate access to material.")
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;	Gallagher at 1:28-31 ("The media for data transfer is preferably high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.".)  Gallagher at 1:81-84 ("The database, Figure 2, comprises a parallel transmitter/receiver 20, a serial/parallel and parallel/serial converter 21, an encoder/decoder 22 and a buffer store 23.")  Gallagher also discloses a "transmitter/receiver" at the source unit), at the database (Gallagher at 1:81-82, Fig. 2), and at the user unit (Gallagher at

	<p>1:87-88, Fig. 3).</p> <p>Gallagher discloses that “[t]he data is transferred from the source unit to the database where it is processed for storage in library form whereby selected data can be transmitted to any user and/or source unit in national or foreign territories.” (Gallagher at 1:39-43)</p> <p>See Claim 1, Gallagher disclosure re “digital video or digital audio signals,” “first memory of a first party,” and “second memory of a second party.”</p>
<p>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;</p>	<p>See Claim 1, Gallagher disclosure re “selling electronically.”</p>
<p>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.</p>	<p>See “transferring” limitation of claim 1 above.</p>
<p>47. A system for transferring digital video signals from a first party to a second party at a second party location comprising:</p>	<p>See “transferring” limitation of claim 1 above.</p>
<p>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;</p>	<p>Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).</p> <p>See Claim 1 re “digital video or digital audio signals.”</p> <p>See Claim 1 re “electronically selling.”</p>
<p>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</p>	<p>Gallagher at 1:19-22 (“at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.”).</p> <p>Gallagher at Abstract, p.1 (“Preferably the user unit includes <i>playback apparatus</i>.”). Gallagher at 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.”).</p>

<p>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</p>	<p>reproduction.”).</p> <p>Gallagher 1:87-92, Fig. 3 (“The user unit, Figure 3, comprises a parallel receiver/transmitter 30, a serial/parallel and parallel/serial converter 31, a storage medium 32 such as video tape or optical disk, a decoder 33 and suitable conversion apparatus 34 for audio and/or visual reproduction.”). Gallagher at 1:102-104 (“The user . . . can log on to the data base and make her/his selection according to a supplied menu.”).</p> <p>Gallagher also discloses sale to the general public that is at home and therefore at a remote location. The second party control unit is placed by the second party at a location determined by the second party. Gallagher at 2:92-93 (“<i>home-buying of material</i>” and “immediate access to material.”)</p>
<p>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.</p>	<p><u>See</u> Claim 1, Gallagher disclosure re “telecommunications lines” between the first party control unit and second party control unit and “selling electronically” information that is “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 information (digital audio/video signals) are sold by the first party.</p>
<p>48. A system as described in claim 47 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.</p>	<p>See “second party control unit” limitation of claim 12 above.</p>
<p>49. A system as described in claim 48 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.</p>	<p><u>See</u> claim 13 above, which is identical, except it is for Video Only.</p> <p>Gallagher discloses both digital video and digital audio. <u>See</u> claim 1.</p>

<p>50. A system as described in claim 49 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.</p>	<p><u>See</u> claim 14 above, which is identical, except it is for Video Only. Gallagher discloses both digital video and digital audio. <u>See</u> claim 1.</p>
<p>51. A system as described in claim 50 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.</p>	<p><u>See</u> claim 15 above, which is identical, except it is for Video Only. Gallagher discloses both digital video and digital audio. <u>See</u> claim 1.</p>
<p>52. A system as described in claim 51 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</p>	<p><u>See</u> claim 16 above, which is identical, except it is for Video Only. Gallagher discloses both digital video and digital audio. <u>See</u> claim 1.</p>

integrated circuit.	
53. A system as described in claim 52 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.	<u>See claim 17 above, which is identical, except it is for Video Only.</u> Gallagher discloses both digital video and digital audio. <u>See claim 1.</u>
54. A system as described in claim 53 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.	<u>See claim 18 above, which is identical, except it is for Video Only.</u> Gallagher discloses both digital video and digital audio. <u>See claim 1.</u>
55. A system as described in claim 47 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.	<u>See claim 19 above, which is identical, except it is for Video Only.</u> Gallagher discloses both digital video and digital audio. <u>See claim 1.</u>
56. A system as described in claim 55 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.	<u>See claim 20 above, which is identical, except it is for Video Only.</u> Gallagher discloses both digital video and digital audio. <u>See claim 1.</u>
57. A system as described in claim 56 wherein the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party.	<u>See claim 21 above, which is identical, except it is for Video Only.</u> Gallagher discloses both digital video and digital audio. <u>See claim 1.</u>



<p>58. 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:</p>	<p>Gallagher discloses the transfer of desired digital video audio in a "recorded data transfer system" of "digital data" in the "entertainment industry" such as "audio or visual" data. <u>See</u> Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 &amp; 3</p> <p><u>See</u> Claim 1, Gallagher disclosure re "first memory," "first party," "second party"</p> <p>Gallagher at 1:87-92 ("The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.").</p>
<p>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;</p>	<p>Gallagher 1:87-92, Fig. 3 ("The user unit, Figure 3, comprises a parallel receiver/transmitter 30, a serial/parallel and parallel/serial converter 31, a storage medium 32 such as video tape or optical disk, a decoder 33 and suitable conversion apparatus 34 for audio and/or visual reproduction.").</p> <p>Gallagher at 1:102-104 ("The user . . . can log on to the data base and make her/his selection according to a supplied menu.").</p> <p><u>See</u> claim 2, Gallagher disclosure re "remote" and "second party location."</p>
<p>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;</p>	<p>See "charging" limitation of claim 36 above.</p>
<p>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;</p>	<p>Gallagher at 1:13-18 ("a database having a main computer, a caller/called interface, a transmitter/receiver interface, a <i>data storage</i> and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.").</p> <p>Gallagher at 1:28-31 ("The media for data transfer is preferably high speed telephone links by way of modems. However, normal telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.").</p> <p>Gallagher at 1:19-22 ("user unit having means for communication with said <i>database</i> including a transmitter/receiver interface and means for <i>storing/recalling</i> and/or <i>processing data</i> received from the database").</p>
<p>choosing the desired digital video signals by the second party from the first memory of the first party so desired video selections are selected;</p>	<p>Gallagher at 1:102-104 ("The user . . . can log on to the data base and make her/his selection according to a supplied menu.").</p>
<p>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</p>	<p>See "transmitting" limitation of claim 22 above.</p>

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.	Gallagher at 1:87-92 ("The user unit, Figure 3, comprises a . . . suitable conversion apparatus 34 for audio and/or visual reproduction.")  Gallagher at Abstract, p.1 ("Preferably the user unit includes <i>playback apparatus</i> .")
59. A method as described in claim 58 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.	See "means or mechanism for the first party to charge a fee to the second party for access" limitation of claim 29 above.
60. A method as described in claim 59 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.	See claim 3 above, which is identical.
61. A method as described in claim 60 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.	See claim 4 above, which is identical.
62. A system for transferring digital audio signals from a first party to a second party at a second party location comprising:	<u>See</u> claim 47 above, which is identical, except it replaces video signals with audio signals and replaces video monitor with speakers].  <u>See</u> claim 47 above. Gallagher discloses both digital video and digital audio. <u>See</u> claim 1. <u>See</u> Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 & 3 ("recorded data transfer system" of "digital data" in the "entertainment industry" such as "audio or visual" data).

<p>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;</p>	<p><u>See</u> this limitation of claim 47, above.</p>
<p>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</p>	<p><u>See</u> this limitation of claim 47, above.</p>
<p>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.</p>	<p><u>See</u> this limitation of claim 47, above.</p>
<p>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 listen to the desired digital audio signals comprising the steps of:</p>	<p><u>See</u> claim 58 above, which is identical, except it replaces video signals with audio signals and replaces video monitor with speakers. <u>See</u> claim 58 above.</p> <p>Gallagher discloses both digital video and digital audio. <u>See</u> claim 1.</p> <p><u>See</u> Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 &amp; 3 (“recorded data transfer system” of “digital data” in the “entertainment industry” such as “audio or visual” data).</p>
<p>placing by the second party a receiver, and speakers connected to the receiver</p>	<p><u>See</u> “placing” limitation of claim 58, above.</p>

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;	See "charging" limitation of claim 58, above.
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;	See "connecting" limitation of claim 58, above.
choosing the desired digital audio signals by the second party from the first memory of the first party so desired songs are selected;	See "choosing" limitation of claim 58 and preamble to claim 63 above.
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	See "transmitting" limitation of claim 58 and preamble to claim 63 above.
playing the desired audio signals received by the receiver on the speakers in possession and control of the second party.	See "playing" limitation of claim 58 and preamble to claim 63 above.

**B. GREMILLET (U.S. Pat. No. 4,499,568): Claims 1 – 63 of the Hair '440 Patent Are Anticipated Under 35 U.S.C. § 102 by Gremillet and/or Are Rendered Obvious Under 35 U.S.C. § 103 by Gremillet in view of Gallagher, Freeny, Akashi, Schwartz, Hellman, Ferrarini, Rosch, Elmer-Dewitt, Jared, Kramer, Jordan, Waters, McDonnell, Fishcher and/or Zilber.**

Gremillet (US 4,499,568) was filed on December 13, 1982 in the United States and has a foreign application priority date of December 16, 1981 (France). Gremillet issued on February 12, 1985, prior to the earliest filing date of June 13, 1988 of the Hair patents.

Accordingly, Gremillet is prior art to the Hair patents. It was not cited during the prosecution of the '440 patent.

Gremillet teaches a process and system for vending recorded information over telecommunications lines. Gremillet at Abstract. The system includes forming a connection through telecommunication lines between a first memory of a first party and a second memory of a second party, the first memory having the recorded information including digital audio, selling by the first party to the second party through the telecommunications lines the desired digital audio or video signals, transferring the desired digital signals from the first party to the second party through the telecommunications lines while the second memory is in possession and control of the second party (at a remote location) and storing the digital signals in the second memory.

Gremillet specifically teaches vending digital audio. Gremillet at 2:29-31. The telecommunications lines include broadcast means, such as antennae, optical fibres, cables and telephone lines. Gremillet at 4:1-7 and Claim 5. Individual musical works are kept at a vendor's location in a first memory (an "information bank"). Users request musical works from this distribution center and the distribution center transmits the requested songs to them, all over telecommunications lines. The user equipment magnetically records the incoming audio material

onto a memory. Moreover, Gremillet teaches the playback of audio from this memory medium. Gremillet at Fig. 1 (sound restoration system with speakers). Further, Gremillet discloses the well known componentry described by Hair, such as control integrated circuits and random access memory. Gremillet at Fig. 2.

While Gremillet does not specifically detail the use of credit cards for vending digital audio signals, these means would have been generally known to one of ordinary skill in the art. In prosecution, Hair himself relied on “the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals,” to overcome a rejection for inadequate written description. ‘734 Prosecution History, 1/3/94 Hair Decl., p. 5. Moreover, such details would have been obvious in light of Gallagher, Freeny and Ferrarini.

Though Gremillet’s preferred embodiment is specifically related to digital audio, the specification broadly teaches “vending recorded information.” Thus, in view of other references such as Gallagher and Rosch, Gremillet renders digital video obvious. Moreover, in prosecution Hair admitted that the electronic sale of digital video was well known. ‘734 Prosecution History, 1/3/94 Hair Decl., p. 5. (referring to “the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals,” in order to overcome a rejection for lack of written description.)

The memory medium disclosed in Gremillet’s preferred embodiment is a video disk or video recorder. This was the high-density recording medium of choice in the early-

eighties due to the cost and capacity limitations of other media. However, by the late eighties hard disk had become a more attractive option. Thus, Gremillet's teaching that the recording medium could be "an apparatus generally suitable for recording picture signals" (Gremillet at 2:21-22) would have been interpreted to include a hard drive in 1988. During prosecution, Hair admitted that the use of hard disks in electronic sales was well known. '573 Prosecution History 6/25/92 Hair Decl. ("The use of transferring money across telecommunications connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales."). Moreover, use of a hard disk would be obvious in view of other references such as Gallagher, Schwartz and Rosch.

While encryption of data is not specifically disclosed by Gremillet, the problem of piracy was well known within the art and a person of ordinary skill would have adopted one of the solutions known within the art to overcome this problem. Such teachings are plainly disclosed in other references from the time such as Gallagher, Hellman and Waters.

Accordingly, the Gremillet reference raises substantial new questions of patentability of the Hair '440 patent.

U.S. PAT. NO. 4,499,568 TO GREMILLET	
Claim	Prior Art Disclosure Rendering Hair Anticipated or Obvious, Including Motivation to Combine
1. A method for transferring desired digital video or digital audio signals comprising the steps of:	<p>Gremillet teaches <b>digital audio</b>, a technology considered conventional at the time of Gremillet's patent. Gremillet at 2:29-31 ("However, from the structural standpoint it involves conventional digital or analog signal..."); 2:67-68 ("The message can be transmitted in either analog or digital manner"); see also 5:1-4; Claim 3 ("wherein the transmission of the message takes place in a digital manner."); along with Claims 1 ("corresponding to sound") and 4 ("the information consists of musical works").</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to transfer "digital audio" via telecommunications lines. <b>McDonnell</b> ("Using proper analog to digital convertors with CSDC will enable users to send high fidelity music and speech more easily than existing methods allow."); <b>Fishcher</b> ("The modem is the passport to a rich variety of musical</p>

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experience if you are interested in musical instrument digital interface (MIDI) music. Nationwide on-line services offer information and files for Apple II users.”)

It also teaches digital video. Gremillet covers “recorded information.” Gremillet at Abstract.

In addition, it would have been obvious to a person skilled in the art at the time to transfer “digital video” via telecommunications lines. **Gallagher** expressly discloses the combination of “digital video” transfer via telecommunications lines. Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 & 3 (Gallagher discloses the transfer of desired digital video audio in a “recorded data transfer system” of “*digital data*” in the “entertainment industry” such as “audio or *visual*” data.) Gallagher also expressly discloses a “video display.” Gallagher at Fig. 3 (“audio/video conversion”). Gallagher at 1:90-92 (“suitable conversion apparatus 34 for audio and/or visual reproduction”).

Additionally, **Freeny** also expressly discloses the combination of the combination of “digital video” transfer via telecommunications lines. Freeny at 1:10-14, 6:32-37 (“Information embodied in recordings . . . video games, motion pictures, software . . . electronic games . . . and the like,” “received on the input line 16 may be in an analog format or in a digital format.”).

**Rosch** also discloses the combination of the combination of “digital video” transfer via telecommunications lines. Rosch at 228 (discussing “Networking Video” using “Video Van Gogh” product; “A digitized picture can also be sent—albeit very slowly, very slowly—over a standard telephone line using the ComNet modem.”).

**Jordan** also discloses the combination of the combination of “digital video” transfer via telecommunications lines. Jordan at 174 (“[In Britain] VIDEOTEX uses the equally familiar telephone system to interactively communicate information. . . . [I]n the case of VIDEOTEX, stand-alone computers can be adapted to receive alphanumeric or graphics information. . . . Alphaphotographic technology allows the transmission of photo quality images and is being developed as a follow-on capability for all VIDEOTEX systems.”).

**Elmer-Dewitt** also discloses the combination of the combination of “digital video” transfer via telecommunications lines. Elmer-Dewitt at 69 (“The FBI prints descriptions of its ten most wanted criminals, complete with digitized mug shots for quick identification.”).

See also ‘440 Prosecution History, 1/4/96 Office Action at 4 (“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 sell[] 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



	<p>art, based on common knowledge and common sense, would be able to recognize a substitution of the contents of the software program signals with audio/video signals.”).</p> <p>Accordingly, “digital video” transfer via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.</p>
<p>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;</p>	<p>Gremillet discloses a memory at a distribution centre (<u>first party</u>), which “comprises a bank of musical recordings.” Gremillet at 3:38-39; Fig. 1 (“Information bank” 11); 3:4-6 (“a distribution center comprising an information recording bank...”). The distribution centre stores the recordings on disk or tape. Gremillet at 3:40-41 (“video disk or a video recorder”).</p> <p>Gremillet discloses a memory at the user (<u>second party</u>). Gremillet at 3:55-56 (“user equipment [that] comprises ... a video recorder.”) Gremillet at Fig. 1 (“Video Recording” 23); 4:37-37. (“The recording can be kept on the video recorder for the purpose of listening to it later...”).</p> <p>Gremillet’s disclosure of a “transmission channel” and “telephone lines” anticipates the transmission of digital audio and video signals over <u>telecommunications lines</u> and telephone lines in the ‘440 patent. Gremillet at 2:57-59 (“transmitting to the requesting subscriber the said message by means of a transmission channel”); Fig. 1 (transmission channel; telephone network). <u>See also</u> Gremillet at 3:18-23; 34-36; 4:1-7 (“Transmission channel is able to transmit data from the distribution centre to each of the subscribers equipment. The flow rate is at least 50Mbits/s. It can comprise broadcasting means consisting of a transmitter, a transmitting antenna, a receiving antenna, or a cable or optical fibres.”); Claim 5 (“a means for connecting subscribers to the distribution centre via a telephone network.”).</p> <p>Gremillet teaches a <u>second party control unit</u>. Gremillet at 3:55-62 (“Each user equipment ...”).</p> <p>Moreover, this limitation was inherent. <u>See</u> ‘734 Prosecution history, 1/3/94 Hair Decl., p. 3-4 (“Furthermore, the ‘second party’ must have a ‘receiver’ (the control IC of the user in figure 1) in his ‘possession’ in order to receive the music electronically from the hard disk of the agent over the telecommunications lines, such as telephone lines.”).</p>
<p>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</p>	<p>Gremillet’s invention relates to “vending” recorded information, including digital audio and vending is the same as sale. Gremillet at Abstract. Gremillet mentions “subscribers” throughout his patent. E.g. Gremillet at 4:35.</p> <p>A person employing Gremillet’s invention for selling would have naturally used <u>electronic sales</u>, because this would have provided the most convenient purchaser experience in the context of teledistribution.</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to electronically sell digital audio and video signals via telecommunications lines. <u>Gallagher</u> expressly discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Gallagher at 1:49-50 (“sale to the general public</p>

via their user units," "home-buying of material" and "immediate access to material").

Additionally, **Freeny** discloses the combination of "selling electronically" digital audio and video signals over telecommunications lines. Freeny at 12:31-36 ("a consumer credit card number also might be communicated . . . so the owner of the information could approve the sale and, in effect, charge the sale to the consumer credit card number").

**Hellman** also discloses the combination of "selling electronically" digital audio and video signals over telecommunications lines. Hellman at 5:57-6:2 ("Base unit 12 generates and communicates to authorization and billing unit 13 a signal representing a user originated request for software use...BILLING INFORMATION is a credit car[d] number or similar means for billing the user of the software.").

**Akashi** also discloses the combination of "selling electronically" digital audio and video signals over telecommunications lines. Akashi at 1 (Akashi discloses an "Automated Music *Purchasing System*" which "communicates via telephone lines" and "sells recorded music via the telephone line."). Akashi at 2 (Akashi distinguishes the "conventional system of selling recorded music," that is, through "music sales outlets."). Akashi at 2, 5, Fig. 2 (the "automated music *purchasing system network*."). Akashi at 4 (a record company need "not require the current distribution channels" [music sales outlets] and thus the "user would be able to easily as well as freely search for and *purchase desired music from home*.").

**Elmer-Dewitt** also discloses the combination of "selling electronically" digital audio and video signals over telecommunications lines. Elmer-Dewitt at 69 ("Today anybody with a computer, a modem and a deep line of credit can buy an airline ticket to Cleveland, rent a Hertz car at the airport, book a room at the Sheraton, buy a novel from Waldenbooks, check the closing prices on Wall Street and purchase 100 shares of IBM—without ever getting up from the computer.")

**Ferrarini** also discloses the combination of "selling electronically" digital audio and video signals over telecommunications lines. Ferrarini ("If you decide to buy, you receive the software, complete with documentation, via your microcomputer and the telephone lines. . . . Recently, a handful of companies have established services that allow users to purchase software just this way. If they are successful, delivering software via the telephone will become a major method of distribution within the next few years.").

See also '573 Prosecution History, Paper No. 27 at 2.: "One skilled in the art would know that an electronic sale inherently assumes a transferring of money by providing a credit card number (since that is the only way for electronic sales to occur) coupled with a transferring of a service or product. The use of transferring money across telecommunication connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales."

See also '573 Prosecution History, 5/5/94 IDS at 2 (Hair admits that "[t]his patent [U.S. Patent No. 4,789,863 to **Bush**] discloses a pay per view

	<p>entertainment system.”).</p> <p><u>See also</u> ‘734 Prosecution History, 1/3/94 Hair Decl. at 5 (“[E]lectronic sales’ as disclosed refers to the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals.”).</p> <p>Accordingly, the electronic sale of digital audio and video signals via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.</p> <p><u>See</u> ‘734 Prosecution history, 1/3/94 Hair Decl., p. 5 (“[E]lectronic sales’ as disclosed refers to the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals.”).</p>
<p>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</p>	<p><u>See above re: telecommunications lines.</u></p>
<p>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.</p>	<p>Gremillet discloses a <u>playback means</u> including speakers. Gremillet at Fig. 1 (“Sound Restoration” 25); 4:34-37 (“An indicator can inform the subscriber that listening can start....The recording can be kept on the video recorder for the purpose of listening to it later...”).</p>
<p>2. 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.</p>	<p>The distribution centre and user were <u>remote</u>. Gremillet at 1:8-10 (“The present invention relates to a process for the teledistribution or <u>remote</u> distribution of recorded information or data and to a system for performing the process.”) (emphasis added).</p> <p>Moreover, Gremillet teaches vending recorded information over telecommunication lines and a person of skill in the art would know that telephone lines connect parties residing at <u>remote locations</u>. <i>See</i> ‘573 Prosecution history, 6/25/92 Amendment, p. 15 (“the memories are at different locations and by being connected by telecommunication lines have to be remote.”).</p> <p><u>See claim 1 re: electronic transfer of money.</u></p>

<p>3. A method as described in claim 2 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.</p>	<p><u>See above re: <a href="#">electronic sales</a>.</u></p> <p><u>See claim 1 re: <a href="#">electronic transfer of money</a>.</u></p>
<p>4. A method as described in claim 3 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.</p>	<p>The <u>credit card</u> limitation is found in the prior art. <u>See</u> '734 Prosecution history, Information Disclosure Statement, 5/5/1994. p.2 (“[E]lectronic sales’ as disclosed refers to the <u>well known practices</u> of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals.” ).</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to electronically sell digital audio and video signals via telecommunications lines. <b>Gallagher</b> expressly discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Gallagher at 1:49-50 (“sale to the general public via their user units,” “home-buying of material” and “immediate access to material”).</p> <p>Additionally, <b>Freeny</b> discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Freeny at 12:31-36 (“a consumer credit card number also might be communicated . . . so the owner of the information could approve the sale and, in effect, charge the sale to the consumer credit card number”).</p> <p><b>Hellman</b> also discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Hellman at 5:57-6:2 (“Base unit 12 generates and communicates to authorization and billing unit 13 a signal representing a user originated request for software use...BILLING INFORMATION is a credit car[d] number or similar means for billing the user of the software.”).</p> <p><b>Akashi</b> also discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Akashi at 1 (Akashi discloses an “Automated Music <i>Purchasing</i> System” which “communicates via telephone lines” and “<i>sells</i> recorded music via the telephone line.”). Akashi at 2 (Akashi distinguishes the “conventional system of selling recorded music,” that is, through “music sales outlets.”). Akashi at 2, 5, Fig. 2 (the “automated music <i>purchasing</i> system network.”). Akashi at 4 (a record company need “not require the current distribution channels” [music sales outlets] and thus the “user would be able to easily as well as freely search for and <i>purchase desired music from home</i>.”).</p> <p><b>Elmer-Dewitt</b> also discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Elmer-Dewitt at 69 (“Today anybody with a computer, a modem and a deep line of credit can buy an airline ticket to Cleveland, rent a Hertz car at the airport,</p>

	<p>book a room at the Sheraton, buy a novel from Waldenbooks, check the closing prices on Wall Street and purchase 100 shares of IBM—without ever getting up from the computer.”)</p> <p><b>Ferrarini</b> also discloses the combination of “selling electronically” digital audio and video signals over telecommunications lines. Ferrarini (“If you decide to buy, you receive the software, complete with documentation, via your microcomputer and the telephone lines. . . . Recently, a handful of companies have established services that allow users to purchase software just this way. If they are successful, delivering software via the telephone will become a major method of distribution within the next few years.”).</p> <p><u>See also</u> ‘573 Prosecution History, Paper No. 27 at 2.: “One skilled in the art would know that an electronic sale inherently assumes a transferring of money by providing a credit card number (since that is the only way for electronic sales to occur) coupled with a transferring of a service or product. The use of transferring money across telecommunication connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales.”</p> <p><u>See also</u> ‘573 Prosecution History, 5/5/94 IDS at 2 (Hair admits that “[t]his patent [U.S. Patent No. 4,789,863 to <b>Bush</b>] discloses a pay per view entertainment system.”).</p> <p><u>See also</u> ‘734 Prosecution History, 1/3/94 Hair Decl. at 5 (“[E]lectronic sales’ as disclosed refers to the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals.”).</p> <p>Accordingly, the electronic sale of digital audio and video signals via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.</p> <p><u>See</u> ‘734 Prosecution history 1/3/94 Hair Decl.” at p. 2 (“One skilled in the art would know that an electronic sale inherently assumes a transferring of money by providing an account number or a credit or debit card number which then allows for access to or a transferring of a service or product through telecommunications lines...One skilled in the art would know that an electronic sale inherently assumes a charging of a fee to an account which then allows for access to or a transferring of a product or service through telecommunications lines...The use of transferring money across telecommunication connections, such as by telephoning over the phone lines the agents who as a first party’s hard disk, or charging a fee to a purchaser or ‘second party’ preferably at a location remote from purchaser or ‘second party’, for obtaining data on the first party’s hard disk through telecommunications lines is well known to one skilled in the art to be part of electronic sales.”) (emphasis added).</p> <p><u>See claim 1 re: <u>electronic transfer of money.</u></u></p>

<p>5. A method as described in claim 4 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.</p>	<p>See claim 1 re: <u>second party memory</u> (user).</p>
<p>6. 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.</p>	<p>A person of ordinary skill in the art would have known that data could be secured using <u>encryption</u>.</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to use "encryption" to securely transfer digital audio and video signals via telecommunications lines. <b>Gallagher</b> expressly discloses the combination of using "encryption" and transferring digital audio and video signals over telecommunications lines. Gallagher at 1:36-38 ("The system may incorporate anti-piracy methods such as the encryption or encoding of data either generally or uniquely."); Gallagher at 1:50-54 ("By arranging for the data to be encoded/encrypted uniquely for each user unit, the borrowing or unlawful copying of material could be eliminated. This method could also be used to ensure security between all units.").</p> <p>Additionally, <b>Freeny</b> expressly discloses the combination of using "encryption" and transferring digital audio and video signals over telecommunications lines. Freeny at 23:42-51 ("The encipher programs, the file encipher programs and the authorization encipher programs are programs designed to rearrange digital information in a predetermined manner and the file decipher programs, the decipher programs, the authorization decipher programs and the catalog decipher programs are designed to rearrange digital information back to a predetermined sequence or to select certain data from encoded information (The catalog decipher programs). Programs of this nature are well known in the art . . .").</p> <p><b>Waters</b> also discloses the combination of using "encryption" and transferring digital audio and video signals over telecommunications lines. Waters at 82 ("The second is digital audio encryption, which some believe to be the ultimate weapon against theft of service.").</p> <p><b>Jared</b> also discloses the combination of using "encryption" and transferring digital audio and video signals over telecommunications lines. Jared at 165 ("Even inexpensive data-protection programs use exotic encryption methods that may be foolproof. In just a few seconds, you can scramble a file so thoroughly that not even the C.I.A. can read it.").</p> <p><b>Kramer</b> also discloses the combination of using "encryption" and transferring digital information over telecommunications lines. Kramer at C7 ("Several software firms are including encryption as an option for their spreadsheet or database users. Other developers sell encryption hardware and software to tighten the lid on computer security.").</p> <p><b>Hellman</b> discloses the combination of encryption (cryptography) to defeat software piracy and transferring digital information over telecommunications lines. Hellman at 2:61-65 ("Three prior art cryptographic functions required to carry out the present invention are</p>

	<p>described: conventional cryptographic functions or systems, one-way functions, and public key cryptosystems.”).</p> <p>Accordingly, the use of “encryption” to securely transfer digital audio and video signals via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.</p>
<p>7. 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.</p>	<p>Gremillet satisfies the <u>first party hard disk</u> limitation because it discloses a memory at a distribution centre (first party), which “comprises a bank of musical recordings.” Gremillet at 3:38-39; Fig. 1 (“Information bank” 11); 3:4-6 (“a distribution center comprising an information recording bank...”). The distribution centre stores the recordings on disk or tape. Gremillet at 3:40-41 (“video disk or a video recorder”).</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to use a “hard disk” to store digital audio and video signals. <b>Gallagher</b> expressly discloses the combination of “hard disk” and storage of digital audio and video signals. Gallagher at 1:32-35 (“The media storage of data would be floppy disk, <i>hard disk</i>, optical or laser disk, magnetic tape, integrated circuit memory or any other suitable medium.”).</p> <p>Additionally, <b>Schwartz</b> discloses the combination of “hard disk” and storage of digital information and data. Schwartz at 6:23-29 (“In the preferred embodiment of this invention the storage medium is a 5.25” magnetic disk commonly in use for digital magnetic storage and retrieval. These disks have a storage capacity of about 1 megabyte . . . and are anticipated to reach 10 megabytes in the near future. For purposes of illustration, a 5 megabyte disk will be assumed.”).</p> <p><b>Ferrarini</b> also discloses the combination of “hard disk” and storage of digital information, data, audio and video signals. Ferrarini (“When your microcomputer buffer is full, the linker routine instructs your computer to record the software on disk.”).</p> <p>Accordingly, the use of a “hard disk” for storage of digital audio and video signals would have been obvious to one of ordinary skill in the art at the relevant time.</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to transfer “digital video” via telecommunications lines. <b>Gallagher</b> expressly discloses the combination of “digital video” transfer via telecommunications lines. Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 &amp; 3 (Gallagher discloses the transfer of desired digital video audio in a “recorded data transfer system” of “<i>digital data</i>” in the “entertainment industry” such as “audio or <i>visual</i>” data.) Gallagher also expressly discloses a “video display.” Gallagher at Fig. 3 (“audio/video conversion”). Gallagher at 1:90-92 (“suitable conversion apparatus 34 for audio and/or visual reproduction”).</p> <p>Additionally, <b>Freeny</b> also expressly discloses the combination of the combination of “digital video” transfer via telecommunications lines. Freeny at 1:10-14, 6:32-37 (“Information embodied in recordings . . . video</p>

games, motion pictures, software . . . electronic games . . . and the like,” “received on the input line 16 may be in an analog format or in a digital format.”).

**Rosch** also discloses the combination of the combination of “digital video” transfer via telecommunications lines. Rosch at 228 (discussing “Networking Video” using “Video Van Gogh” product; “A digitized picture can also be sent—albeit very slowly, very slowly—over a standard telephone line using the ComNet modem.”).

**Jordan** also discloses the combination of the combination of “digital video” transfer via telecommunications lines. Jordan at 174 (“[In Britain] VIDEOTEX uses the equally familiar telephone system to interactively communicate information. . . . [I]n the case of VIDEOTEX, stand-alone computers can be adapted to receive alphanumeric or graphics information. . . . Alphaphotographic technology allows the transmission of photo quality images and is being developed as a follow-on capability for all VIDEOTEX systems.”).

**Elmer-Dewitt** also discloses the combination of the combination of “digital video” transfer via telecommunications lines. Elmer-Dewitt at 69 (“The FBI prints descriptions of its ten most wanted criminals, complete with digitized mug shots for quick identification.”).

See also ‘440 Prosecution History, 1/4/96 Office Action at 4 (“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 sell[] 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 audio/video signals.”).

Accordingly, “digital video” transfer via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.

See also ‘734 Prosecution history 1/3/94 Hair Decl.” at p. 2 (“The use of transferring money across telecommunication connections, such as by telephoning over the phone lines the agents who as a first party’s hard disk, or charging a fee to a purchaser or ‘second party’ preferably at a location remote from purchaser or ‘second party’, for obtaining data on the first party’s hard disk through telecommunications lines is well known to one skilled in the art to be part of electronic sales.”) (emphasis added).

The distribution centre in Gremillet anticipates the Sales R.A.M. claimed by Hair. Gremillet at 3:42 (“The compression of the sound information can be obtained by writing into a memory and then reading from the memory at the accelerated speed.”)

See claim 1 re: second party memory (user), digital audio, digital video



	and <u>telecom lines</u> .
8. A method as described in claim 7 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.	<p>Gremillet at 3:55-62 (“Each user equipment comprises...an indicating circuit...”).</p> <p>See ‘734 Prosecution history, 1/3/94 Hair Decl., p. 3-4 (“Furthermore, the ‘second party’ must have a ‘receiver’ (the control IC of the user in figure 1) in his ‘possession’ in order to receive the music electronically from the hard disk of the agent over the telecommunications lines, such as telephone lines.”).</p> <p>Gremillet disclosed a <u>control panel</u> means whereby a user could select recordings being offered by the distribution centre. Gremillet at 4:13 (“The user wishing to listen to a work belonging to the collection recorded in the centre supplies the latter with the references of the chosen work by means of the telephone line.”); Fig. 1 (“Telephone receiver 41”).</p>
9. 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	<p>Gremillet satisfies the <u>second party hard disk</u> limitation. It teaches the storage of audio at the user’s terminal. Gremillet at 2:21-22 (teaching that the user equipment should store audio signals on “an apparatus generally suitable for recording picture signals”); 4:23-25 (“The information received by [user] equipment is then transmitted to magnetoscope, where it is recorded at the fast speed.”).</p> <p>A person of ordinary skill in the art in 1988 would have known that a hard disk could have been used to store such data. Gremillet at 2:19-22 (“The recording of the sound transmitted under these conditions must take place on an apparatus generally suitable for recording picture signals . . .”).</p> <p>In addition, it would have been obvious to a person skilled in the art at the time to use a “hard disk” to store digital audio and video signals. <b>Gallagher</b> expressly discloses the combination of “hard disk” and storage of digital audio and video signals. Gallagher at 1:32-35 (“The media storage of data would be floppy disk, <i>hard disk</i>, optical or laser disk, magnetic tape, integrated circuit memory or any other suitable medium.”).</p> <p>Additionally, <b>Schwartz</b> discloses the combination of “hard disk” and storage of digital information and data. Schwartz at 6:23-29 (“In the preferred embodiment of this invention the storage medium is a 5.25” magnetic disk commonly in use for digital magnetic storage and retrieval. These disks have a storage capacity of about 1 megabyte . . . and are anticipated to reach 10 megabytes in the near future. For purposes of illustration, a 5 megabyte disk will be assumed.”).</p> <p><b>Ferrarini</b> also discloses the combination of “hard disk” and storage of digital information, data, audio and video signals. Ferrarini (“When your microcomputer buffer is full, the linker routine instructs your computer to record the software on disk.”).</p> <p>Accordingly, the use of a “hard disk” for storage of digital audio and video</p>

<p>memory chip for playback.</p>	<p>signals would have been obvious to one of ordinary skill in the art at the relevant time.</p> <p>Gremillet discloses a <u>playback means</u> including <u>speakers</u>. Gremillet at Fig. 1 (“Sound Restoration” 25); 4:34-37 (“An indicator can inform the subscriber that listening can start....The recording can be kept on the video recorder for the purpose of listening to it later...”).</p> <p>Gremillet discloses a <u>playback R.A.M.</u> that is used as a temporary staging area during playback. Gremillet at Fig. 2 (54B / 54A); 5:11 (“two memory stacks”).</p> <p><u>See claim 1 re: first party memory (distribution centre), digital audio, and digital video.</u></p> <p><u>See claim 7 re: sales R.A.M.</u></p> <p><u>See claim 8 re: first party control I.C. and second party control panel.</u></p>
<p>10. 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.</p>	<p><u>See claim 9 re: playback means.</u></p>
<p>11. A method for transferring digital video or digital audio signals from a first party to a second party comprising the steps of:</p>	<p><u>See claim 1 re: digital audio and digital video.</u></p>
<p>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;</p>	<p>Gremillet’s disclosure of “subscriber equipment” (Gremillet at 3:11) and “user equipment” (Gremillet at 3:55) anticipates distribution to a <u>location determined by the second party</u>, as claimed by Hair. Gremillet at Claim 1 (“in equipment housed with the requesting subscriber”); Abstract.</p> <p>In any event, the <u>location determined by the second party</u> limitation was added into the specification of the ‘573 and related patents in a response to office action. Specification support was only added later. <i>See</i> ‘734 Prosecution history, 1/3/94 Amendment, p. 6 (“The second party control unit 50 is placed by the second party location determined by the second party which is remote from the first party control unit 20.”) If this limitation were not “inherent” it would be new matter. As there has been no finding yet that this limitation represents new matter, it must be understood to be within the knowledge of one of ordinary skill.</p> <p><u>See claim 1 re: second party control I.C.</u></p>
<p>entering into a second party control panel of the second party control unit of the second party commands by the</p>	<p><u>See claim 1 re: digital audio, digital video, and second party control unit.</u></p>

second party to purchase desired digital video or digital audio signals from a first party;	<u>See claim 8 re: second party control panel.</u>
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;	<u>See claim 1 re: telecom lines.</u>
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;	<u>See claim 1 re: electronic transfer of money.</u>
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;	<u>See claim 1 re: transmitting data over telecom lines.</u>
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	<u>See claim 9 re: playback means.</u>
playing the desired digital video or digital audio signals with the second party control unit.	<u>See claim 9 re: playback.</u>
12. A system for transferring digital video or digital audio signals comprising:	<u>See claim 1 re: digital audio, digital video and transmitting data over telecom lines.</u>
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;	Gremillet teaches a distribution centre ( <u>first party control unit</u> ), which “comprises a bank of musical recordings.” Gremillet at 3:38-39; Fig. 1 (“Information bank” 11); 3:4-6 (“a distribution center comprising an information recording bank...”). The distribution centre stores the recordings on disk or tape. Gremillet at 3:40-41 (“video disk or a video recorder”).  Gremillet discloses the use of <u>integrated circuits</u> to control and execute the teledistribution and playback of digital audio. Gremillet at 4:21-34 (“When the complete work has been transmitted, by means of circuit 12, centre 10 transmits an end of message code, which is recognized by circuit 22, which

then stops the video recorder 23.”); 5:27 (“control circuit 60”); Fig. 2 (“Control CCT 60”).

In addition, it would have been obvious to a person skilled in the art at the time to use a “first party control unit” to facilitate transferring digital audio and video signals via telecommunications lines. **Gallagher** expressly discloses the combination of using a “first party control unit” and transferring digital audio and video signals over telecommunications lines. Gallagher at 1:13-18 (“a database having a main computer, a caller/called interface, a transmitter/receiver interface, a data storage and processing system, means for controlling the storage and processing of data, means for controlling the processing of data, means for controlling the process of being called by one or more user units or another database.”).

Additionally, **Freeny** discloses the combination of using a “first party control unit” to facilitate transferring digital audio and video signals over telecommunications lines. Freeny at Fig. 2, 5:1-7; 22:12-13 (“In general, the information control machine 12 [including the “control manufacturing unit 72, which may be an Apple III computer] 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.”).

**Schwartz** also discloses the combination of using a “first party control unit” (computer) and transferring digital audio and video signals over telecommunications lines. Schwartz Figs. 5 & 6; (microcomputers); 10: 6-9 (“the user control pad may offer...track select and other additional features...”); Schwartz at 7:5-10, 10:20-25 (a first party control unit (“computer” of which a “control unit” would be an inherent part) having integrated circuits (“the system will employ Very Large Scale Integrated Circuit (VLSIs) technology”) which controls and executes commands of the first party (keyboard) connected to the first party hard disk); Schwartz at 10:20-37 (the first party control unit is connected through the telecommunications lines to the second party and the first and second party integrated circuits regulate the transfer of the desired digital audio or video signals).

**Ferrarini** discloses the combination of using a “first party control unit” (computer) and transferring digital audio and video signals over telecommunications lines. Ferrarini at 35 (“This so-called telesoftware does not require any special hardware or expensive software. You usually need a microcomputer equipped with either a 300- or 1200- baud Bell 103 compatible modem and communications software.”)

**Akashi** discloses the combination of using a “first party control unit” (computer) and transferring digital audio and video signals over telecommunications lines. Akashi discloses a system where digital music (audio signal) is stored on a host (first party) computer’s database (first memory). Akashi Fig. 1, pp. 1, 4 & 5 (A host/first party “control unit” would have been an inherent part of a host computer); Akashi at 3, Fig. 2 (showing the first party and second party connected through telecommunications lines).

Hellman discloses the combination of using a “first party control unit”

	<p>(computer) and transferring digital audio and video signals over telecommunications lines. Hellman at Abstract, 3:27 ("Base units" include computers).</p> <p>Accordingly, the use of a "first party control unit" to facilitate transferring digital audio and video signals via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.</p>
<p>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</p>	<p><u>See claim 1 re: second party memory (user) and second party control unit.</u></p> <p><u>See claim 2 re: remote locations.</u></p> <p><u>See claim 8 re: second party control panel.</u></p> <p><u>See claim 9 re: playback means.</u></p> <p><u>See claim 11 re: location determined by the second party.</u></p>
<p>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.</p>	<p><u>See claim 1 re: telecom lines, transferring data over telecom lines and electronic transfer of money.</u></p>
<p>13. A system as described in claim 12 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.</p>	<p><u>See claim 7 re: first party hard disk and sales R.A.M.</u></p>

<p>14. A system as described in claim 13 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.</p>	<p><u>See claim 1 re: secondary party control unit.</u></p> <p><u>See claim 6 re: playback R.A.M.</u></p> <p><u>See claim 9 re: secondary hard disk</u></p>
<p>15. A system as described in claim 14 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.</p>	<p>Gremillet teaches a <u>first party control integrated circuit</u> to control and execute the teledistribution and playback of digital audio. Gremillet at 4:21-34 (“When the complete work has been transmitted, by means of circuit 12, centre 10 transmits an end of message code, which is recognized by circuit 22, which then stops the video recorder 23.”); 5:27 (“control circuit 60”); Fig. 2 (“Control CCT 60”).</p> <p><u>See claim 1 re: telecom lines.</u></p> <p><u>See claim 7 re: first party hard disk and sales R.A.M.</u></p> <p><u>See claim 8 re: second party control I.C.</u></p> <p><u>See claim 12 re: first party control unit.</u></p> <p>In addition, it would have been obvious to a person skilled in the art at the time to use a “first party control panel” to facilitate transferring digital audio and video signals via telecommunications lines. <b>Gallagher</b> discloses the combination of using a “first party control panel” and transferring digital audio and video signals over telecommunications lines. Gallagher at 1:13-16 (The first memory of a first party is a “database having a main computer, . . . a data storage and processing system, means for controlling the storage and processing of data . . . .”); Gallagher at 1:67-69 (First party can be the “source unit” which can also contain the first memory, and it “comprises a storage medium 11.”); Gallagher at 1:67-74 (“From Figure 1. it is seen that the source unit . . . comprises a storage medium 11, a buffer 12, an encoder/decoder 13, a serial/parallel and parallel/serial converter 14, and a parallel transmitter/receiver 15.”); Gallagher at 1:93-96 (“It is assumed that recorded material may be sent and received by both the source unit and the database and that the user unit may only receive recorded material.”). Thus, Gallagher discloses that the first party and second party control integrated circuits regulate the transfer of the desired digital video or audio signals. Moreover, Gallagher discloses that the first party control panel is used to program and is connected to the first party control integrated circuit.</p>

	<p><b>Ferrarini</b> discloses the combination of using a “first party control panel” (computer, which would have a keyboard as a first party control panel) and transferring digital audio and video signals over telecommunications lines. Ferrarini at 35 (“This so-called telesoftware does not require any special hardware or expensive software. You usually need a microcomputer equipped with either a 300- or 1200- baud Bell 103 compatible modem and communications software.”).</p> <p><b>Freeny</b> discloses the combination of using a “first party control panel” (computer, which would have a keyboard as a first party control panel) and transferring digital audio and video signals over telecommunications lines. Freeny at Figs. 1, 2, 5:1-7; 22:12-13 (“In general, the information control machine 12 [including the “control manufacturing unit 72, which may be an Apple III computer having a keyboard] 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.”).</p> <p><b>Schwartz</b> also discloses the combination of using a “first party control panel” (user controls of a computer) and transferring digital audio and video signals over telecommunications lines. Schwartz Figs. 5 &amp; 6; (microcomputers); 10: 6-9 (“the user control pad may offer...track select and other additional features...”); Schwartz at 7:5-10, 10:20-25 (a first party control unit (“computer” of which a keyboard or “control panel” would be an inherent part) having integrated circuits (“the system will employ Very Large Scale Integrated Circuit (VLSIs) technology”) which controls and executes commands of the first party (keyboard) connected to the first party hard disk); Schwartz at 10:20-37 (the first party control unit is connected through the telecommunications lines to the second party and the first and second party integrated circuits regulate the transfer of the desired digital audio or video signals).</p> <p><b>Akashi</b> discloses the combination of using a “first party control panel” (keyboard of a computer) and transferring digital audio and video signals over telecommunications lines. Akashi discloses a system where digital music (audio signal) is stored on a host (first party) computer’s database (first memory). Akashi Fig. 1, pp. 1, 4 &amp; 5 (A host/first party keyboard or “control panel” would have been an inherent part of a host computer); Akashi at 3, Fig. 2 (showing the first party and second party connected through telecommunications lines).</p> <p><b>Hellman</b> discloses the combination of using a “first party control panel” (base unit/computer having a keyboard) and transferring digital audio and video signals over telecommunications lines. Hellman at 8:66-67 (base unit would have a keyboard).</p> <p>Accordingly, the use of a “first party control unit” to facilitate transferring digital audio and video signals via telecommunications lines would have been obvious to one of ordinary skill in the art at the relevant time.</p>

<p>16. A system as described in claim 15 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.</p>	<p><u>See claim 1 re: telecom lines, telephone lines and second party control unit.</u></p> <p><u>See claim 8 re: second party control I.C. and second party control panel.</u></p> <p><u>See claim 9 re: second party hard disk and playback R.A.M.</u></p> <p><u>See claim 15 re: first party control I.C.</u></p>
<p>17. A system as described in claim 16 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.</p>	<p>Gremillet discloses an <u>incoming R.A.M.</u> in the second party control unit that is used as a temporary staging area during playback. Gremillet at Fig. 2 (54B / 54A); 5:11 ("two memory stacks").</p> <p><u>See claim 1 re: telecom lines.</u></p> <p><u>See claim 8 re: second party control I.C.</u></p> <p><u>See claim 9 re: second party hard disk.</u></p> <p><u>See claim 12 re: first party control unit.</u></p>
<p>18. A system as described in claim 17 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.</p>	<p>In addition, it would have been obvious to a person skilled in the art at the time to transfer "digital video" via telecommunications lines. <b>Gallagher</b> expressly discloses the combination of "digital video" transfer via telecommunications lines. Gallagher at 1:5, 1:8, 1:6-7, 1:91, Figs. 2 &amp; 3 (Gallagher discloses the transfer of desired digital video audio in a "recorded data transfer system" of "<i>digital data</i>" in the "entertainment industry" such as "audio or <i>visual</i>" data.) Gallagher also expressly discloses a "video display." Gallagher at Fig. 3 ("audio/video conversion"). Gallagher at 1:90-92 ("suitable conversion apparatus 34 for audio and/or visual reproduction").</p> <p>Additionally, <b>Freeny</b> also expressly discloses the combination of the combination of "digital video" transfer via telecommunications lines. Freeny at 1:10-14, 6:32-37 ("Information embodied in recordings . . . video games, motion pictures, software . . . electronic games . . . and the like,"</p>



	<p>“received on the input line 16 may be in an analog format or in a digital format.”).</p> <p><b>Rosch</b> also discloses the combination of the combination of “digital video” transfer via telecommunications lines and use of “video display.” Rosch at 228 (discussing “Networking Video” using “Video Van Gogh” product; “A digitized picture can also be sent—albeit very slowly, very slowly—over a standard telephone line using the ComNet modem.”)</p> <p><b>Zilber</b> also discloses the use of a “video display.” Zilber at 135 (“[At the] MacWorld Expo in San Francisco...for color output, Moniterm and SuperMac Technologies were showing 19-inch color monitors for the Mac II...”).</p> <p><u>See claim 8 re: secondary party control I.C.</u></p> <p><u>See claim 9 re: playback R.A.M.</u></p>
<p>19. A system as described in claim 12 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.</p>	<p><u>See claim 1 re: electronic transfer of money.</u></p> <p><u>See claim 2 re: remote locations.</u></p> <p><u>See claim 3 re: credit card.</u></p>
<p>20. A system as described in claim 19 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.</p>	<p><u>See claim 1 re: electronic transfer of money.</u></p>
<p>21. A system as described in claim 20 wherein the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party.</p>	<p><u>See claim 3 re: credit card.</u></p>
<p>22. 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</p>	<p><u>See claim 1 re: first party memory (distribution centre), second party memory (user), digital audio, digital video and transmitting data over telecom lines.</u></p>

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;	<p>Gremillet teaches a <u>receiver</u> at Fig. 1 ("TV Receiver").</p> <p><u>See</u> '734 Prosecution history, 1/3/94 Hair Decl., p. 3-4 ("Furthermore, the 'second party' must have a 'receiver' (the control IC of the user in figure 1) in his 'possession' in order to receive the music electronically from the hard disk of the agent over the telecommunications lines, such as telephone lines.").</p> <p><u>See</u> claim 12 re: <u>location determined by the second party</u>.</p>
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;	<p>As a distributor of digital audio data over telecommunications lines and his or her users would be engaged in a commercial transaction, that the two parties were <u>financially distinct</u> would be inherent. <u>See</u> '734 Prosecution history, 1/3/94 Hair Decl., p. 3-4 ("One skilled in the art would know since the music is distributed through electronic sale, 'the second party must be financially distinct from the first party' or there could be no sale.").</p> <p><u>See</u> claim 1 re: <u>electronic transfer of money</u>.</p> <p><u>See</u> claim 2 re: <u>remote locations</u>.</p> <p><u>See</u> claim 3 re: <u>credit card</u>.</p>
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;	<p><u>See</u> claim 1 re: <u>telecom lines</u>.</p>
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;	<p><u>See</u> claim 1 re: <u>transmitting data over telecom lines</u>.</p>
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.	<p><u>See</u> claim 1 re: <u>second party memory (user)</u></p> <p><u>See</u> claim 9 re: <u>playback means</u>.</p>
23. A system for transmitting desired digital video or digital audio signals	<p><u>See</u> claim 1 re: <u>first party memory (distribution centre), second party memory (user) and transmitting data over telecom lines</u>.</p>

<p>stored on a first memory of a first party to a second memory of a second party comprising:</p>	<p><u>memory (user) and transmitting data over telecom lines.</u></p>
<p>means or 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;</p>	<p><u>See claim 1 re: electronic transfer of money.</u> <u>See claim 2 re: remote locations.</u></p>
<p>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;</p>	<p><u>See claim 1 re: telecom lines.</u></p>
<p>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;</p>	<p>Gremillet teaches a <u>transmitter</u> at Fig. 1 ("Transmitter"). <u>See claim 12 re: location determined by the second party.</u> <u>See claim 22 re: receiver.</u></p>
<p>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.</p>	<p><u>See claim 1 re: second party memory (user)</u> <u>See claim 9 re: playback means.</u></p>
<p>24. A system as described in claim 23 wherein the connecting means or</p>	<p><u>See claim 1 re: second party control unit.</u></p>

<p>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.</p>	<p><u>See claim 12 re: first party control unit.</u></p>
<p>25. 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.</p>	<p><u>See claim 7 re: second party control panel.</u></p> <p><u>See claim 8 re: second party control I.C. and second party control panel.</u></p> <p><u>See claim 9 re: playback R.A.M.</u></p> <p><u>See claim 12 re: first party control unit.</u></p> <p><u>See claim 15 re: Second party control unit and first party control panel.</u></p> <p><u>See claim 17 re: incoming R.A.M.</u></p>
<p>26. A system as described in claim 25 wherein the telecommunications lines include telephone lines.</p>	<p><u>See claim 4 re: telephone lines.</u></p>
<p>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.</p>	<p><u>See claim 1 re: first party memory (distribution centre) and second party memory (user).</u></p> <p><u>See claim 7 re: first party hard disk.</u></p> <p><u>See claim 9 re: second party hard disk.</u></p>
<p>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</p>	<p><u>See claim 1 re: speakers.</u></p> <p><u>See claim 18 re: video display.</u></p>

control integrated circuit.	
29. 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:	<u>See claim 1 re: first party memory (distribution centre), second party memory (user), digital audio and digital video.</u>
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;	<u>See claim 1 re: electronic transfer of money.</u>  <u>See claim 2 re: remote locations.</u>
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;	<u>See claim 1 re: telecom lines.</u>
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;	<u>See claim 12 re: location determined by the second party.</u> <u>See claim 22 re: receiver.</u> <u>See claim 23 re: transmitter.</u>
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	<u>See claim 1 re: first party memory (distribution centre) and second party memory (user).</u>  <u>See claim 9 re: playback means.</u>

in the second memory, said playing means or mechanism connected to the second memory.	
30. A system as described in claim 29 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.	<p><u>See claim 1 re: <a href="#">electronic transfer of money.</a></u></p> <p><u>See claim 2 re: <a href="#">remote locations.</a></u></p>
31. A system as described in claim 30 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	<p><u>See claim 1 re: <a href="#">second party control unit.</a></u></p> <p><u>See claim 12 re: <a href="#">first party control unit.</a></u></p>
32. A system as described in claim 31 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.	<u>See Claim 25.</u>
33. A system as described in claim 32 wherein the telecommunications lines include telephone lines.	<u>See Claim 26.</u>

34. A system as described in claim 33 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.	<u>See Claim 27.</u>
35. A system as described in claim 34 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.	<u>See Claim 28.</u>
36. 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:	<u>See claim 1 re: first party memory (distribution centre).</u>
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;	<u>See claim 1 re: second party control unit.</u> <u>See claim 2 re: remote locations.</u> <u>See claim 12 re: location determined by the second party.</u>
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;	<u>See claim 1 re: telecom lines.</u> <u>See claim 2 re: remote locations.</u>
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;	<u>See claim 1 re: second party memory (user) and telecom lines.</u>
transferring electronically via telecommunications lines the digital	<u>See claim 1 re: transmitting data over telecom lines.</u>

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;	<u>See claim 2 re: remote locations.</u>
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.	<u>See claim 1 re: first party memory (distribution centre) and second party memory (user).</u>
37. A method as described in claim 36 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.	<u>See claim 2.</u>
38. A method as described in claim 37 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.	<u>See claim 3.</u>
39. A method as described in claim 38 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.	<u>See claim 4.</u>
40. A method as described in claim	<u>See claim 1 re: transmitting data over telecom lines and electronic transfer</u>



<p>39 including after the transferring step, there is the step of repeating the charging a fee, connecting, and transferring steps.</p>	<p><u>of money.</u></p>
<p>41. 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:</p>	<p><u>See claim 1 re: first party memory (distribution centre), second party memory (user), remote locations and digital audio.</u></p>
<p>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;</p>	<p><u>See claim 1 re: second party memory (user) and electronic transfer of money.</u></p> <p><u>See claim 2 re: remote locations.</u></p> <p><u>See claim 22 re: financially distinct and receiver.</u></p>
<p>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;</p>	<p><u>See claim 1 re: transmitting data over telecom lines.</u></p>
<p>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;</p>	<p><u>See claim 1 re: transmitting data over telecom lines.</u></p> <p><u>See claim 12 re: location determined by the second party.</u></p> <p><u>See claim 22 re: receiver.</u></p>
<p>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.</p>	<p><u>See claim 1 re: second party memory (user).</u></p> <p><u>See claim 9 re: playback means.</u></p>

<p>42. A method for transferring desired digital video or digital audio signals from a first party to a second party comprising the steps of:</p>	<p><u>See claim 11</u></p>
<p>placing a second party control unit having a second memory by the second party at a desired location determined by the second party;</p>	
<p>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;</p>	
<p>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;</p>	
<p>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.</p>	
<p>43. A method as described in claim 42 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.</p>	<p><u>See claim 2.</u></p>
<p>44. A method as described in claim 43 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.</p>	<p><u>See claim 3.</u></p>

45. A method as described in claim 44 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.	See claim 4.
46. A method for transferring desired digital video or digital audio signals comprising the steps of:	See claim 1 re: <u>digital audio, digital video and transmitting data over telecom lines.</u>
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;	See claim 1 re: <u>second party memory (user) and secondary party control unit.</u> See claim 12 re: <u>location determined by the second party.</u>
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;	See claim 1 re: <u>first party memory (distribution centre), second party memory (user) and telecom lines.</u>
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;	See claim 1 re: <u>electronic transfer of money.</u>
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.	See claim 1 re: <u>transferring data over telecom lines.</u> See claim 9 re: <u>playback means.</u>

<p>47. A system for transferring digital video signals from a first party to a second party at a second party location comprising:</p>	<p><u>See claim 1 re: digital video and transferring data over telecom lines.</u></p>
<p>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;</p>	<p><u>See claim 1 re: first party memory (distribution centre) and electronic transfer of money.</u></p> <p><u>See claim 2 re: remote locations.</u></p>
<p>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</p>	<p><u>See claim 1 re: second party control unit.</u></p> <p><u>See claim 2 re: remote locations.</u></p> <p><u>See claim 8 re: secondary party control panel.</u></p> <p><u>See claim 12 re: location determined by the second party.</u></p> <p><u>See claim 18 re: video display.</u></p> <p><u>See claim 22 re: receiver.</u></p>
<p>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.</p>	<p><u>See claim 1 re: telecom lines.</u></p>
<p>48. A system as described in claim 47 wherein the second party control unit includes a second memory which is connected to the receiver and the</p>	<p><u>See claim 1 re: second party memory (user).</u></p> <p><u>See claim 18 re: video display.</u></p>

<p>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.</p>	<p><u>See claim 22 re: receiver.</u></p>
<p>49. A system as described in claim 48 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.</p>	<p><u>See claim 13.</u></p>
<p>50. A system as described in claim 49 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.</p>	<p><u>See claim 14.</u></p>
<p>51. A system as described in claim 50 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</p>	<p><u>See claim 15.</u></p>

integrated circuit.	
52. A system as described in claim 51 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.	<u>See claim 16.</u>
53. A system as described in claim 52 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.	<u>See claim 17.</u>
54. A system as described in claim 53 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.	<u>See claim 18.</u>

<p>55. A system as described in claim 47 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.</p>	<p><u>See claim 19.</u></p>
<p>56. A system as described in claim 55 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.</p>	<p><u>See claim 20.</u></p>
<p>57. A system as described in claim 56 wherein the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party.</p>	<p><u>See claim 21.</u></p>
<p>58. 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:</p>	<p><u>See claim 1 re: first party memory (distribution centre), display video, and transferring data over telecom lines.</u></p>
<p>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;</p>	<p><u>See claim 2 re: remote locations.</u>  <u>See claim 12 re: location determined by the second party.</u>  <u>See claim 18 re: video display.</u>  <u>See claim 22 re: receiver.</u></p>
<p>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;</p>	<p><u>See claim 1 re: electronic transfer of money.</u>  <u>See claim 2 re: remote locations.</u></p>
<p>connecting electronically via telecommunications lines the first</p>	<p><u>See claim 1 re: first party memory (distribution centre) and telecom lines.</u></p>

telecommunications lines the first memory with a receiver of the second party while the receiver is in possession and control of the second party;	<u>See claim 22 re: receiver.</u>
choosing the desired digital video signals by the second party from the first memory of the first party so desired video selections are selected;	<u>See claim 47 re: searching first memory for material.</u>
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	<u>See claim 1 re: first party memory (distribution centre) and transferring data over telecom lines.</u>  <u>See claim 12 re: location determined by the second party.</u>  <u>See claim 22 re: receiver.</u>  <u>See claim 23 re: transmitter.</u>
displaying the desired video signals received by the receiver on the video display in possession and control of the second party.	<u>See claim 18 re: video display.</u>
59. A method as described in claim 58 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.	<u>See claim 1 re: electronic transfer of money.</u>
60. A method as described in claim 59 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.	<u>See claim 3.</u>
61. A method as described in claim 60 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	<u>See claim 4.</u>



<p>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.</p>	
<p>62. A system for transferring digital audio signals from a first party to a second party at a second party location comprising:</p>	<p><u>See claim 47.</u></p>
<p>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;</p>	
<p>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</p>	
<p>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.</p>	

<p>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 listen to the desired digital audio signals comprising the steps of:</p>	<p><u>See claim 58.</u></p>
<p>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;</p>	
<p>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;</p>	
<p>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;</p>	
<p>choosing the desired digital audio signals by the second party from the first memory of the first party so desired songs are selected;</p>	
<p>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</p>	
<p>playing the desired audio signals received by the receiver on the speakers in possession and control of the second party.</p>	

## VIII. DOUBLE PATENTING IS A PROPER BASIS FOR THE REEXAMINATION PROCEEDING

The '440 patent is also invalid under the doctrine of double patenting. The doctrine of double patenting seeks to prevent the unjustified extension of patent exclusivity beyond the term of a patent. According to the MPEP, the public policy behind this doctrine is that "[t]he public should . . . be able to act on the assumption that upon the expiration of the patent it will be free to use not only the invention claimed in the patent but also modifications or variants which would have been obvious to those of ordinary skill in the art at the time the invention was made, taking into account the skill in the art and prior art other than the invention claimed in the issued patent." See MPEP, § 804 (citing cases). For the doctrine of double patenting to apply, there must be some common relationship of inventorship and/or ownership of two or more patents or applications. Since the doctrine of double patenting seeks to avoid unjustly extending patent rights at the expense of the public, the focus of any double patenting analysis necessarily is on the claims in the multiple patents or patent applications involved in the analysis.

Accordingly, double patenting can provide the basis for a reexamination proceeding. In re Lonardo, 119 F.3d 960 (Fed. Cir. 1997); MPEP §§ 2217, 2258. In Lonardo, the Federal Circuit concluded that nonstatutory double patenting is a legitimate basis for reexamination and that reexamination can be based upon non-prior art patents over which there is nonstatutory double patenting. See also Richard A. Neifeld, *Viability of the Hilmer Doctrine*, 81 J. Pat. & Trademark Off. Soc'y 544 (1999) (explaining the Federal Circuit's reasoning). The Lonardo court found that 35 U.S.C. § 303(a) is not limited to prior art patents or printed publications, and granted the Commissioner the authority to consider substantial new questions of patentability over "patents and publications discovered by him." 119 F.3d at 966; 35 U.S.C. §303(a) (1994). See also Geneva Pharms., Inc. v. GlaxoSmithKline PLC, 349 F.3d 1373 (Fed. Cir. 2003) (citing In re Lonardo with approval).

**A. The '440 Patent Is Invalid Over the '573 Patent for Obviousness-Type Nonstatutory Double Patenting.**

As explained in the Introduction (Section I of this Request) the only limitations that do not represent a mere change in wording that the patentee added in the '440 patent are: (1) control unit; (2) speakers; (3) video display; (4) electronic coding or, encryption, of the signal; (5) hard disk; (6) control panel; (7) integrated circuit; and (8) RAM chip.<sup>2</sup>

As explained more fully below, none of these limitations is patentably distinct and all of them would have been obvious to the person of ordinary skill in the art, in 1988. Indeed, the patentee is currently seeking to further extend its monopoly by pursuing a fourth patent claiming the same priority date and reciting the very same invention. The PTO, however, has recognized that the new application covers the same territory and rejected Claims 32-69 of that pending application under the doctrine of double patenting over Claims 12-21 and 25-28 of the '440 Patent. *See* Office Action dated July 21, 2000. On January 19, 2001, the patentee filed a terminal disclaimer to overcome the Examiner's rejection. *See* Amendment of January 19, 2001.

The '440 claims the same invention as the '573 patent, and adds only minor and obvious limitations, all of the claims of the '440 Patent are invalid for obviousness-type of double patenting. Because the Examiner had not rejected the claims on the basis of double patenting during the prosecution of the '440 patent, Requestor's analysis presents substantial new questions

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<sup>2</sup> In addition to these limitations, there are numerous minor differences between the claims of the two patents. Those are even more obvious variations of the claimed elements. For example, having various parts of the structures or systems described at "remote locations," and the locations being determined by respective parties and the placing being done by the respective parties is obvious in light of every prior art reference cited herein.

of patentability.<sup>3</sup>

**B. Double Patenting Analysis of the Claims of the '440 Patent**

**Claim 1 of the '440 Patent**

Claim 1 of the '440 patent is invalid for obviousness-type double patenting in light of claims 1 and 4 of the '573 patent.

Claim 1 of the '440 patent reads as follows:

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.

Claim 1 of the '573 patent reads as follows:

A method for transmitting a desired digital audio signal stored on a first memory of a first party to a second memory of a second party comprising the steps of: transferring money electronically via a telecommunication lien to the first party at a location remote from the second memory and controlling use of the first memory from the second party financially distinct from the first party, said second party controlling use and in possession of the second memory; connecting electronically via a telecommunications line the first memory with the second memory such that the desired digital audio signal can pass therebetween; transmitting the desired digital audio signal from the first memory with a transmitter in control and possession of the first party to a receiver having the second memory at a

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<sup>3</sup> In addition to being invalid over the '573 Patent, the '440 Patent is also invalid in light of the '734 Patent which issued two years before the '440 Patent, or the combination of the '573 Patent's claims with the '734 Patent's claims. Combining multiple claims from prior patents as references for obviousness-type double patenting is consistent with the analysis conducted by the PTO pursuant to the MPEP. See MPEP § 804.02.IV ("If multiple conflicting patents and/or pending applications are applied in double patenting rejections made in a single application. . ."). Under the MPEP, the PTO considers claims from multiple prior commonly owned patents in combination with prior art for the purposes of an obviousness-type double patenting analysis. See *id.* § 804, ¶ 8.36 (form paragraph for a rejection for "Obviousness Type Double Patenting – With Secondary Reference(s).").

location determined by the second party, said receiver in possession and control of the second party; and storing the digital signal in the second memory.

Claim 1 of the '573 patent is an independent claim which recites a method for transmitting a digital audio signal stored on a first memory of a first party to a second memory of a second party. As claimed, the first party is at a location that is remote from the second memory and the second party is financially distinct from the first party. The method comprises of four steps which include (1) transferring money to the first party from the second party, (2) connecting the first and second memories electronically, (3) transmitting the digital audio signal from the first memory to the second memory, and (4) storing the digital audio signal in the second memory.

Claim 4 of the '573 patent, the only other independent claim, tracks the language of claim 1, however, it provides the same method as it relates to digital video signals, instead of digital audio signals.

The only differences between claim 1 of the '440 patent and claims 1 and 4 of the '573 patent is that claim 1 of the '440 patent includes a "second party control unit" that has the second memory and speakers connected to the second memory to play the digital signals.

It would have been obvious to one skilled in the art in light of claims 1 and 4 of the '573 patent to have the second memory included in some type of collection of hardware and software called a "control unit" and to have the digital signals on the second memory to be played through speakers connected to the second memory. The limitation of having the second memory included in some type of collection of hardware and software called a "control unit" was obvious in view of Gallagher at 1:19-22 (unit having means for "storing/recalling" data), 1:49-50 ("sale to the general public via their user units."); Akashi at 2 (recording device in personal computer), Fig. 1, Freeny at Fig. 1, Col. 7:53-62 ("the information file unit 28 [of the information control unit 12]); Schwartz at Col. 10:20-25 (record format disclosed could be used with a computer).<sup>4</sup>

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<sup>4</sup> The citations to prior art in support of the double patenting analysis are not exhaustive but merely representative of the fact that the differences between the claims of the prior and the subsequent patents would have been obvious to a person skilled in the art. The Requestor cites to the prior art already discussed in this Request for the convenience of the Examiner.

Finally, one skilled in the art would know that this "unit" could include some type of controlling interface so that the second party can initiate the purchase and then play the transferred signals. Gallagher at 1:19-22 (user unit with means to communicate with database and recall/process data received from database); Freeny at Figs.1, 3, 22:29-30 (unit may be an Apple III computer); Akashi at 4 (using monitor screen to choose desired data with control unit), 5 (monitor and control unit), Fig.1, Schwartz at Fig. 5.

The limitation of having the digital signals on the second memory to be played through speakers connected to the second memory was obvious in view of Gallagher at Abstract, p.1 (user unit includes playback apparatus), 1:87-92 (user unit comprises apparatus for "audio and/or visual reproduction") and Schwartz at Fig. 1, Col. 1:16-19 ("On playback the electrical signal is amplified and used to drive loudspeakers").

Hair's claimed invention as described in the original '573 specification was an "advanced stereo system" capable of playing digital audio. '573 Prosecution History, Original Patent Application Filing at p.6. Such a unit would obviously be connected to speakers as this was customary for stereo systems and without speakers such a stereo system would be unable to produce sound. Moreover, in Hair's description of the invention, he admits that speakers were well-known where he states that "the following components are already commercially available: ...the Stereo Speakers 80." '573 Patent, 4:16-20.

The other differences in claim 1 of the '440 patent and claims 1 and 4 of the '573 patents also do not render it patentably distinct. The use of "transferring" in claim 1 of the '440 patent has the same meaning as "transmitting" in claims 1 and 4 of the '573 patents. Both are used to describe moving the digital signals from a source party to a receiving party through the "telecommunication lines" described.

Further, the phrase "selling electronically" in claim 1 of the '440 patent has the same function of selling the digital signals that claims 1 and 4 describe as "transferring money electronically via a telecommunications line." Moreover, in prosecution Hair argued that

“electronic sales” and its constituent parts were well known within the art. ‘573 Prosecution History 6/25/92 Hair Decl.” at p. 2 (“The use of transferring money across telecommunications connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales.”) The difference in language creates no patentably distinct difference. Therefore, claim 1 of the ‘440 patent is obvious in light of claims 1 and 4 of the ‘573 patent.

### Claim 2

Claim 2 of the ‘440 patent is invalid for double patenting in light of claims 1 and 4 of the ‘573 patent. Claim 2 of the ‘440 patent reads as follows:

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.

One difference is that claim 2 of the ‘440 patent recites "locations" for the various parties. Having the parties in various locations whether remote from each other or not, is inherent in that a buyer and a seller are distinct parties and therefore would be in separate locations. At the least, one skilled in the art in light of claims 1 and 4 of the ‘573 patent would know that the parties could and most likely would be placed at locations, either remote or at the same place.

The “second party location” limitation is not found in the original specification filed for the ‘573 Patent that provides the priority date for the ‘440. Nor is it found in the final ‘573 specification. Thus, it has no clear antecedent support. The closest phrase found in the ‘573 patent is “having the second memory at a location determined by the second party.” Claim 1 of the ‘573 Patent. For the limitation “second party location” found in the ‘440 not to be invalid for lack of written description it would have to be inherent in the ‘573. Thus, the limitation must be obvious in light of the ‘573 claim 1 limitation “having the second memory at a location determined by the second party,” the closest teaching to a “second party location.”



The limitation of having the second party at a second party location was obvious in view of Gallagher at 2:92-93 (“home-buying of material” and “immediate access to material.”), Akashi at 4 (user is at home), Freeny at Fig. 1, Col. 5:1-4 (information control machine at location remote from the point of sale location), 5:32-50 (point of sale location remote from location of information control machine), Schwartz at Col. 10:24-25 (“transmit the recorded data to a remote playback facility”).

The only other difference is that claim 2 of the '440 patent uses the language "charging a fee." This has the same function of selling the digital signals that claims 1 and 4 describe as "transferring money electronically via a telecommunications line." The difference in language creates no patentably distinct difference. Hair admitted during prosecution that charging a fee over telephone lines was well known within the art. for the '734 Prosecution history, 1/3/94 Hair Decl., p. 5 (“[E]lectronic sales’ as disclosed refers to the well known practices of ‘transferring’ and verifying monies across telephone lines such as by a ‘credit card’; or by ‘charging a fee’ to the second party, so the second party can gain access to the first party’s memory through telecommunications lines to select the desired digital video or digital audio signals.”) (emphasis added).

Further, the limitation of charging a fee was obvious in view of Hellman at 5:57- 6:2 (billing user); Gallagher at 1:49-50 (“sale to the general public”); Akashi at 1 (“Automated Music Purchasing System”); Freeny at Fig. 1, Col. 21:56-60 (transmission/communication over telephone lines), 13:25-36 (“charge the sale”). Therefore, claim 2 of the '440 patent is obvious in light of claims 1 and 4 of the '573 patent.

### **Claim 3**

Claim 3 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. Claim 3 of the '573 patent reads as follows:

A method as described in claim 2 wherein the transferring step 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.<sup>5</sup>

Claim 3 of the '440 patent reads as follows:

A method as described in claim 2 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.

The only difference between claim 3 of the '440 patent and claims 3 and 6 of the '573 patent is the language to describe the second party's payment method and the step of making the payment. Claim 3 recites an "account" and "charging the account" whereas, claims 3 and 6 describe a "credit card number" and "providing that number." The difference in language creates no patentably distinct difference.

Moreover, in prosecution Hair admitted that charging an account was inherent to electronic sales. '734 Prosecution History, 1/3/94 Hair Decl., p. 2 ("One skilled in the art would know that an electronic sale inherently assumes a charging of a fee to an account which then allows for access to or a transferring of a product or service through telecommunications lines.") As providing a credit card number over a telephone line under claims 3 and 6 of the '573 Patent was a part of electronic sales, '573 Prosecution history, 6/25/92 Hair Decl. at p. 2 ("The use of transferring money across telecommunications connections, such as by telephoning the agent who has the hard disc over the phone lines, for obtaining data on the hard disc is well known to one skilled in the art to be part of electronic sales."), charging an account was inherent in claims 3 and 6 of the '573 patent.

Moreover, the limitation of the second party having an account and the step of charging a fee, which includes charging the second party's account was obvious in view of Freeny at Col. 13:25-36 ("charge the sale to the consumer credit card number"), Hellman at 5:57-6:2 (billing user). Therefore, claim 3 of the '440 patent is obvious in light of claims 3 and 6 of the '573 patent.

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<sup>5</sup> Claim 6 recites the same limitations for the video signal.

#### Claim 4

Claim 4 of the '440 patent reads as follows:

A method as described in claim 3 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.

Claim 4 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. There is no difference between claim 4 of the '440 patent and claims 3 and 6 of the '573 patent.

#### Claim 5

Claim 5 of the '440 patent reads as follows:

A method as described in claim 4 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.

Claim 5 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. There is no difference between claim 5 of the '440 patent claims 3 and 6 of the '573 patent.

#### Claim 6

Claim 6 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. Claim 6 of the '440 patent reads as follows:

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.

The only difference is that claim 6 recites "coding" the signals to "prevent unauthorized reproduction." One skilled in the art would have known in light of claims 3 and 6 of the '573 patent to code or encrypt the signals in a way to prevent unauthorized reproduction. The limitation of electronically coding the desired digital video or audio signals was obvious in view

of Freeny at Col. 23:42-51 (encipher programs well known in the art); Gallagher at 1:36-38 (“encryption or encoding of data”), 1:50-54 (“data to be encoded/encrypted”), 1:70 (source unit has an “encoder/decoder 13”), 1:83 (the database has an “encoder/decoder 22”), 1:90 (the user unit has a “decoder 33”), and Figs. 1-3, Waters at 82 (“The second is digital audio encryption, which some believe to be the ultimate weapon against theft of service.”); Jared at 165 (“Even inexpensive data-protection programs use exotic encryption methods that may be foolproof. In just a few seconds, you can scramble a file so thoroughly that not even the C.I.A. can read it.”); Kramer at C7 (“Several software firms are including encryption as an option for their spreadsheet or database user. Other developers sell encryption hardware and software to tighten the lid on computer security”).

### Claim 7

Claim 7 of the '440 patent reads as follows:

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.

Claim 7 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. The only differences are that the first memory includes a "hard disk," or hard drive, to store the signals, a "sales random access memory chip," or RAM, for temporarily storing the signals for the transfer during purchase, and the step of doing this before the transfer. One skilled in the art in light of claims 3 and 6 of the '573 patent would have known that a hard drive could be used to store the signals and that a RAM chip could be used for temporary storing during the step of transferring. '734 Prosecution History, 1/3/94 Hair Decl., p. 2 (“The use of transferring money across telecommunication connections, such as by telephoning over the phone lines the agents who as a first party's hard disk, or charging a fee to a purchaser or 'second party' preferably at a location remote from purchaser or 'second party', for obtaining data on the

first party's hard disk through telecommunications lines is well known to one skilled in the art to be part of electronic sales.”) (emphasis added).

The limitation of a first memory including a first party hard disk was obvious in view of Gallagher at 1:32-35 (media for storage of data would be hard disk); Freeny at 22:31-36 (digital storage unit may be a hard disk); Schwartz at 6:23 (storage medium can be magnetic disk). The limitation of a sales random access memory chip was obvious in view of Gallagher at 1:81-84 (database includes a buffer store); Freeny at Fig.2, 22:12-13 (“the control manufacturing unit 72 may be an Apple III computer”); Schwartz at 7:39-41 (“RAM Buffer Module”). The limitation of storing a replica of the digital audio or video signals from the hard disk to the sales random access memory was obvious in view of Gallagher at 1:81-84 (database comprises buffer store); Freeny at Fig.1, 5:60-6:3-8 (information manufacturing machine 14 provides a request reproduction code requesting to reproduce the certain selected information.”); Schwartz at 7:39-41 (“series of amplitude readings is utilized from the RAM Buffer Module”).

### **Claim 8**

Claim 8 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. Claim 8 of the '440 patent reads as follows:

A method as described in claim 7 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.

The only differences are the addition of a "second party integrated circuit" that "controls and executes commands" from a "control panel," or interface, and the step of giving the command to initiate the purchase. A second party control integrated circuit was inherent in the '573 teaching of electronic sales. '734 Prosecution History, 1/3/94 Hair Decl., p. 3-4 (“Furthermore, the ‘second party’ must have a ‘receiver’ (the control IC of the user in figure 1) in

his 'possession' in order to receive the music electronically from the hard disk of the agent over the telecommunications lines, such as telephone lines.") (emphasis added).

It also would have been obvious to have a second party control panel. Hair's claimed invention as described in the original '573 specification was an "advanced stereo system." '573 Prosecution History, Original Patent Application Filing at p.6. It is well known that a stereo system must have a control panel in order to accept user commands (for example to "play" music).

Finally, the limitation of a second party integrated circuit and a control panel connected to the integrated circuit was obvious in view of Gallagher at 1:19-22 (user unit with means to process data), Freeny at Figs.1, 3, 22:29-30 (unit may be an Apple III computer), Akashi at 4 (choose data using control unit and accesses and processes data), 5 ("control unit"), Fig.1; Schwartz at 7:5-10 (system can "Very Large Scale Integrated Circuit (VLSIs) technology").

#### Claim 9

Claim 9 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. Claim 9 of the '440 patent reads as follows:

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.

See claim 8 for “second party control panel.”<sup>6</sup>

See claim 7 for “second party integrated circuit”

See claim 7 for “[incoming/playback] random access memory chip.”

The only other differences are the addition of a "second party hard disk" for storing the signals, and the storing step including storing and transferring the signals during the transfer, and playing of the signal. It would have been obvious to one skilled in the art in light of claims 3 and 6 of the '573 patent to have these parts and steps.

The limitation of storing and playing the digital signals was obvious in view of Gallagher at Abstract, p.1 (“user unit includes playback apparatus”), 1:19-22 (user unit with means for storing/recalling and/or processing data), 1:81-84 (database contains buffer store), 1:32-35 (“media for storage of data”), Freeny at Figs.1, 3, 22:29-30 (unit may be Apple III computer), Akashi at 1 (“personal computer recording/recording reproduction devise”), 3 (“recording/reproducing device”, 4 (“optical disk recording/reproducing device”), Fig.1; Schwartz at 6:23-29 (storage medium can be magnetic disk”).

Finally, it was well known within the art that digital audio could be stored on hard disk and playback would require playback random access memory. See e.g., Schwartz Fig. 1 (showing digital audio data going from hard disk to RAM Buffer to “Player Module”); 6:40-42 (“In the retrieve mode, or playback, the Disk Read/Write Module first reads the Waveform Catalog from the disk into RAM”).

### **Claim 10**

Claim 10 of the '440 patent reads as follows:

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.

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<sup>6</sup> In order to avoid duplication of arguments, the Requestor respectfully refers the Examiner to the analysis of the previous claims and cites this analysis in the following way: “See claim \_\_ for [discussion of limitation].”

Claim 10 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. The only difference is that claim 10 recites "repeating" the steps outlined. The "repeating" limitation of claim 10, which covers repeated playback of digital audio signals stored on the user's hard disk, would be inherent in a system oriented to the playback of digital audio signals from a hard disk. When data is read from a hard disk it remains intact on the hard disk, thus allowing for future reuse. Hair recognizes this well known property of hard disks in the '573 specification. '573 Patent 4:61-63 ("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 entire purpose of the system disclosed in the '573 patent was for the sale of digital audio and video songs, plainly it would have been obvious to anyone that that purpose included repeatedly commanding, playing and transferring.

Moreover, the limitation of repeating the commanding, playing, and transferring a replica steps was obvious in view of Gallagher at 1:19-22 (user unit with means for storing/recalling and/or processing data), Freeny at 15:24-33 (after storage additional recordings/information will be produced).

### Claim 11

Claim 11 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. Claim 11 of the '440 patent reads as follows:

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.

See claim 1 for “second party control unit.”

See claim 8 for “second party control panel.”

See claim 9 for “playing.”

See claim 1 for “selling electronically.”

See claim 1 for “transferring.”

### **Claim 12**

Claim 12 is invalid over claims 2 and 5 of the '573 Patent. Claim 2 of the '573 patent reads as follows:

A method as described in claim 1 including after the transferring step, the steps of searching the first memory for the desired digital audio signal; and selecting the desired digital audio signal from the first memory.<sup>7</sup>

Claim 12 of the '440 patent reads as follows:

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

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<sup>7</sup> Claim 5 tracks the same limitations for the video signal.

second party after the desired digital video or digital audio signals are sold to the second party by the first party.

See claim 1 for “means or mechanism for electronically selling.”

See claim 8 for “second party control panel.”

See claim 9 for “playing.”

See claim 1 for “second party control unit.”

The only difference between this claim and claims 2 and 5 of the '573 Patent is the addition of "means and a mechanism" limitation. The addition of the "means" language does not create a patentable distinction. Instead, it merely causes the claim to cover the corresponding structure, material, or acts described in the specification or their equivalents. Therefore, because the specification of the '573 patent already discloses the same structure as that disclosed in the '440 specification for electronic sales of music, "means and a mechanism for selling music electronically" does not add any new elements.

Although claims 2 and 5 of the '573 patent are not system claims like claim 12 of the '440 patent but rather method claims, they nevertheless presuppose a system to which the system of claim 12 of the '440 patent is virtually identical, from which the system of claim 12 of the '440 patent is not patently distinct, or from which claim 12 of the '440 would have been obvious in light of, by one skilled in the art. The differences between claim 12 of the '440 patent and claims 2 and 5 of the '573 patent also do not make them patently distinct, or one skilled in the art would have viewed those differences as obvious in light of claims 2 and 5 of the '573 patent.

Claim 12 of the '440 patent includes a "first party control unit" which has the first memory and a means for “electronically selling.” It would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent to have the hardware necessary called a "control unit" to perform the desired steps in view of Gallagher at 1:19-22 (user unit with means to communicate with database and store/recall/process data received from database), 1:49-50 (“sale to the general public via their user units.”); Akashi at 3-5 (“user chooses desired data using control unit”, user can “purchase desired music from home”), Fig. 1, Freeny at Fig. 1, 7:53-62

(information control unit communicates with information manufacturing machine); Schwartz at 10:20-25 (“recording and playback functions can be integrated”).

Finally, the only other difference between claim 12 of the '440 patent and the claims 2 and 5 of the '573 patent is that the telecommunication lines are recited to be connected to the first and second party control units as opposed to the memories as recited in claims 2 and 5 of the '573 patent. This does not make claim 12 patentably distinct.<sup>8</sup>

### Claim 13

Claim 13 of the '440 patent reads as follows:

A system as described in claim 12 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.

Claim 13 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. The analysis for claim 13 is the same as claim 7.

### Claim 14

Claim 14 of the '440 patent reads as follows:

A system as described in claim 13 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.

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<sup>8</sup> As explained above, the '440 patent was filed before the '734 patent. Nevertheless, the '734 patent issued before the '440 patent. While the '440 patent covers more generic, means-plus-function claims, the '734 patent includes more specific claims which disclose the structure involved in the means plus function claims of the '440 patent. In *In re Goodman*, 11 F.3d 1046 (Fed. Cir. 1993), the Federal Circuit held that the claims of the earlier filed, but not yet issued application were “generic” to the “species” claims of the earlier issued patent to the same inventor. Accordingly, the Court held that “the generic invention is ‘anticipated’ by the species of the patented invention.” *Id.* As such, all of the “generic” means-plus-function claims of the '440 patent are also invalid (due to anticipation) in view of the specific “species” claims of the '734 patent.

Claim 14 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. The analysis for claim 14 is the same as claim 7.

**Claim 15**

Claim 15 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. Claim 15 of the '440 patent reads as follows:

A system as described in claim 14 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

See claim 7 for “first party hard disk.”

See claim 8 for “second party control integrated circuit.”

The only differences between claim 15 of the '440 patent and claims 2 and 5 of the '573 patent do not make it patentably distinct. First, it would have been obvious to one skilled in the art to have an integrated circuit (“IC”) to perform these functions and to have these connected so it all worked in view of Gallagher at 1:19-22 (user unit with means to store/recall/process data), 1:49-50 (“sale to the general public via their user units.”); Freeny at Figs. 1, 3, 22:12-13 (unit may be an Apple III computer); Akashi at 2 (personal computer), 3 (“Automated Music Purchasing System”), 4 (“CPU”), Fig.1; Schwartz at 7:5-10 (“Very Large Scale Integrated Circuit (VLSIs) technology”), 10:20-25 (recording and playback functions can be integrated).

It also would have been obvious to have the ICs regulate the transfer in view of Gallagher at 1:67-74 (source unit with storage medium, encoder/decoder, transmitter/receiver), 1:93-96 (“recorded material may be sent and received by both the source unit and the database user unit receive material.”); Freeny at Figs. 1, 3, 22:12-13 (unit may be an Apple III computer);

Akashi at 2 (user device signals host computer and host computer sends data); Schwartz at 10:20-37 (computer communications link to transmit the recorded data).

Finally, it would have been obvious to have an interface which programs the IC and which sends it commands in view of Gallagher at 1:67-74 (source unit with transmitter/receiver), 1:93-96 (material sent and received by source unit and database and user unit receives recorded material); Freeny at Figs. 1, 3, 22:12-13 (unit may be an Apple III computer); Akashi at 2 (data transmitted via personal computers); Schwartz at 10:20-37 (recording and playback functions can be integrated).

### **Claim 16**

Claim 16 of the '440 patent reads as follows:

A system as described in claim 15 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.

Claim 16 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent.

See claim 8 for “second party control integrated circuit.”

See claim 1 for “second party control unit.”

See claim 9 for “second party hard disk.”

See claim 7 for “[playback] random access memory chip.”

See claim 15 for “first party control integrated circuit.”

See claim 8 for “second party control panel.”

Finally, it would have been obvious to have an interface that programs the IC and sends commands to and that they be connected so it works in view of Gallagher at 1:67-74 (source unit with transmitter/receiver), 1:93-96 (material sent and received by source unit and database and

user unit receives recorded material); Freeny at Figs. 1, 3, 22:12-13 (unit may be an Apple III computer); Akashi at 2 (data transmitted via personal computers); Schwartz at 10:20-37 (recording and playback functions can be integrated).

### **Claim 17**

Claim 17 of the '440 patent reads as follows:

A system as described in claim 16 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.

Claim 17 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent.

See claim 1 for "second party control unit."

See claim 7 for "[incoming] random access memory chip."

See claim 9 for "second party hard disk."

See claim 8 for "second party control integrated circuit."

See claim 12 for "first party control unit."

### **Claim 18**

Claim 18 of the '440 patent reads as follows:

A system as described in claim 17 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.

See claim 1 for "second party control unit."

See claim 7 for "[playback] random access memory chip."

See claim 8 for "second party control integrated circuit."

Claim 18 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The only differences between claim 18 of the '440 patent and claims 2 and 5 of the

'573 patent do not make it patentably distinct. It would have been obvious to have some type of display and to have these parts connected so that the system works in view of Gallagher at 1:87-92 (apparatus for visual reproduction), Fig. 3; Akashi at 2 (TV or computer monitor); Freeny at Fig.1, 3, 22:23-24 (Apple II monitor); Schwartz at Fig. 6. In Hair's description of the invention, he admits that video display units were well-known where he states that "the following components are already commercially available: ...the Video Display Unit 70." '573 Patent, 4:16-20.

### **Claim 19**

Claim 19 of the '440 patent reads as follows:

A system as described in claim 12 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.

Claim 19 is invalid over claims 2 and 5 of the '573 Patent.

See claim 12 for "means and mechanism."

See claim 1 for "electronically selling."

Claim 19 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The only differences between claim 19 of the '440 patent and claims 2 and 5 of the '573 patent do not make it patentably distinct. First, the phrase "charging a fee" in claim 12 of the '440 patent has the same function of selling the digital signals that claims 2 and 5 of the '573 patent describe as "transferring money electronically via a telecommunications line." The difference in language creates no patentably distinct difference.

Second, although claims 2 and 5 of the '573 patent do not recite the structure for "charging a fee," the structure that would be needed for this would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent in view of Gallagher at 1:49-50 ("sale to the general public via their user units."); Freeny at Fig.1, 21:56-60 (communication

transmission), 13:25-36 (data communicated can be consumer credit card number); Hellman at 5:57- 6:2 (billing user).

#### **Claim 20**

Claim 20 of the '440 patent reads as follows:

A system as described in claim 19 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.

See claim 3 for “account” and for “means or mechanism for charging the account.”

#### **Claim 21**

Claim 21 of the '440 patent reads as follows:

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

Claim 21 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. The analysis for claim 21 is the same as claim 4 along with the fact that the structure needed to receive a credit card number to have been obvious to one skilled in the art in view of Gallagher at 1:49-50 (“sale to the general public via their user units.”); Freeny at Fig.1, 21:56-60 (communication transmission), 13:25-36 (data communicated can be consumer credit card number); Hellman at 5:57- 6:2 (billing user).

See also claim 1 re “selling electronically.”

See also claim 12 for “means and a mechanism.”

#### **Claim 22**

Claim 22 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. Claim 22 of the '440 patent reads as follows:

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.

See claim 1 for “second party control unit.”

See claim 1 for “selling electronically.”

See claim 9 for “playing.”

### **Claim 23**

Claim 23 is invalid over claims 1 and 4 of the '573 Patent. Claim 23 of the '440 patent reads as follows:

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 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.

See claim 21 for “means or mechanism for transferring money electronically.”

See also claim 1 re “selling electronically.”

See also claim 9 re “second party hard disk” and “storing.”

See also claim 9 re “playing.”

See also claim 12 for “means and a mechanism.”

Although claims 1 and 4 of the '573 patent are not system claims like claim 23 of the '440 patent but method claims, they nevertheless disclose a system to which the system of claim 23 of the '440 patent is virtually identical, from which the system of claim 23 of the '440 patent is not patently distinct, or from which claim 23 of the '440 would have been obvious in light of by one skilled in the art. The differences between claim 23 of the '440 patent and claims 1 and 4 of the '573 patent also do not make them patently distinct, or one skilled in the art would have viewed those differences as obvious in light of claims 1 and 4 of the '573 patent.

Claim 23 of the '440 patent recites a means for "connecting electronically via telecommunication lines" and that it be in "electrical communication" with the transferring structure. One skilled in the art in light of claims 1 and 4 of the '573 patent would know what structure would be needed to connect the telecommunications lines to the respective parties in view of Gallagher at 1:49-50 (“sale to the general public via their user units.”), 2:92-93 (“home-buying”, “immediate access”), 1:28-31 (media for data transfer); Freeny at 13:25-36 (communication of data); Akashi at 3 (NCU employed as communication method), Fig.1; Schwartz at 10:20-25 (transmission by modem); Hellman at 5:57- 6:2 (billing user).

Furthermore, it is inherent to have "electrical communication" between the transferring and connecting structures as these structures are the same, or at least one skilled in the art in light of claims 1 and 4 of the '573 patent would have known to have "electrical communication" between the transferring and connecting structures in view of Gallagher at 1:19-22 (user unit with means for communication with database to receive data from database); Freeny at 9:39-41 (unit constructed to receive encoded information), Fig. 1; Akashi at 2 (host computer sends data), 3 (communication line between host computer database and recording/reproducing device), 4 (data

recorded using recording/reproducing device), Fig.1, 2); Schwartz at 10:20-25 (“recording and playback functions can be integrated”), Fig. 6. Claim 23 of the '440 patent also recites a means for storing the digital signals.

Further, claim 23 of the '440 patent recites "playing" the digital signals and a means for doing this. The limitation of storing and playing the digital signals was obvious in view of Gallagher at Abstract, p.1 (“user unit includes playback apparatus.”), 1:19-22 (user unit with means for storing/recalling/ processing data), 1:81-84 (buffer store), 1:32-35 (storage media); Freeny at Figs.1, 3, 22:29-30 (unit may be an Apple III computer); Akashi at 1 (personal computer recording/recording reproduction device), 4 (data recorded to recordable optical disc), Fig.1; Schwartz at 6:23-29 (storage medium can be magnetic disk), 6:40-46 (playback from the disk), 7:39-41 (playing at output end of system).

#### **Claim 24**

Claim 24 is invalid over claims 1 and 4 of the '573 Patent. Claim 24 of the '440 patent reads as follows:

A system as described in claim 23 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.

The analysis for claim 24 is the same as the discussion on "control unit" for claim 1.

See claim 23 for “connecting means or mechanism.”

See claim 12 for “first party control unit.”

See claim 1 for “second party control unit.”

#### **Claim 25**

Claim 25 of the '440 patent reads as follows:

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.**

Claim 25 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. All of the new terms in Claim 25 have been addressed previously in the above claims as follows:

See claim 15 for “first party control panel.”

See claim 15 for “first party control integrated circuit.”

See claim 7 for “[sales/incoming/playback] random access memory chip.”

See claim 1 for “second party control unit.”

See claim 8 for “second party control panel.”

See claim 8 for “second party control integrated circuit.”

#### **Claim 26**

Claim 26 of the '440 patent reads as follows:

**A system as described in claim 25 wherein the telecommunications lines include telephone lines.**

Claim 26 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent. There is no difference in claim 26 and claims 3 and 6 of the '573 patent because claim 3 recites that the “...transferring step includes telephoning...” ('573, 6:32) which would require that telephone lines be included. At the least, the limitation to use telephone lines was obvious in view of Gallagher at 1:28-31 (“high speed telephone links”, “normal telephone links”); Freeny at Figs. 1, 21:57-60 (transmission via telephone lines); Akashi at 1 (“telephone lines”); Schwartz at 10:20-25 (communications link with modem), Fig. 6.

#### **Claim 27**

Claim 27 of the '440 patent reads as follows:

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**.

Claim 27 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent.

See claim 7 for "first party hard disk."

See claim 9 for "second party hard disk."

### **Claim 28**

Claim 28 of the '440 patent reads as follows:

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**.

Claim 28 of the '440 patent is invalid for double patenting in light of claims 3 and 6 of the '573 patent.

See claim 18 for "video display."

See claim 1 for "speakers."

See claim 8 for "second party control integrated circuit."

Moreover, in Hair's description of the invention, he admits that video display units were well-known where he states that "the following components are already commercially available: ...the Video Display Unit 70." '573 Patent, 4:16-20.

### **Claim 29**

Claim 29 is invalid over claims 2 and 5 of the '573 Patent. Claim 29 of the '440 patent reads as follows:

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.

See claim 19 for “means of mechanism for the first party to charge a fee.”

Although claims 2 and 5 of the '573 patent are not system claims like claim 29 of the '440 patent but rather method claims, they nevertheless disclose a system to which the system of claim 29 of the '440 patent is virtually identical, from which the system of claim 29 of the '440 patent is not patently distinct, or from which claim 29 of the '440 would have been obvious in light of by one skilled in the art. The differences between claim 29 of the '440 patent and claims 2 and 5 of the '573 patent also do not make them patently distinct, or one skilled in the art would have viewed those differences as obvious in light of claims 2 and 5 of the '573 patent.

Claim 29 of the '440 patent recites respective "locations" for the first and second memories. Claim 29 of the '440 patent having the memories at first and second "locations" does not add anything patently distinct over claims 2 and 5 of the '573 patent or having the "locations" is inherent in a claimed system. Moreover, one skilled in the art would have known that the locations could and would mostly be in different locations in light of claims 2 and 5 of the '573 patent in view of Gallagher at 2:92-93 (“home-buying”, “immediate access”); Freeny at Fig. 1, 5:45-47 (information machine at location remote from point of sale location); Akashi at 4 (user is at home); Schwartz at 10:25 (“transmitted for playback at the remote location”).

Claim 29 of the '440 patent also includes a "means for...charging a fee to the second party for access" to the digital signals. First, this language has the same function as claims 2 and

5 of the '573 patent in that they both refer to charging money to the purchaser before accessing the digital signals. The difference in language creates no patentably distinct difference. Further, the "means for" or structure to do this would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent in view of Hellman at 5:57- 6:2 (billing user); Gallagher at 1:49-50 ("sale to the general public via their user units."); Akashi at 1 ("Automatic Music Purchase System"); Freeny at Fig. 1, Col. 21:56-60 (communication/transmission over telephone lines)), 13:25-36 (communicate credit card number to charge sale).

The language of claim 29 of the '440 patent also requires that the digital signals to be at a location remote from the second party. Having the signals remote from the purchaser would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent in view of Gallagher at 2:92-93 ("home-buying", "immediate access"); Freeny at Fig. 1, 5:45-47 (information machine at location remote from point of sale location); Akashi at 4 (user is at home); Schwartz at 10:25 (transmit data to remote playback facility).

Claim 29 of the '440 patent then recites a "means for ...connecting" and that this connecting means be in "electrical communication" with the "transferring means." First, the means for or the structure needed to connect the telecommunication lines between the first and second memory is inherent in the telecommunication lines and adds nothing that is patentably distinct. At the least, this structure would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent in view of Gallagher at 1:49-50 ("sale to the general public via their user units."); 2:92-93 ("home-buying", "immediate access"), 1:28-31 (media for data transfer); Freeny at 21:56-60 (transmission via telephone lines); Akashi at 3-4 (NCU employed as computer communication method), Fig.1, 2; Schwartz at 10:20-25 (communications link with modem); Hellman at 5:57- 6:2 (billing user).

Secondly, it is inherent to have "electrical communication" between the transferring and connecting structures as these structures are the same, or at least one skilled in the art would have known to have "electrical communication" between the transferring and connecting structures in

view of Gallagher at 1:19-22 (unit with means for communication with database including transmitter/receiver interface); Freeny at 9:39-41 (master file unit of information manufacturing machine), Fig. 1; Akashi at 3-4 (NCU employed as computer communication method, access signal/response signal/data sent through NCU), Fig.1; Schwartz at 10:20-25 (communication link with modem for transmission), Fig. 6.

Claim 29 of the '440 patent then recites a "means for" the transmitting the signals and that it be in "electrical communication" with the "connecting means." The structure necessary for transmitting the signals would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent, as would having the structures for transmitting and connecting to be in "electrical communication" or hardwired together so that the system runs together in view of Gallagher at 1:49-50 ("sale to the general public via their user units."), 2:92-93 ("home-buying", "immediate access"), 1:28-31 (media for data transfer); Freeny at 21:56-60 (communication link as a transmission type); Akashi at 3-4 (NCU employed as computer communication method, access signal/response signal/data sent through NCU), Fig.1; Schwartz at 10:20-25 (transmission/communication with modem); Hellman at 5:57- 6:2 (billing user).

The other difference that the receiver of the second party to be placed at the "second party location" is inherent for the system to work and at the least would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent in view of Gallagher at 2:92-93 ("home-buying", "immediate access"); Freeny at Fig. 1, 5:45-47 (information machine at location remote from point of sale location); Akashi at 4 (user is at home); Schwartz at 10:25 (transmit data to remote playback facility).

Another difference is that claim 29 of the '440 patent recites a "means for" storing the signals and that it be in "electrical communication" with the "transmitting means." The structure needed to store the signals would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent, as would having the structures for storing and transmitting to be in "electrical communication," or hardwired together, so that the system works in view of Gallagher



at 1:49-50 (“sale to the general public via their user units.”), 2:92-93 (“home-buying”, “immediate access”), 1:28-31 (media for data transfer); Freeny at 5:1-4 (machine receives information via input line), 5:18-21 (machine provides stored information to second machine via communication link); Akashi at 3 (NCU employed as communication method in recording/reproducing device), Fig.1; Schwartz at 10:20-25 (recording function and modem used together); Hellman at 5:57- 6:2 (billing user).

Finally, claim 29 of the '440 patent includes a "means for ... playing" the signals and that this means be in connection with the second memory. It would have been obvious to one skilled in the art in light of claims 2 and 5 of the '573 patent to "play" the signals purchased along with the hardware and software needed to play the signals as would having it "connected" or hardwired to the second memory so that the signals could be accessed to play in view of Gallagher at Abstract, p.1 (“user unit includes playback apparatus.”), 1:19-22 (unit with means for storing/recalling/processing data), 1:81-84 (database having buffer store), 1:32-35 (storage media); Freeny at Figs.1, 3, 22:29-30 (unit may be an Apple III computer); Akashi at 2 (recording/recording reproduction devise in personal computer is sent data); Schwartz at 6:23-29 (storage medium can be magnetic disk), 6:40-46 (playback using read and playback module), 7:39-41 (RAM used in playing).

### **Claim 30**

Claim 30 of the '440 patent reads as follows:

A system as described in claim 29 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.

Claim 30 is invalid over claims 2 and 5 of the '573 Patent.

See claim 21 for “means or a mechanism for transferring money electronically.”

### **Claim 31**

Claim 31 of the '440 patent reads as follows:

A system as described in claim 30 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.

Claim 31 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 31 is the same as the discussion of a "control unit" in claim 1.

See claim 12 for "first party control unit."

See claim 1 for "second party control unit."

### **Claim 32**

Claim 32 of the '440 patent reads as follows:

A system as described in claim 31 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.

Claim 32 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 32 is the same as for claim 25.

### **Claim 33**

Claim 33 of the '440 patent reads as follows:

A system as described in claim 32 wherein the telecommunications lines include **telephone lines**.

Claim 33 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 33 is the same as for claim 26 above.

### **Claim 34**

Claim 34 of the '440 patent reads as follows:

A system as described in claim 33 wherein the first memory comprises a **first hard disk** and the second memory comprises a **second hard disk**.

Claim 34 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 34 is the same as for claim 27 above.

#### **Claim 35**

Claim 35 of the '440 patent reads as follows:

A system as described in claim 34 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**.

Claim 35 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 35 is the same as for claim 28 above.

#### **Claim 36**

Claim 36 of the '440 patent reads as follows:

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.

Claim 36 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent.

See claim 1 for "second party control unit."

See claim 9 for "playback."

**Claim 37**

Claim 37 of the '440 patent reads as follows:

A method as described in claim 36 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.

Claim 37 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 37 is the same as for claim 2 above.

**Claim 38**

Claim 38 of the '440 patent reads as follows:

A method as described in claim 37 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.

Claim 38 of the '440 patent is invalid for double patenting in light of claims 2 and 65 of the '573 patent. The analysis for claim 38 is the same as for claim 3 above.

**Claim 39**

Claim 39 of the '440 patent reads as follows:

A method as described in claim 38 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.

Claim 39 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis for claim 39 is the same as for claim 4 above.

**Claim 40**

Claim 40 of the '440 patent reads as follows:

A method as described in claim 39 including after the transferring step, there is the **step of repeating** the charging a fee, connecting, and transferring steps.

Claim 40 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent.

See claim 10 for “step of repeating.”

#### **Claim 41**

Claim 41 of the '440 patent reads as follows:

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.

Claim 41 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. The analysis is the same as in claim 1 and in claim 9.

#### **Claim 42**

Claim 42 of the '440 patent reads as follows:

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.

Claim 42 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. The analysis is the same as in claim 1.

**Claim 43**

Claim 43 of the '440 patent reads as follows:

A method as described in claim 42 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.

Claim 43 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. The analysis of claim 43 is the same as claim 2.

**Claim 44**

Claim 44 of the '440 patent reads as follows:

A method as described in claim 43 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.

Claim 44 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. The analysis of claim 44 is the same as claim 3.

**Claim 45**

Claim 45 of the '440 patent reads as follows:

A method as described in claim 44 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.

Claim 45 of the '440 patent is invalid for double patenting in light of claims 1 and 4 of the '573 patent. The analysis of claim 45 is the same as claim 4.

#### Claim 46

Claim 46 of the '440 patent reads as follows:

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.

Claim 46 of the '440 patent is invalid for double patenting in light of claims 2 and 5 of the '573 patent. The analysis is the same as in claim 1 except for replacing the analysis of "electronically selling" with "incurring a fee."

#### Claim 47

Claim 47 of the '440 patent reads as follows:

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.

Claim 47 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent.

See claim 12 for "first party control unit."

See claim 19 for "means or mechanism for the first party to charge a fee."

See claim 1 for "second party control unit."

See claim 8 for "second party control panel."

See claim 18 for "video display."

See claim 9 for "playing."

#### **Claim 48**

Claim 48 of the '440 patent reads as follows:

A system as described in claim 47 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.

Claim 48 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent.

See claim 1 for "second party control unit."

See claim 18 for "video display."

#### **Claim 49**

Claim 49 of the '440 patent reads as follows:

A system as described in claim 48 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 **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.

Claim 49 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 49 is the same as in claim 13.

#### **Claim 50**



Claim 50 of the '440 patent reads as follows:

A system as described in claim 49 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.

Claim 50 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 50 is the same as in claim 14.

#### Claim 51

Claim 51 of the '440 patent reads as follows:

A system as described in claim 50 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.

Claim 51 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 50 is the same as in claim 15.

#### Claim 52

Claim 52 of the '440 patent reads as follows:

A system as described in claim 51 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.

Claim 52 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 52 is the same as in claim 16.

**Claim 53**

Claim 53 of the '440 patent reads as follows:

A system as described in claim 52 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.

Claim 53 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 53 is the same as in claim 17.

**Claim 54**

Claim 54 of the '440 patent reads as follows:

A system as described in claim 53 wherein the second to 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.

Claim 54 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 54 is the same as in claim 18.

**Claim 55**

Claim 55 of the '440 patent reads as follows:

A system as described in claim 47 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.

Claim 55 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 55 is the same as in claim 19.

**Claim 56**

Claim 56 of the '440 patent reads as follows:

A system as described in claim **55** 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.

Claim 56 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 56 is the same as in claim 20.

#### **Claim 57**

Claim 57 of the '440 patent reads as follows:

A system as described in claim **56** wherein the means or mechanism for charging the account includes **means or a mechanism for charging a credit card number** of the second party.

Claim 57 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis of claim 57 is the same as in claim 21.

#### **Claim 58**

Claim 58 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. Claim 58 of the '440 patent reads as follows:

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.

The highlighted differences between claim 58 of the '440 patent and claim 5 of the '573 patent do not make it patentably distinct. The entire purpose of the innovation disclosed in the '573 patent is multiple video selections. It is obvious that the seller would sell a "plurality of individual video selections." Moreover, the "plurality of video selections" was obvious in view of Gallagher at 1:5 (recorded data), 1:6-8 (digital data), Figs. 2 & 3); Freeny at 1:10-14 (information embodied in material objects), 6:32-37 (data in digital format), Figs. 1, 3); Schwartz at 10:20-25 (playback facility, playback functions). The "sales random access memory chip" was also obvious in view of Gallagher at 1:81-84 (database includes a buffer store); Freeny at Fig.2, 22:12-13 ("the control manufacturing unit 72 may be an Apple III computer"); Schwartz at 7:39-41 ("RAM Buffer Module").

Next, the limitation of displaying the digital signals was obvious in view of Gallagher at Abstract, p.1 ("user unit includes playback apparatus."), 1:19-22 (unit with means of recalling/processing data), 1:32-35 (storage media)); Freeny at Figs.1, 3, 22:29-30 (unit may be an Apple III computer); Akashi at 2 (computer monitor), 4 (data recorded using recording/reproducing device); Schwartz at 6:23-29 (storage medium can be magnetic disk), 6:40-46 ("Player module"), 7:39-41 (playing module). The limitation of having a "video display" was obvious in view of Gallagher at 1:87-92 (apparatus for visual reproduction), Fig. 3; Freeny at 13:14-17 (input line), 22:9-13 (Apple II monitor), Figs. 1,2); Akashi at 2 (computer monitor, TV monitors), 4 (using monitor screen), Fig. 1); Schwartz at 7:5-10 (integrated circuit), 10:20-25 (playback facility), Figs.5 & 6. In Hair's description of the invention, he admits that video display units were well-known where he states that "the following components are already commercially available: ...the Video Display Unit 70." '573 Patent, 4:16-20.

### **Claim 59**

Claim 59 of the '440 patent reads as follows:

A method as described in claim 58 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.

Claim 59 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis for claim 59 is the same as claim 2.

#### **Claim 60**

Claim 6 of the '440 patent reads as follows:

A method as described in claim 59 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.

Claim 60 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis for claim 60 is the same as claim 3.

#### **Claim 61**

Claim 61 of the '440 patent reads as follows:

A method as described in claim 60 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.

Claim 61 of the '440 patent is invalid for double patenting in light of claim 5 of the '573 patent. The analysis for claim 61 is the same as claim 4.

#### **Claim 62**

Claim 62 of the '440 patent reads as follows:

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.

Claim 62 of the '440 patent is invalid for double patenting in light of claim 2 of the '573 patent.

See claim 12 for "first party control unit."

See claim 19 for "means or a mechanism for the first party to charge a fee."

See claim 1 for "second party control unit."

See claim 8 for "second party control panel."

See claim 1 for "speakers."

See claim 9 for "playing."

The only other differences between claim 62 of the '440 patent and claim 2 of the '573 patent do not make it patentably distinct. First, the limitation of having "plurality of desired individual songs" was obvious in view of Gallagher at 1:5 (recorded data), 1:6-8 (digital data), 1:87-92 (apparatus for audio reproduction), Figs. 2 & 3); Freeny at 1:10-14 (information embodied in material objects), 6:32-37 (data in digital format), Figs. 1, 3); Akashi at 2 (recorded music data transmitted to device installed in personal computer); Schwartz at 10:20-25 (playback facility, playback functions). The "means or a mechanism for the first party to charge a fee" was also obvious in view of Hellman at 5:57- 6:2 (billing user); Gallagher at 1:49-50 ("sale to the general public via their user units."); Akashi at 1 ("Automatic Music Purchase System"); Freeny at Fig. 1, Col. 21:56-60 (communication/transmission over telephone lines)), 13:25-36 (communicate credit card number to charge sale).

### Claim 63

Claim 63 of the '440 patent reads as follows:

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 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; 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.

Claim 63 of the '440 patent is invalid for double patenting in light of claim 2 of the '573 patent.

See claim 1 for "speakers."

See claim 9 for "playing."

The only differences between claim 63 of the '440 patent and claims 2 and 5 of the '573 patent do not make it patentably distinct. First, the limitation of having "plurality of individual songs" so the second party can "listen" was obvious in view of Gallagher at 1:5 (recorded data), 1:6-8 (digital data), 1:87-92 (apparatus for audio reproduction), Figs. 2 & 3); Freeny at 1:10-14 (information embodied in material objects), 6:32-37 (data in digital format), Figs. 1, 3); Akashi at 2 (recorded music data transmitted to device installed in personal computer); Schwartz at 10:20-25 (playback facility, playback functions).

**C. Double Patenting Invalidity of the '440 Patent via the '734 Patent Alone, or via Combinations of the '573 and '734 Patents.**

In addition to being invalid for obviousness type double patenting in view of the '573 patent, the '440 patent can also be invalidated via the '734 patent alone, or via combinations of the '573 and '734 patents. In the interest of efficient presentation to the Examiner, the Requestor does not repeat the claim by claim analysis and arguments for these combinations but rather provides the Examiner with a representative summary of the potential claim combinations, as follows:

<b>Claims of the '440 Patent</b>	<b>Claims of the '734 Patent</b>	<b>Combination of the '573 and '734 Patents</b>
Claim 1	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 2	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 3	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 4	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 5	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 6	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 7	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 8	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 9	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 10	1, 3 and 4	'573 1 and 4 plus '734 1, 3 and 4
Claim 11	1, 3, 4 and 6	'573 1 and 4 plus '734 1, 3, 4 and 6
Claim 12	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 13	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 14	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 15	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 16	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 17	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 18	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 19	28 through 34	'573 1 and 4 plus '734 28 through 34



Claim 20	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 21	28 through 34	'573 1 and 4 plus '734 28 through 34
Claim 22	1 through 3	'573 1 and 4 plus '734 1 through 3
Claim 23	11	'573 1 and 4 plus '734 11
Claim 24	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 25	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 26	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 27	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 28	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 29	11	'573 1 and 4 plus '734 11
Claim 30	11	'573 1 and 4 plus '734 11
Claim 31	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 32	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 33	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 34	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 35	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 36	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 37	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 38	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 39	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 40	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 41	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 42	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 43	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 44	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 45	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 46	1 through 4	'573 1 and 4 plus '734 1 through 4
Claim 47	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 48	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 49	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 50	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 51	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 52	4 through 11	'573 1 and 4 plus '734 4 through 11

Claim 53	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 54	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 55	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 56	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 57	4 through 11	'573 1 and 4 plus '734 4 through 11
Claim 58	19	'573 1 and 4 plus '734 19
Claim 59	16 and 19	'573 1 and 4 plus '734 16 and 19
Claim 60	16 and 19	'573 1 and 4 plus '734 16 and 19
Claim 61	16 and 19	'573 1 and 4 plus '734 16 and 19
Claim 62	26	'573 1 and 4 plus '734 26
Claim 63	26	'573 1 and 4 plus '734 26

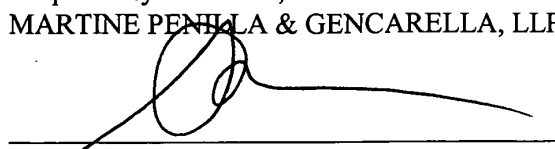
## CONCLUSION

The prior art documents referred to above were not of record (except Freeny) in the file of the Hair '440 patent. Since the claims in the Hair patent are not patentable over these prior art documents, a substantial new question of patentability is raised. Further, these prior art documents are closer to the subject matter of Hair than any prior art which was cited during the prosecution of the Hair patent. These prior art documents provide disclosures and teachings not considered during the prosecution of the Hair patent. Additionally, under double patenting, none of the limitations of the claims of the '440 patent are patentably distinct over the claims of the '573 patent, and all of them would have been obvious to the person of ordinary skill in the art, in 1988.

In view of the above, it is respectfully requested that reexamination be granted based upon the substantial new questions of patentability presented. It is further respectfully requested that each of claims 1 through 63 be rejected over the prior art for the reasons specified above.

Dated: January 31, 2005

Respectfully submitted,  
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## APPENDIX A

### The Freeny Prior Art Reference - U.S. Patent No. 4,528,643 ("Freeny")

Freeny, U.S. Patent No. 4,528,643, anticipates the Hair Patents based on an intervening decision by the Federal Circuit reversing the claim construction of Freeny that Hair and the Examiner relied upon to allow the '440 patent to issue. As explained in detail below, notwithstanding Hair's attempts to distinguish Freeny, the Examiner repeatedly rejected the '440 patent as obvious in light of Freeny. Subsequent thereto, and during the course of litigation involving Freeny, a New York District Court construed Freeny in a manner that supported Hair's interpretation. Hair appealed the final rejection, relying on the District Court's ruling that was in support of Hair's interpretation of Freeny, and ultimately convinced the Examiner to withdraw his rejections based on Freeny. However, after issuance of the '440 patent, the Court of Appeals for the Federal Circuit reversed the very ruling by the District Court upon which Hair—and the Examiner—had relied to procure allowance of the '440 patent. Accordingly, with the grounds upon which Hair argued to overcome the Examiner's final rejection eviscerated by the Federal Circuit, Freeny stands to invalidate the '573 patent, especially since it was never raised during its prosecution.

U.S. Patent No. 5,966,440 to Hair, was filed June 6, 1995, as application no. 08/471,964 ("the '964 application") and issued October 12, 1999. During the prosecution of the '964 application in December 1995, Freeny was cited by the Examiner in a notice of references cited. In an office action dated January 4, 1996, the Examiner rejected all originally filed claims 1 through 31 as anticipated by Lightner and obvious over Ogaki in view of Lightner. Then, in a May 7, 1996 Examiner Interview Summary Record, the Examiner stated that "[a]pplicant explains the different concept between [] used invention and the teachings of prior art of record

(Lightner, Ogaki et al and Freeny, Jr.). Applicant will amend the independent claims to include different concept discussed.” See ‘440 File Wrapper, paper 4. In a July 3, 1996 amendment responsive to the January 4, 1996 office action and the examiner interview, Hair amended his claims and stated that the “key distinction and limitation” of the claimed invention and Freeny is that “the purchaser plays the information in the same machine which receives the information.” *Id.* at 58 (emphasis added). That is, “the second party control unit or apparatus or device or receiver which receives the signals has the capability of also playing the signals.” *Id.* at 57-58 (emphasis in original). Applicant further argued that the “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.” *Id.* at 59.

Thereafter, in an October 9, 1996 office action, in response to the amendment, the Examiner once again rejected all of the claims under 35 U.S.C. § 103 as being unpatentable over Freeny. The Examiner stated that “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.’” *Id.* at paper 7, p. 3. “The step of playing the video or audio digital signals at the second party unit would have been an obvious matter of optimization of design for optimizing verification of transferring the signal which is (sic) not seen to add patentable weight to the claimed method.” *Id.* “It would have been obvious because even though Freeny 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 can also play said information which system has been well known in the recording art.” *Id.*

Applicant (Hair), in an April 9, 1997 response, argued that Freeny does not teach

to play the audio or video signal, that there is no suggestion to play the copied signals, and that only with the hindsight of applicant's claimed invention and specification would one skilled in the art find applicant's claimed invention obvious over Freeny. *See id.* at 2-10.

Finally, the Examiner, in a July 10, 1997 final office action, repeated the obviousness rejection based on Freeny, stating: "Applicant mainly argues that Freeny does not teach reproducing/playing-back after transferring of the signals and thus the claimed invention should be considered distinguishable over Freeny. 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, that play-back/reproducing after transferring the signals, based on personal common sense, would have been obvious within a level of 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." *See id.* at Paper 10, pp. 2-3.

Hair, in a January 9, 1998 response, put forth a declaration attempting to show secondary consideration evidence of nonobviousness in an attempt to distinguish the teachings of Freeny to overcome the Examiner's § 103 rejection based on Freeny. *See id.* at Paper 13, p.5. Applicant reiterated his argument that Freeny teaches away from the claimed invention because Freeny does not provide for playback of the desired digital audio or video signals from the second memory. Hair further argued that (1) "the Examiner is using non-analogous art in reaching for a basis of rejection of the claimed invention" *id.* at p. 5; and (2) "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." *Id.* at p. 17. In response, the Examiner issued an advisory action, maintaining rejection of all claims and further stating that "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).” *Id.*, paper 15.

While this was occurring in the Patent office, the owner of the Freeny patent brought suit for patent infringement against CompuServe, which resulted in a May 15, 1998 decision by a federal district court that construed various terms of the Freeny patent. *See Interactive Gift Express, Inc. v. CompuServe Inc.*, 1998 WL 247485, 47 U.S.P.Q.2d 1797 (S.D.N.Y. 1998) (attached as Exhibit 1).

Back at the Patent Office, Hair appealed from the Examiner’s final rejection in view of the Freeny patent by filing an appeal brief on June 9, 1998, in which he quoted from the District Court decision construing the claims of Freeny. *See* ‘440 File Wrapper, Paper 17, pp. 39-41. In relying on the District Court decision, Hair stated: “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.” *Id.* at 41. Hair further stated to the Examiner, “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 . . .” *Id.*

Relying on the District Court’s decision, Hair argued that his invention is distinguishable from Freeny on three grounds. *See id.* at 41. First, “Freeny teaches a point of sale location where a consumer goes to purchase material objects embodying predetermined or preselected information.” *Id.* “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.”

*Id.*

Second, “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.” *Id.* at 41-42. “Appellant’s invention does not need this step.” *Id.* at 42.

Third, Hair argued that according to the District Court in *Interactive Gift Express*, Freeny does not teach real-time download of information, whereas appellant’s invention supports real-time downloading of information. *Id.*

After the appeal, the Examiner deferred to the District Court’s decision, and Hair’s arguments based thereon, and issued a notice of allowability on September 15, 1998.

Subsequent to the issuance of the ‘440 Patent, the Court of Appeals for the Federal Circuit on July 13, 2001 in *Interactive Gift Express, Inc. v. CompuServe Inc.*, 256 F.3d 1323 (Fed. Cir. 2001) (attached as Exhibit 2), decided an appeal in the *Interactive Gift Express* case, reversing the District Court judge and directly contradicting what Hair presented to the Examiner as law. The Federal Circuit found error in the District Court’s construction of all the claim terms of the Freeny patent that the District Court construed and Hair relied on to procure issuance of the ‘440 patent. *Id.* at 1333. In particular, the Federal Circuit held that “a home can be a point of sale location” and that the “functions of the IMM are all of a type that can be performed within a computer, and it is well within the reasonable expectation of a person skilled in the art. . . .” *Id.* at 1335 & 1339. This ruling effectively removed Hair’s first argument. In particular, a person operating their home computer as an IMM can request digital audio and video signals for transfer from a first party computer to the home computer acting as an IMM. Thus, according to the Federal Circuit, Freeny teaches that a consumer would already have the



second memory at their home and would not have to perform the steps of going somewhere to access the second memory and purchasing a material object to get the information downloaded to the second memory of their computer.

The Federal Circuit also reversed the District Court's ruling that Freeny does not "cover real-time transactions where the requested item of information is transmitted to the IMM at the time it is requested by the consumer." *Id.* at 1342. The Federal Circuit held that "in the specification [of the Freeny patent], two embodiments are disclosed which operate in real-time and send information after a request is made." *Id.* at 1343. "In both of these embodiments, the 'providing' of information is performed after 'receiving the request reproduction code.'" *Id.* Further, "[a]lthough the specification [of the Freeny patent] describes these two non-preferred embodiments as impractical and uneconomical, respectively, it does not characterize them as inoperative nor is there anything in the specification which would nullify the effect of the disclosure in supporting a claim construction that is not limited to the predelivery of information." *Id.* Thus, the Federal Circuit's ruling directly vitiated Hair's remaining two arguments, that Freeny does not disclose real-time transactions and that Freeny requires that information is transferred to the second memory before the consumer even appears at the IMM to order the information.

Thus, the Federal Circuit's ruling alone eliminated each and every basis under which Hair distinguished the '440 patent claims over Freeny. Consequently, Hair anticipates, or at the very least renders the claims of the '440 patent obvious.

More recently, a Pennsylvania District Court construed various claims of the Hair patent and issued an order on a summary judgment motion relating to the Freeny reference. The Pennsylvania District Court stated that "the Freeny Patent teaches away from the Hair invention,

primarily because the device to which the information is downloaded is not the device on which the consumer plays back the recording, an element which is critical to the Asserted Claims . . . .” *SightSound.com Incorporated v. N2K, Inc., CDnow, Inc., and CDnow Online, Inc.*, Civil Action No. 98-0118, at 52-53 (W.D. Penn. 1998) (attached as Exhibit 3). The Court further stated that “material object ‘does not encompass the hard disk component of a home personal computer’ and the material object must be offered for sale, and be purchasable, at the point of sale location.” *Id.* at 53.

The Pennsylvania District Court’s interpretation does not change the fact that Freeny anticipates each and every limitation of the Hair patent.<sup>1</sup> Specifically, in reconciling the Pennsylvania District Court’s ruling and the Federal Circuit’s ruling it is clear that Freeny discloses that a consumer’s home computer can be a point of sale location (IMM) where a consumer purchases digital information (digital audio or video signals) in real-time. That is, a consumer desiring to purchase digital audio/video signals with Freeny’s disclosed invention, can purchase information from a first party for transferring to the memory of the consumer’s home computer after requesting the information, at which time the information would be resident in the consumer’s home computer. Accordingly, at that moment, Freeny fully anticipates the Hair patent. Freeny merely discloses the additional step of reproducing the information stored in the consumer’s home computer onto a “material object” such as a floppy disk or CD that is separate and distinct from the computer’s hard disk, as the Pennsylvania District Court points out.

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<sup>1</sup> “While the Patent Office may accord deference to factual findings made by a district court, the determination of whether a substantial new question of patentability exists will be made independently of the court’s decision on validity and is not controlling on the Office.” MPEP § 2286 (“Because of the different standards of proof and claim interpretation employed by the District Courts and the Office, . . . [w]hen the initial question as to whether the prior art raises a substantial new question of patentability as to a patent claim is under consideration, the existence of a final court decision of claim validity in view of the same or different prior art does not necessarily mean that no new question is present.”) (emphasis added) (*Citing In re Zletz*, 893 F.2d 319, 321 (Fed. Cir. 1989); *In re Eiter*, 756 F.2d 852 (Fed. Cir. 1985)).

Thus, under the Federal Circuit's interpretation of the Freeny patent, Freeny anticipates the claims of the '440 patent, or at the very least renders the claims obvious, notwithstanding the Pennsylvania District Court's ruling. Accordingly, Freeny raises substantial new questions of patentability with respect to the '440 patent. For this reason and because the Freeny patent was not raised during the prosecution of the '573 patent, Freeny raises substantial new questions of patentability with respect to the '573 patent as well. Any argument that the patentee in this Reexamination may make to overcome Freeny, in light of the above history, would run afoul of the Federal Circuit's Decision in *Interactive Gift Express* and should be given no weight.



US005966440A

# United States Patent [19]

[11] Patent Number: **5,966,440**

Hair

[45] Date of Patent: **Oct. 12, 1999**

[54] **SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS**

4,789,863	12/1988	Bush	340/825.35
4,789,868	12/1988	Bush	340/825.35
5,191,193	3/1993	Le Roux	235/379
5,191,573	3/1993	Hair	369/84

[75] Inventor: **Arthur R. Hair**, Pittsburgh, Pa.

### OTHER PUBLICATIONS

[73] Assignee: **Parsec Sight/Sound, Inc.**, Mt. Lebanon, Pa.

"Teledelivery Business Quantified: Would You Believe \$20 Billion?" VideoPrint, v4, n12, p1-4; Jun. 22, 1983; ISSN: 0271-0951 (Abstract is Attached).

[21] Appl. No.: **08/471,964**

Scott Mace, "Electronic Orchestras in Your Living Room; Midi Could Make the Biggest Year Yet for Computer Musicians" InfoWorld, Mar. 25, 1985.

[22] Filed: **Jun. 6, 1995**

"Rock around the Data Base" by Lydia Dotto, *Information Technology*, Sep. 1984.

### Related U.S. Application Data

Jimmy Bowen: Music Row's Prophet of Change, Chappell, Lindsay, 1986.

[63] Continuation of application No. 08/023,398, Feb. 26, 1993, which is a continuation of application No. 07/586,391, Sep. 18, 1990, Pat. No. 5,191,573, which is a continuation of application No. 07/206,497, Jun. 13, 1988, abandoned.

*Primary Examiner*—Hoa T. Nguyen

*Attorney, Agent, or Firm*—Ansel M. Schwartz

[51] Int. Cl.<sup>o</sup> ..... **H04L 9/00; G11B 5/86**

### [57] ABSTRACT

[52] U.S. Cl. .... **380/4; 360/15; 364/918.51**

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 while the second memory is in possession and control of the second party. Additionally, there is a system for transferring digital video or audio signals.

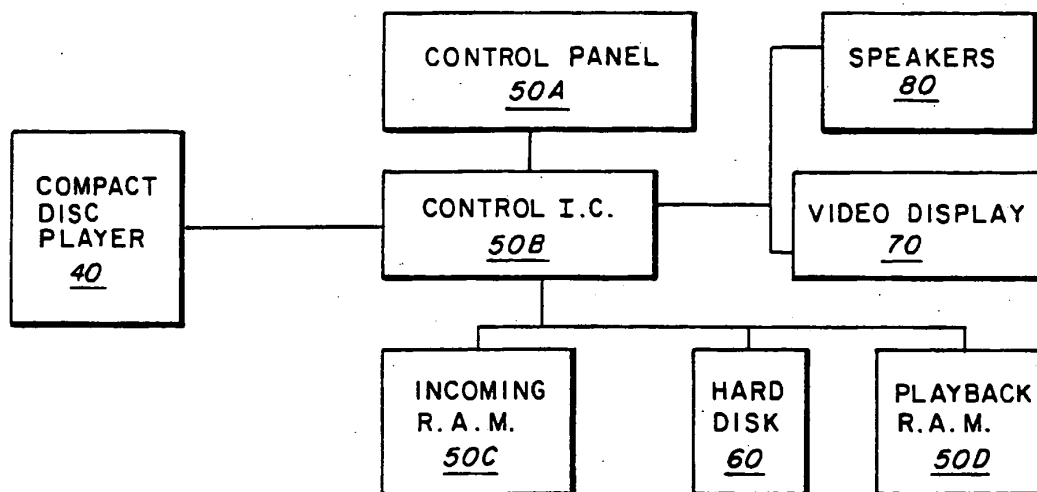
[58] Field of Search ..... **235/375; 364/479, 410, 918, 918.51, 921, 926.9, 926.91, 926.92, 926.93; 369/33, 34, 84, 85; 360/15; 380/4**

### [56] References Cited

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4,124,773	11/1978	Elkins	379/101.01
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4,521,806	6/1985	Abraham	358/86
4,528,643	7/1985	Freeny, Jr.	364/900
4,538,176	8/1985	Nakajima et al.	358/86
4,567,359	1/1986	Lockwood	235/381
4,647,989	3/1987	Geddes	360/55
4,654,799	3/1987	Ogaki et al.	364/479

63 Claims, 2 Drawing Sheets



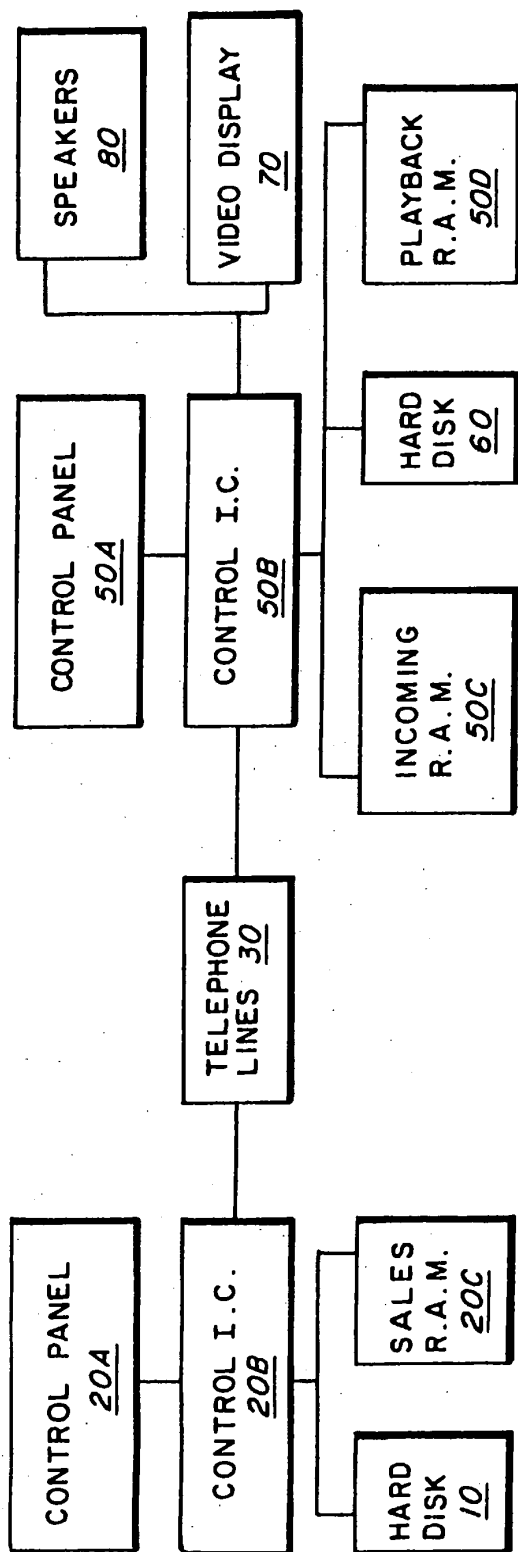


FIG. 1

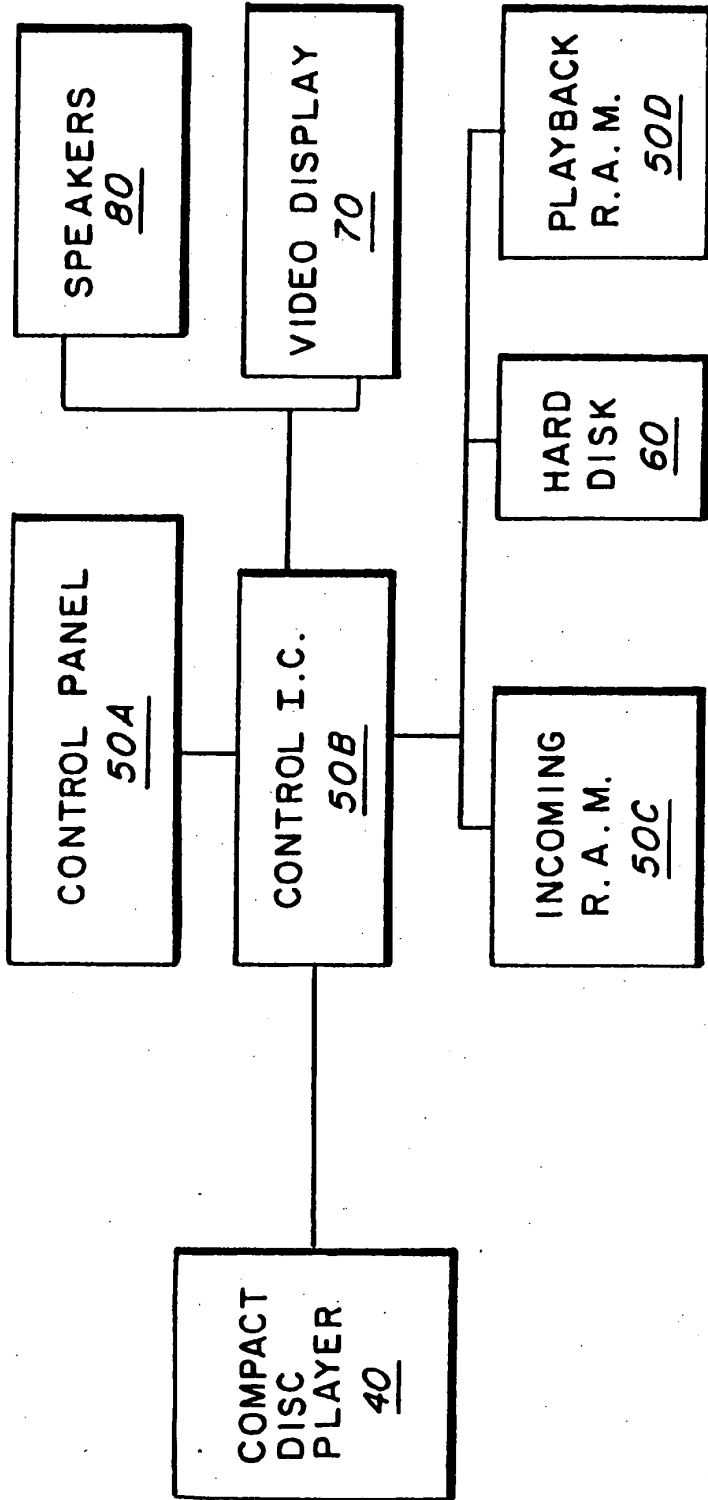


FIG. 2

## SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS

### CROSS REFERENCE TO OTHER PATENTS

This is a continuation of copending application(s) Ser. No. 08/023,398 filed on Feb. 26, 1993. This is a continuation application of U.S. patent application Ser. No. 07/586,391 filed Sep. 18, 1990, now U.S. Pat. No. 5,191,573, issued Mar. 2, 1993, which is a continuation application of U.S. patent application Ser. No. 07/206,497, filed Jun. 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.

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.

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 to preferably a second memory of a second party. The system comprises means or mechanism for electronically selling the desired digital video or digital 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 digital 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. While the receiver is in possession and in control of the second party. The receiver is placed at a second party location determined by the second party. Preferably, there is also means or mechanism 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 invention preferably 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.



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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 digital 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 digital audio signals can pass therebetween. Next, there is the step of transmitting the desired digital video or digital 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. While the receiver is in possession and in control of the second party. The receiver is placed by the second party at a second party location determined by the second party. There preferably is also the step of then storing the desired digital video or digital 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

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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.

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.

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.

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 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 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 tele-

communications lines by the first party to the second party at a first party location remote from the second party location.

3. A method as described in claim 2 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. A method as described in claim 3 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.

5. A method as described in claim 4 including after the transferring step, the step of storing the desired digital video or digital audio signals in the second memory.

6. 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.

7. 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. A method as described in claim 7 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.

9. 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. 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. 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.

12. 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. A system as described in claim 12 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. A system as described in claim 13 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

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the desired digital video or digital audio signals as a temporary staging area for playback.

15. A system as described in claim 14 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. A system as described in claim 15 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. A system as described in claim 16 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.

18. A system as described in claim 17 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.

19. A system as described in claim 12 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. A system as described in claim 19 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. A system as described in claim 20 wherein the means or mechanism for charging the account includes means or a mechanism for receiving a credit card number of the second party.

22. 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;

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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.

23. 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 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.

24. A system as described in claim 23 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 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.

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.

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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 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.

30. A system as described in claim 29 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.

31. A system as described in claim 30 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.

32. A system as described in claim 31 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. A system as described in claim 32 wherein the telecommunications lines include telephone lines.

34. A system as described in claim 33 wherein the first memory comprises a first hard disk and the second memory comprises a second hard disk.

35. A system as described in claim 34 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.

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36. 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.

37. A method as described in claim 36 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. A method as described in claim 37 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. A method as described in claim 38 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.

40. A method as described in claim 39 including after the transferring step, there is the step of repeating the charging a fee, connecting, and transferring steps.

41. 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

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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.

42. 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.

43. A method as described in claim 42 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. A method as described in claim 43 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.

45. A method as described in claim 44 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. 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. 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

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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. A system as described in claim 47 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. A system as described in claim 48 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. A system as described in claim 49 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. A system as described in claim 50 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. A system as described in claim 51 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.

53. A system as described in claim 52 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. A system as described in claim 53 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. A system as described in claim 47 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. A system as described in claim 55 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. A system as described in claim 56 wherein the means or mechanism for charging the account includes means or a mechanism for charging a credit card number of the second party.

58. 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.

59. A method as described in claim 58 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. A method as described in claim 59 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. A method as described in claim 60 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.

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 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;

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.

\* \* \* \* \*

<b>Form 1449 (Modified)</b>  <b>Information Disclosure Statement By Applicant</b>  (Use Several Sheets if Necessary)	Atty Docket No: NAPSP003	U.S. Patent No. 5,966,440
	Applicant: Arthur R. Hair	Issue Date: October 12, 1999

**U.S. Patent Documents**

Examiner Initial	No.	Patent No.	Date	Patentee	Class	Sub-class
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Examiner Initial	No.	Document No.	Publication Date	Country or Patent Office	Class	Sub-class	Translation	
							Yes	No
	L	GB 2 178 275 A	2/1987	United Kingdom				
	M	62-284496	12/1987	Japan			X	
	N							
	O							
	P							

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Examiner		Date Considered

Examiner: Initial citation considered. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to applicant.



<b>Form 1449 (Modified)</b>  <b>Information Disclosure Statement By Applicant</b>  (Use Several Sheets if Necessary)	Atty Docket No: NAPSP003	U.S. Patent No. 5,966,440
	Applicant: Arthur R. Hair	Issue Date: October 12, 1999

**U.S. Patent Documents**

Examiner Initial	No.	Patent No.	Date	Patentee	Class	Sub-class
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	C					
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	E					
	F					
	G					
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Examiner Initial	No.	Document No.	Publication Date	Country or Patent Office	Class	Sub-class	Translation	
							Yes	No
	L							
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<b>Form 1449 (Modified)</b>  <b>Information Disclosure Statement By Applicant</b>  (Use Several Sheets if Necessary)	Atty Docket No: NAPSP003	U.S. Patent No. 5,966,440
	Applicant: Arthur R. Hair	Issue Date: October 12, 1999

**U.S. Patent Documents**

Examiner Initial	No.	Patent No.	Date	Patentee	Class	Sub-class
	A					
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	D					
	E					
	F					
	G					
	H					
	I					
	J					
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							Yes	No
	L							
	M							
	N							
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	R-2	M. Fischer, "Modems, Music, and Your Apple II," <i>A+ Magazine</i> , June 1988, pp. 81-83.
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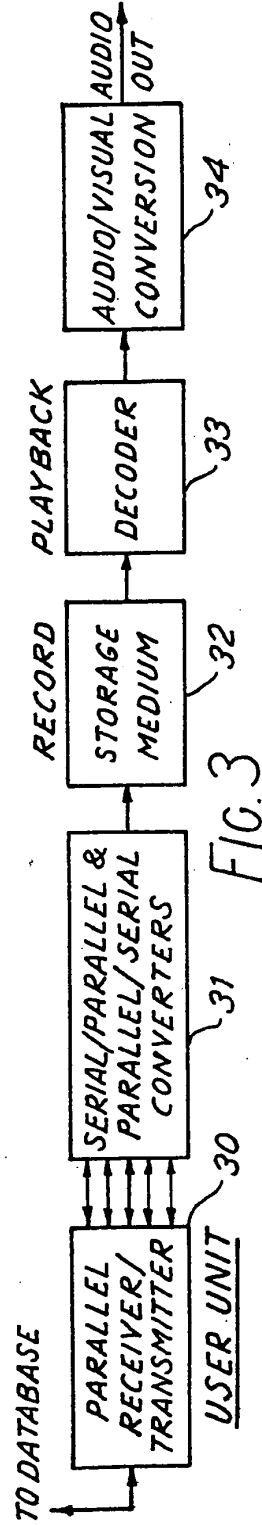
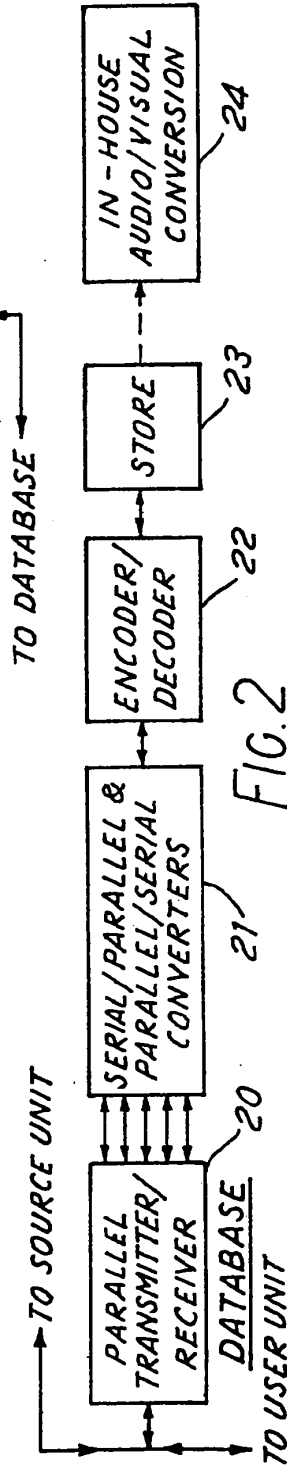
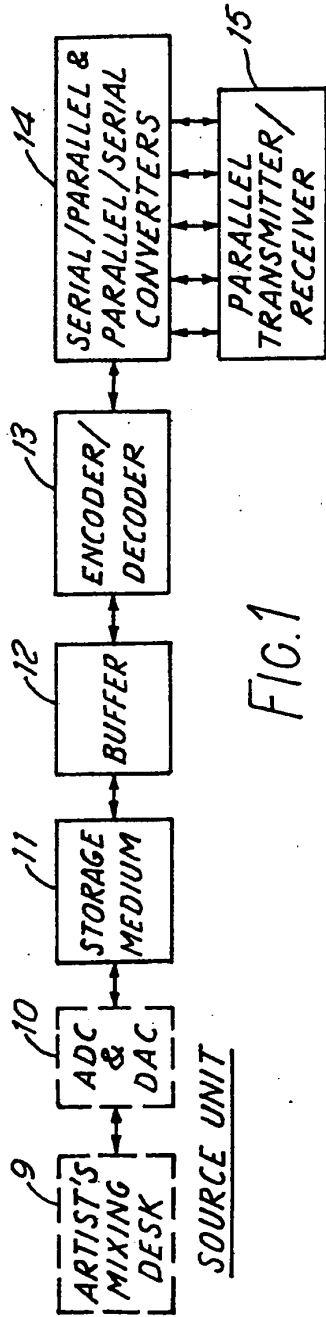
(54) Recorded data transfer system

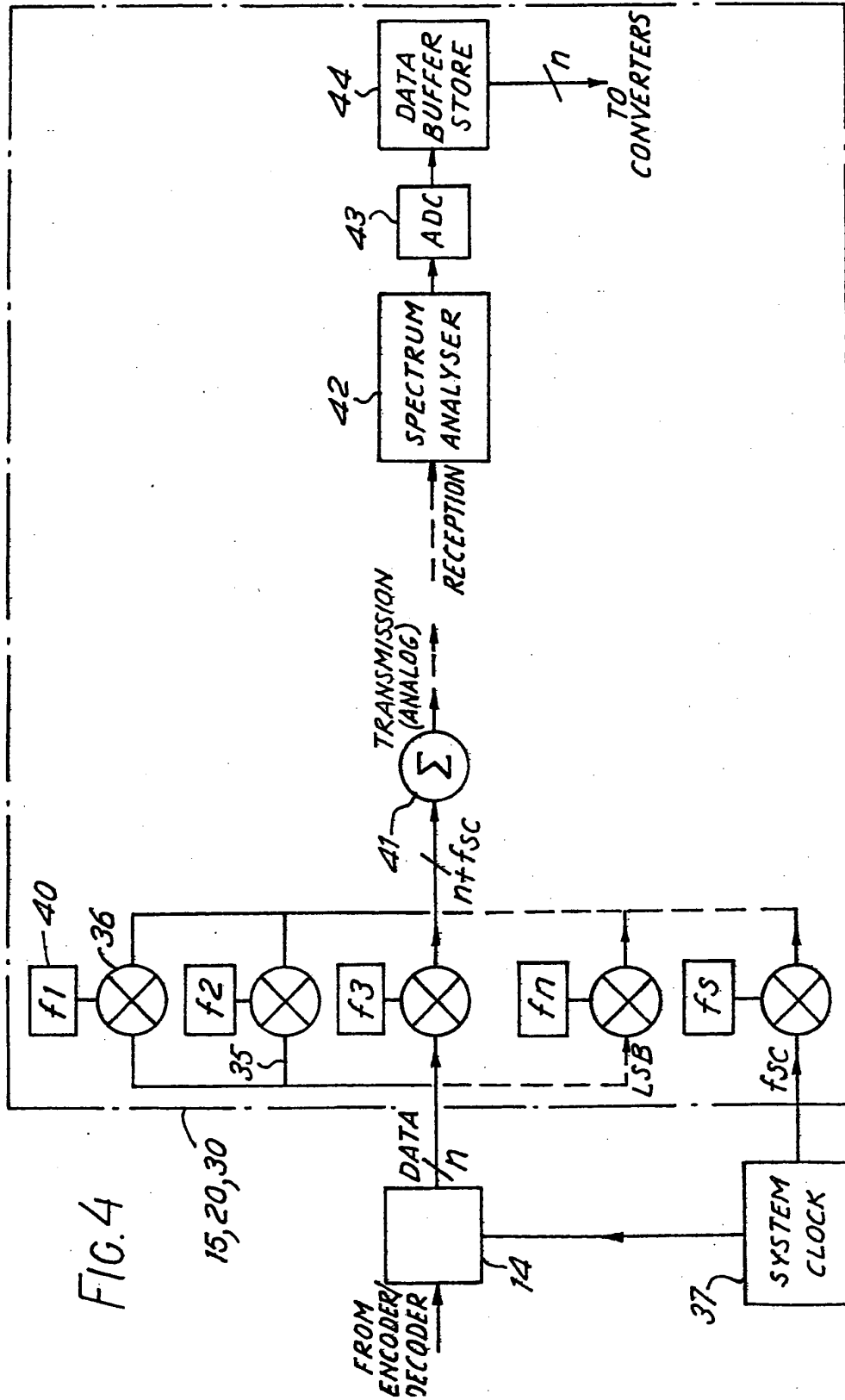
(57) A recorded data transfer system is provided particularly for use in the entertainment industry whereby digital data may be transferred between a source unit, a database which may be housed by a record company and user units.

The transfer system comprises

- a) a database having a main computer, a caller/called interface, a transmitter/receiver interface, and a data storage and processing system, means for controlling the storage and processing of data,
- b) at least one source unit having a means for communication with said database and means for the storage and processing of data, and
- c) at least one user unit having means for communication with the database and a means for storing/recalling and/or processing data received from the database. Preferably the user unit includes playback apparatus.

The database includes means for transmitting bytes of data in the form of a plurality of frequencies, each frequency being assigned to only one bit of the word.





## SPECIFICATION

**Recorded data transfer system**

5 This invention relates to a recorded data transfer system particularly for use in the entertainment industry whereby digital data may be transferred between a source unit, a database which may be housed by a record company, and a user unit either  
10 directly or indirectly.

According to the invention there is provided a recorded data transfer system comprising

a) a database having a main computer, a caller/called interface, a transmitter/receiver interface, a data storage and processing system, means for controlling the storage and processing of data, means for controlling the process of being called by one or more user units or another database, and  
15 b) at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.

Preferably the transfer system includes at least one source unit having a means for communication with  
25 said database including a transmitter/receiver interface, and means for the storage and processing of data.

The media for data transfer is preferably high speed telephone links by way of modems. However, normal  
30 telephone links, fibre optic links, electro-magnetic waves or any other suitable medium may be used.

The media for storage of data would be floppy disk, hard disk, optical or laser disk, magnetic tape, integrated circuit memory or any other suitable  
35 medium.

The system may incorporate anti-piracy methods such as the encryption or encoding of data either generally or uniquely.

The data is transferred from the source unit to the  
40 database where it is processed for storage in library form whereby selected data can be transmitted to any user and/or source unit in national or foreign territories.

The source unit could belong to a recording artist, the main unit to a major record company and user units to the general public. The artist would transfer a master mix to the record company who would store it, having processed it if necessary, and recall it, when necessary for sale to the general public via their user  
45 units. By arranging for the data to be encoded/encrypted uniquely for each user unit, the borrowing or unlawful copying of material could be eliminated. This method could also be used to ensure security between all units.

50 The invention will now be described by way of example with reference to the accompanying drawings in which:-

FIGURE 1 is a block diagram of a possible configuration of the source (artist's) unit,

60 FIGURE 2 is a block diagram of a possible configuration for the main (database or record company's) unit, FIGURE 3 is a block diagram of a possible configura-

tion for the user unit, and

FIGURE 4 is a diagram of a parallel transmitter/receiver as a possible means of communication  
65 between units.

From Figure 1 it is seen that the source unit, which will be located, for example, at the artist's recording studio, comprises a storage medium 11, a buffer 12, an  
70 encoder/decoder 13, a serial/parallel and parallel/serial converter 14, and a parallel transmitter/receiver 15. It is assumed that the artist's material is digitised before it reaches the buffer stage. Although a parallel transmitter/receiver is preferable. However, depending on the type of processor used, for example a  
75 transputer, serial to parallel conversion may not be necessary as the data will be available in parallel form. In the case of some transmission media with very high serial speeds, serial to parallel conversion may also not be necessary.

The database, Figure 2, comprises a parallel transmitter/receiver 20, a serial/parallel and parallel/serial converter 21, an encoder/decoder 22 and a buffer store 23. Conversion of data may take place at the record  
80 company for in-house audio or visual reproduction by means of a conversion system 24.

The user unit, Figure 3, comprises a parallel receiver/transmitter 30, a serial/parallel and parallel/serial converter 31, a storage medium 32 such as video  
90 tape or optical disk, a decoder 33 and suitable conversion apparatus 34 for audio and/or visual reproduction.

It is assumed that recorded material may be sent and received by both the source unit and the database and that the user unit may only receive recorded  
95 material. Decoding (if applicable) should preferably be actuated between the storage medium and conversion thus eliminating the possibility of material being usefully borrowed or copied.

100 By means of the parallel/receiver transmitter the artist can transmit a newly recorded work direct to the record company. The user on the other hand can log on to the data base and make her/his selection according to a supplied menu. Suitable security  
105 coding may be provided between the source unit and the data base and likewise between the data base and the user unit and between data bases.

At present all transfer of data between remote systems is done serially or by phase/amplitude  
110 modulation. In the preferred arrangement the parallel transmitter/receiver allows parallel transmission of data words using a form of frequency shift keying described below.

The parallel transmitter/receiver of each of the source unit, database and user unit comprises the  
115 same components. However, as an example there is shown in Figure 4 the transmitter/receiver (15,20,30 respectively of Figures 1, 2 and 3) of which the components for transmission are shown to the left of the diagram and the components for receiving are shown to the right. In the transmitter portion the outputs 35 (most significant bit to least significant bit) or the serial/parallel and parallel/serial converter 14 are connected to the inputs of a series of frequency

The drawing(s) originally filed was (were) informal and the print here reproduced is taken from a later filed formal copy.

multipliers 36 fed respectively by preselected frequencies 40. The outputs of the multipliers 40 are fed to a mixer 41 in which the individual frequencies are summed as a single analog signal for serial transmission.

In use a word or frame of recorded data is clocked onto the multiplying lines where each individual bit is multiplied by its own unique frequency (f1, f2 --- fn). The individual frequencies are chosen so that addition of all possible combinations will not result in an error. For example, if most significant bit (M.S.B.) is 'hi' then the frequency f1 will be fed to a mixer 41, if it is 'lo' then f1 will not appear and no combination of the other frequencies f2-fn will result in f1 being apparent. Clock pulses of frequency fsc form a system clock 37 which clocks the data out from the converter 14 can also be multiplied by a frequency fs and transmitted as a frequency and recovered at the receiving end (e.g. by phase lock looping) for use in synchronisation.

The frequencies which are mixed in the mixer 41 are then sent as an analog signal over the transmission medium where the signal is received by a spectrum analyser 42 forming part of parallel transmitter receiver (21 of Figure 2).

If the transmission medium is an ordinary telephone system then the bandwidth is restricted to 3 kHz. Therefore, depending on the number of bits used per word, the frequencies used to represent the bits will have to be within this bandwidth. For example if the lowest frequency to be used is 200 Hz— which will represent the L.S.B. then if 16 bits are used per word, the difference between each frequency could be  $\frac{3000 - 200}{16} = 175\text{Hz}$  i.e. the frequency used to represent the L.S.B. + 1 would be  $200 + 175 = 375\text{ Hz}$  etc. British Telecom protocols would not be broken due to the system clock frequency being continuously present during data transfers. It must be noted however, that current technology requires at least 2 cycles of a frequency to be transmitted in order for that frequency to be recognised by receiver circuitry. The rate of transmission is therefore determined by the lowest frequency used so normal telephone links would seem impractical for this purpose, and the above serves only as an example.

If the transmission medium is one in which modulation is used (either AM, FM, PCM or PM [Phase modulation]) then the output from the mixer stage could be modulated in the same way as ordinary speech and demodulated at the receiving end (in this example at the database) the received word or frame must be filtered for each individual frequency and this is carried out by the spectrum analyser 42 having either separate filters for each frequency or a carrier sweep filter which would detect whether the frequencies are present or not. If a frequency is present the filter will give an output voltage to represent that bit; if not there will be a zero.

To synchronise the system, the system clock, which has been sent along with the bit frequencies can be recovered and used as a READ clock. This clock could be sent at a lower frequency than the L.S.B. for example. The voltages then have to be 'squared off' and converted into suitable digital levels by an analog to digital converter 43 which can then be stored.

The recorded data transfer system of the present

invention affords the following advantages:

- a) For the company;
  - 1) The elimination of supply and demand problems.
  - 2) The elimination of production costs.
  - 3) The elimination of distribution costs.
  - 4) The elimination of sales force.
  - 5) Built-in stock control.
  - 6) The elimination of piracy within the recorded data system.
  - 7) The immediate transfer of master information inland and overseas.
  - 8) Vast reduction in storage space.
- b) For the artist;
  - 1) Immediate and secure transfer of master mix information to the company.
  - 2) Immediate access to master mix information from any territory.
  - 3) An enhanced royalty accounting system due to the built-in stock control.
  - 4) Increased promotion on product due to aforementioned reduction in costs.
- c) For the consumer;
  - 1) Master mix quality of recorded material.
  - 2) Greatly increased choice of material irrespective of territory.
  - 3) Home-buying of material.
  - 4) Immediate access to material.
  - 5) The opportunity to refurbish collection irrespective of deletions.

#### CLAIMS

1. A recorded data transfer system comprising
  - a) a database having a main computer, a caller/called interface, a transmitter/receiver interface, a data storage and processing system, means for controlling the storage and processing of data, means for controlling the process of being called by one or more user units or another database, and
  - b) at least one user unit having means for communication with said database including a transmitter/receiver interface and means for storing/recalling and/or processing data received from the database.
2. A data transfer system as claimed in Claim 1, including at least one source unit having a means for communications with said database including a transmitter/receiver interface, and means for the storage and processing of data.
3. A data transfer system as claimed in Claim 1 or 2, wherein said transmitter/receiver interface is in the form of a parallel/serial device.
4. A data transfer system as claimed in Claim 3, wherein said parallel/serial transmitter/receiver comprises a plurality of frequency multipliers arranged in an array to receive a parallel word or frame input, means for supplying to said multipliers with signals of different frequencies so that each individual bit of the word or frame is multiplied by its own unique frequency, and means for summing the frequencies at the output of the multipliers to provide an analog signal for serial transmission.
5. A data transfer system as claimed in Claim 4, wherein said transmitter/receiver includes a spectrum analyser for receiving serial analog signals, an analog to digital converter and a data buffer store.
6. A data transfer system as claimed in Claim 5,

wherein a further multiplier is provided for receiving the system clock pulses which are multiplied by a unique frequency and summed with the multiplied frequencies representing the word or frame, said

5 clock pulses being recovered by said spectrum analyser for the purpose of synchronisation.

7. A parallel/serial transmitter/receiver for a data transfer system comprising a plurality of frequency multipliers arranged in an array to receive a parallel  
10 word or frame input, means for supplying to said multipliers with signals of different frequencies so that each individual bit of the word or frame is multiplied by its own unique frequency, and means for summing the frequencies at the output of the multipliers to  
15 provide an analog signal for serial transmission.

8. A parallel/serial transmitter/receiver as claimed in Claim 7, including a spectrum analyser for receiving serial analog signals, an analog to digital converter and a data buffer store.

20 9. A recorded data transfer system as claimed in Claim 1, substantially as described by way of example with reference to Figures 1 and 2.

10. A parallel/serial transmitter/receiver as claimed in Claim 7, substantially as described by way  
25 of example with reference to Figure 4.

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審査請求 未請求 発明の数 1 (全3頁)

⑮ 発明の名称 レコード音楽の自動販売システム

⑯ 特 願 昭61-127327

⑰ 出 願 昭61(1986)6月3日

⑱ 発 明 者 明 石 久 信 東京都杉並区西荻北2-5-20-505

⑲ 出 願 人 明 石 久 信 横浜市南区平楽155-2-801

明 細 書

1. 発明の名称

レコード音楽の自動販売システム

2. 特許請求の範囲

コンピュータ通信手段を内蔵した録音再生装置と、レコード音楽データ及びそのレコードリストと作曲家、曲目、演奏者等のレコード情報を蓄積したホストコンピュータとを電話回線で連絡し、上記録音再生装置からのアクセスによって上記のレコード音楽データを上記ホストコンピュータから上記録音再生装置へ送信することを特徴とするレコード<sup>音楽</sup>の自動販売システム。

3. 発明の詳細な説明

(1) 産業上の利用分野

この発明はレコード音楽を電話回線を介して自動販売するシステムに関する。

(2) 従来の技術

従来のレコード音楽の販売システムは、レコード会社が録音された音楽をLPレコード又はデジ

タル・オーディオ・ディスク(コンパクト・ディスク)として製造し、レコード販売店等を介して消費者に販売提供していた。

(3) 発明が解決しようとする問題点

上記の従来のレコードディスク販売システムでは、ディスク製造に多大な設備と費用を要し、更に流通から販売までの経路における商品管理等に多大の費用と手数を要する。また、レコード会社によるレコードディスクの廃盤という事態もしばしば起こり、音楽愛好家が欲しいレコードを買えないという事態を招いていた。

(4) 問題点を解決するための手段

以上のような問題点を解決するために、デジタル録音された音楽及び従来のアナログ録音された音楽をデジタル化して利用することを前提に、この発明は次のような構成をとっている。すなわち、コンピュータ通信手段を内蔵した録音再生装置と、レコード音楽データ及びそのレコードリストと作曲家、曲目、演奏者等のレコード情報を蓄積したホストコンピュータとを電話回線で連絡し、上記

録音再生装置からのアクセスによって上記のレコード音楽データを上記ホストコンピュータから上記録音再生装置へ送信するように構成されている。

#### (5) 作用

レコード音楽データとそのレコードリスト及び作曲家、曲目、演奏者等のレコード情報を集めたホストコンピュータの総合データベースに、コンピュータ通信手段を内蔵した録音再生装置によってアクセスし、接続したTVモニター、もしくは専用モニターを用いて、目的のリスト等の音楽情報を検索し、検索できたら録音再生装置からレコード音楽データ送信希望の信号を発信し、タイムシェアリング方式もしくはパケット交換方式などによって、この発信信号をホストコンピュータで処理し送信し、録音装置内のRAMにダウンロードし、レコード音楽データをデジタル録音する。

#### (6) 実施例

第1図は、この発明のレコード音楽の自動販売システムに使用されるコンピュータ通信手段を内蔵した録音再生装置の一実施例を示す概略構成図、

自動販売システムは、上記の録音再生装置1と、この録音再生装置1に接続されたモニター12とを各家庭の端末として構成され、タイムシェアリング方式もしくはパケット交換方式で録音再生装置1が通信回線網13に接続されている。この通信回線網13は公衆通信回線または光ケーブル専用通信回線であって、望ましくは光ケーブル専用通信回線を使用する。録音再生装置1は通信回線網13を介してホストコンピュータ14のデータベースに接続されている。ホストコンピュータ14のデータベースには、レコード会社15の保有するデジタル録音またはアナログ録音をデジタル化したレコード音楽データAと、そのレコードリストBと、作曲家、曲目、演奏者等に関するレコード情報Cが蓄積保存されている。

以上のように構成されたネットワークシステムは、双方向通信システムであり、このシステムの伝送制御方式は有手順方式のベーシック手順もしくはHDL C手順などが用いられる。

次にこの発明のレコード音楽の自動販売システ

第2図はレコード音楽の自動販売システムのネットワークを示す概略構成図である。

録音再生装置1は書き込み後すぐに読み出せる追記型の光ディスクを用いるコンパクト・ディスク・デッキもしくはデジタル・オーディオ・テープレコーダーのどちらでもよく、一例としてコンパクト・ディスク・デッキによって説明する。

録音再生装置1には、コンピュータ通信手段であるNCU(電話網制御ユニット)2、モデム3、通信LSI4、CPU5、出力フレームバッファ6、映像信号発生装置7が組み込まれている。NCU2は外部の電話線8に接続され、NCU2とモデム3の間に電話機9が接続されている。CPU5は書き込み可能な追記型の光ディスク録音再生装置10に接続されているとともに、外部のコントロールユニット11にも接続されている。映像信号発生装置7は外部のモニター12に接続されている。

上記の録音再生装置1は、第2図に示す自動販売システムのネットワークに接続される。この自

ムの操作手順を説明する。

- イ. コントロールユニット11によって送信(アクセス)信号を発する。
- ロ. このアクセス信号が通信LSI4によって制御されているCPU5で処理され、モデム3に送られる。このモデム3でデジタル信号がアナログ信号に変換される。ここでNCU2によって電話線8が電話機9からコンピュータに切り換えられ、ホストコンピュータ14にアクセスする。
- ハ. アクセスされたホストコンピュータ14から返信信号(メニュー画面データ)が送られ、録音再生装置1側から送信した時と逆の手順で録音再生装置1内で処理される。
- ニ. モニター12の画面によって確認しながら、コントロールユニット11によって任意のデータを選択し、初期の送信手順と同様に、CPU5→通信LSI4→モデム3→NCU2→電話8の順で、順次選択の信号を送信する。
- ホ. これらの相互通信によって目的のデータが発見できた時、ユーザーはそのデータをホストコン

ピュータ14から電話線8→NCU2→モデム3→通信LSI4→CPU5の順で処理し、レコード音楽データをRAMにダウンロードし、光ディスク録音再生装置10によって書き込み可能な光ディスクに書き込む。

(7) 発明の効果

この発明のレコード音楽の自動販売システムによれば、現在のレコード流通経路が不必要となり、レコード会社はレコード音楽のデータだけを保有すればよく、レコードの大幅なコストダウンがはかれる。また、ユーザーは家庭にしながら大量のレコードリストの中から、希望のレコード音楽を自由に、しかも容易に検索し、購入できる。さらに、レコーディング・データそのものが商品であるため、従来の販売システムのような廃盤はなくなり、未開拓のユーザーの開拓が低コストで可能となる。

4. 図面の簡単な説明

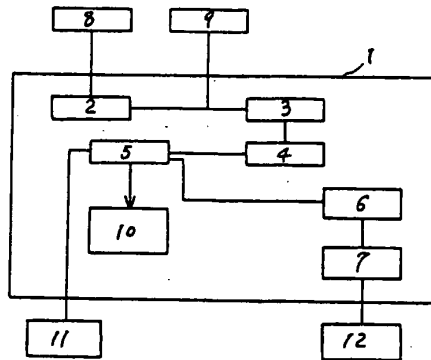
第1図は、この発明のレコード音楽の自動販売システムに使用される録音再生装置の実施例を示す

概略構成図、第2図は、レコード音楽の自動販売システムのネットワークを示す概略構成図である。

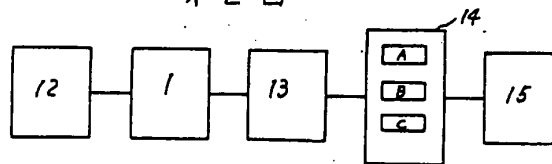
- 1…録音再生装置 2…NCU 3…モデム
- 4…通信LSI 5…CPU
- 6…出力フレームバッファ
- 7…映像信号発生装置 8…電話線
- 9…電話機 10…光ディスク録音再生装置
- 11…コントロールユニット 12…モニター
- 13…通信回線網 14…ホストコンピュータ
- 15…レコード会社

特許出願人 明石久信

第1図



第2図



(19) Japan Patent Office (JP)  
(12) Unexamined Patent Applications Publication (A)

(11) Japanese Patent Application Kokai Publication: S62-284496  
(43) Kokai Publication Date: December 10, 1987

[English] Int.Cl.	Identification Symbol	JPO File Number
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Request for Examination: Not Yet Requested  
Number of Inventions: 1  
Number of Pages: 3

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(54) Name of invention: Automated Music Purchasing System

(21) Application Number: S61-127327

(22) Date Filed: June 3, 1986

(72) Inventor: Hisanobu Akashi  
2-5-20 Nishiogikita #505 Suginami-ku, Tokyo

(71) Applicant: Hisanobu Akashi  
155-2 Heiraku #801, Minami-ku, Yokohama-shi

**Specification**

1. Title of the Invention: Automated Music Purchasing System

2. Claims:

The present invention is an Automated Music Purchasing System which enables users to access recorded music data from a host computer, which stores recording information, such as recorded music data, record lists, composers, titles, performers, etc. The system utilizes a personal computer recording/recording reproduction device which communicates via telephone lines.

3. Detailed Explanation of the Invention:

(1) Industrial Field of Application

The present invention pertains to a system which automatically sells recorded music via the

telephone line.

#### (2) Prior Art

The conventional system of selling recorded music is that a record company manufactures an LP record or digital audio disc (compact disc) of recorded music which it sells to consumers by way of music sales outlets, etc.

#### (3) Problem to be solved by the invention

The above-mentioned conventional method for selling recorded music entails considerable costs and facilities to manufacture music discs, as well as the cost and time involved for merchandise management, etc. in the distribution to sales process. In addition, record companies often discontinue record discs, resulting in a situation whereby music consumers are not able to purchase the record they want.

#### (4) Means for Solving the Problems

In order to address the above problems, the present invention, which is based on the utilizing of digital music as well as analog-recorded conventional music which has been put into a digitalized format, is made up as follows:

The present invention is an Automated Music Purchasing System which utilizes telephone lines to transmit recorded music data from a host computer, which stores recording information, such as recorded music data, record lists, composers, titles, performers, etc., to the said recording/reproduction device installed in a personal computer.

#### (5) Operation

Utilizing a music recording/reproducing device which can access the host computer's comprehensive database of information on musical recordings (such as recorded music data, record lists, composers, titles, performers, etc.) the system allows a search for the desired music recording information, such as a recording list, utilizing TV monitors connected to the system or the dedicated computer monitor to display the information. When the desired music information is found by the system, the recording/reproducing device sends a signal notifying to the host computer that it wants to download the recorded music data. The host computer then sends the data to the recording device utilizing a timesharing or a packet switching method thereby enabling the data to be downloaded to the recording device RAM to be digitally recorded.

#### (6) Embodiment

Figure 1 shows a simple block diagram of the embodiment of the present invention's recording/reproducing device which transmits data via personal computers. Figure 2 is a simple block diagram which shows the Automated Music Purchasing System network.

Though the recording/reproducing device (1) can be used employing recordable optical discs

which can read immediately after writing, or employing a digital audio tape recorder. For the purpose of simplicity, the following section is explained using compact disc recorder:

In the recording/reproducing device (1), NCU (telephone network control unit) (2) is employed as the computer communication method; using modem (3), communication LSI (4), CPU (5), output frame buffer (6) and picture signal generator (7).

NCU (2) is connected to the external telephone line (8), with telephone (9) connecting the NCU (2) and the modem (3). CPU (5) is connected to the recordable-optical disk recording/reproducing device (10), as well as to the external control unit (11). The image signal transmission device is connected to the external monitor (12).

The said recording/reproducing device (1) is connected to the Automated Music Purchasing System Network as shown in Figure 2. This Automatic Music Purchasing System is made up of the said recording/reproducing device (1) and the monitor (12), which is connected to the recording/reproducing device (1), which are set up as terminals in each user's household with the recording/reproducing device (1) connected to the communications line network (13) utilizing a timesharing or packet switching method. The communications line network (13) can employ either a public telephone company service or an optical cable-dedicated communication line (though preferably it should be an optical cable-dedicated communication line). The recording/reproducing device (1) is connected to the host computer's data base (14) via the communications line network (13). The host computer data base (14) stores record company (15) record music data of digitally recorded or digitally recoded analog music A, its record list B and record information on composers, names of music and performers, etc.

The network system, made up in the above-described manner, is a two-way communication system and transmission control system as well as a transmission control system that employs either basic control mode procedure or HDLC procedure for the network system.

Operation procedures for this invention are outlined as follows:

- a) Control unit (11) sends an access signal
- b) The access signal is processed by the communication LSI(4)'s CPU (5) and is sent to modem (3). The digital signal is converted to analog by modem (3); then, via the NCU (2), telephone line (8) is changed from telephone device (9) to computer which then accesses host computer (14).
- c) The accessed host computer (14) sends a response signal (menu screen data) which is

processed via the recording/reproducing device (1) in a set of procedures which are the reverse of those employed when the recording/reproducing device (1) sent the original signal.

d) Using the monitor screen (12), user chooses desired data using control unit (11) sending selection data in the same order of the initial transmission procedures as shown below:

CPU (5) ⇔ communication LSI (4) ⇒ modem (3) ⇒ NUC (2) ⇒ telephone line (8)

e) When the desired data has been found, user accesses and processes the data from the host computer (14) via telephone line (8) ⇒ NUC (2) ⇒ modem (3) ⇒ communication LSI (4) ⇔ CPU (5) and then downloads the record music data to RAM which records data onto recordable optical disc using the optical disk recording/reproducing device.

#### (7) Effect of the invention

With this invention, a record company need only to maintain the data of recorded music and would therefore not require the current distribution channels which would result in considerable cost reduction. In addition, user would be able to easily as well as freely search for and purchase desired music from home. Furthermore, since the recording data becomes the merchandize itself, discontinuing music will not become necessary as it does in the conventional selling system. New users can also be easily drawn in to the system at little cost.

#### 4. Brief Description of the Drawings:

Figure 1 is a simple block diagram of an embodiment of the recording/reproducing device used in this invention, and Figure 2 is a simple block diagram which shows the Automated Music Purchasing System Network.

Patent Applicant: Hisanobu Akashi

- 1: Recording/reproducing device
- 2: NCU
- 3: Modem
- 4: Communication LSI
- 5: CPU
- 6: Output frame buffer
- 7: Picture signal generator
- 8: Telephone line
- 9: Telephone devise
- 10: Optical disk recording/reproducing device

- 11: Control unit
- 12: Monitor
- 13: Communications line network
- 14: Host computer
- 15: Record company

Figure 1

图 1

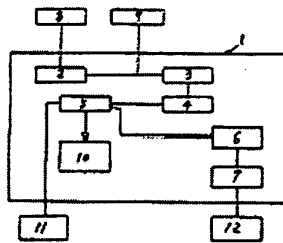
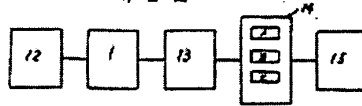


Figure 2

图 2







UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
 United States Patent and Trademark Office  
 Address: COMMISSIONER FOR PATENTS  
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Bib Data Sheet

CONFIRMATION NO. 4782

<b>SERIAL NUMBER</b> 90/007,407	<b>FILING OR 371(c) DATE</b> 01/31/2005 <b>RULE</b>	<b>CLASS</b> 705	<b>GROUP ART UNIT</b> 3625	<b>ATTORNEY DOCKET NO.</b> NAPSP003
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**APPLICANTS**  
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 Sightsound.Com Incorporated(Owner), Mt. Lebanon, PA;  
 Albert S Penilla(3rd. Pty. Req.), Sunnyvale, CA;  
 Albert S Penilla, Sunnyvale, CA

**\*\* CONTINUING DATA \*\*\*\*\***  
 This application is a REX of 08/471,964 06/06/1995 PAT 5,966,440  
 which is a CON of 08/023,398 02/26/1993 ABN  
 which is a CON of 07/586,391 09/18/1990 PAT 5,191,573  
 which is a CON of 07/206,497 06/13/1988 ABN

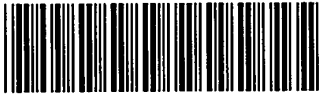
**\*\* FOREIGN APPLICATIONS \*\*\*\*\***

Foreign Priority claimed <input type="checkbox"/> yes <input type="checkbox"/> no	<b>STATE OR COUNTRY</b>	<b>SHEETS DRAWING</b>	<b>TOTAL CLAIMS</b> 63	<b>INDEPENDENT CLAIMS</b> 14
35 USC 119 (a-d) conditions met <input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> Met after Allowance				
Verified and Acknowledged	Examiner's Signature	Initials		

**ADDRESS**  
 Ansel M. Schwartz  
 Attorney At Law  
 One Sterling Plaza  
 201 North Craig Street, Suite 304  
 Pittsburgh ,PA 15213

**TITLE**  
 SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS

<b>FILING FEE RECEIVED</b> 2520	FEES: Authority has been given in Paper No. _____ to charge/credit DEPOSIT ACCOUNT No. _____ for following:	<input type="checkbox"/> All Fees
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		<input type="checkbox"/> 1.18 Fees ( Issue )
		<input type="checkbox"/> Other _____
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<b>Application Number</b> 	<b>Application No.</b> 90/007,407	<b>Applicant(s)</b> 5966440	
	<b>Examiner</b>	<b>Art Unit</b> 3625	

**Index of Claims**



Application No.

90/007,407

Examiner

Applicant(s)

5966440

Art Unit

3625

√	Rejected
=	Allowed

-	(Through numeral) Cancelled
+	Restricted


N	Non-Elected
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A	Appeal
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<b>Issue Classification</b> 	Application No.	Applicant(s)	
	90/007,407	5966440	
	Examiner	Art Unit	
		3625	

ISSUE CLASSIFICATION											
ORIGINAL				CROSS REFERENCE(S)							
CLASS	SUBCLASS			CLASS	SUBCLASS (ONE SUBCLASS PER BLOCK)						
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INTERNATIONAL CLASSIFICATION											
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(Legal Instruments Examiner) (Date)										O.G. Print Claim(s)	
				(Primary Examiner) (Date)							

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	23		53		83		113		143		173		203
	24		54		84		114		144		174		204
	25		55		85		115		145		175		205
	26		56		86		116		146		176		206
	27		57		87		117		147		177		207
	28		58		88		118		148		178		208
	29		59		89		119		149		179		209
	30		60		90		120		150		180		210



<b>Reexamination</b>	Control No.	Applicant(s)
	90/007,407	
	Certificate Date	Certificate Number

<b>Requester</b>	<b>Correspondence Address:</b>	<input type="checkbox"/> <b>Patent Owner</b>	<input checked="" type="checkbox"/> <b>Third Party</b>
<p>Albert S. Penilla  MARTINE PENILLA &amp; GENCARELLA LLP  710 Lakeway Drive, Suite 200  Sunnyvale, CA 94085</p>			

<b>LITIGATION REVIEW</b> <input type="checkbox"/>	(examiner initials)	(date)
Case Name	Director Initials	

<b>COPENDING OFFICE PROCEEDINGS</b>	
<b>TYPE OF PROCEEDING</b>	<b>NUMBER</b>
1.	
2.	
3.	
4.	

## Patent Assignment Abstract of Title

**Total Assignments: 2**

**Application #:** 08471964 **Filing Dt:** 06/06/1995 **Patent #:** 5966440 **Issue Dt:** 10/12/1999

**PCT #:** NONE

**Publication #:** NONE

**Pub Dt:**

**Inventor:** ARTHUR R. HAIR

**Title:** A SYSTEM AND METHOD FOR TRANSMITTING DESIRED DIGITAL VIDEO OR DIGITAL AUDIO SIGNALS

**Assignment: 1**

**Reel/Frame:** 010776/0703 **Received:** 05/16/2000 **Recorded:** 05/03/2000 **Mailed:** 07/14/2000 **Pages:** 16

**Conveyance:** CHANGE OF NAME (SEE DOCUMENT FOR DETAILS).

**Assignor:** PARSEC SIGHT/SOUND, INC.

**Exec Dt:** 04/26/2000

**Assignee:** SIGHTSOUND.COM INCORPORATED

733 WASHINGTON ROAD, SUITE 400  
MT. LEBANON, PENNSYLVANIA 15228

**Correspondent:** ANSEL M. SCHWARTZ  
ONE STERLING PLAZA  
201 N. CRAIG STREET, SUITE 304  
PITTSBURGH, PA 15213

**Assignment: 2**

**Reel/Frame:** 012506/0415 **Received:** 01/30/2002 **Recorded:** 10/24/2001 **Mailed:** 04/25/2002 **Pages:** 6

**Conveyance:** NOTICE OF GRANT OF SECURITY INTEREST

**Assignor:** SIGHTSOUND TECHNOLOGIES, INC.

**Exec Dt:** 10/01/2001

**Assignees:** KENYON & KENYON

ONE BROADWAY  
NEW YORK, NEW YORK 10004  
SCHWARTZ, ANSEL M.  
ONE STERLING PLAZA  
201 N. CRAIG STREET, SUITE 304  
PITTSBURGH, PENNSYLVANIA 15213  
WATERVIEW PARTNERS, LLP  
ONE STERLING PLAZA  
152 WEST 57TH STREET, 46TH FLOOR  
NEW YORK, NEW YORK 10019  
D&DF WATERVIEW PARTNERS, L.P.  
ONE STERLING PLAZA  
152 WEST 57TH STREET, 46TH FLOOR  
NEW YORK, NEW YORK 10019

**Correspondent:** PAUL, WEISS, RIFKIND, WHARTON & GARRISON  
DEBORAH HARTNETT  
1285 AVENUE OF THE AMERICAS  
NEW YORK, NY 10019

Search Results as of: 2/8/2005 4:42:27 P.M.

If you have any comments or questions concerning the data displayed, contact OPR / Assignments at 703-308-9723  
Web interface last modified: Oct. 5, 2002




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REEXAM CONTROL NUMBER	FILING OR 371 (c) DATE	PATENT NUMBER
90/007,407	01/31/2005	5966440

**CONFIRMATION NO. 4782**

Albert S Penilla  
 MARTINE PENILLA & GENCARELLA LLP  
 710 Lakeway Drive, Suite 200  
 Sunnyvale, CA 94085



\*OC000000015184348\*

Date Mailed: 02/15/2005

**NOTICE OF REEXAMINATION REQUEST FILING DATE**
*(Third Party Requester)*

Requester is hereby notified that the filing date of the request for reexamination is 01/31/2005, the date the required fee of \$2,520 was received.

A decision on the request for reexamination will be mailed within three months from the filing date of the request for reexamination. (See 37 CFR 1.515(a)).

A copy of the Notice is being sent to the person identified by the requester as the patent owner. Further patent owner correspondence will be the latest attorney or agent of record in the patent file. (See 37 CFR 1.33). Any paper filed should include a reference to the present request for reexamination (by Reexamination Control Number).

cc: Patent Owner

Ansel M. Schwartz  
 Attorney At Law  
 One Sterling Plaza  
 201 North Craig Street, Suite 304  
 Pittsburgh, PA 15213

---

*M. Schwartz*  
 Office of Patent Legal Administration  
 Central Reexamination Unit (571) 272-7740; FAX (571) 273-0100

PART 3 - OFFICE COPY


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 www.uspto.gov

REEXAM CONTROL NUMBER	FILING OR 371 (c) DATE	PATENT NUMBER
90/007,407	01/31/2005	5966440

Ansel M. Schwartz  
 Attorney At Law  
 One Sterling Plaza  
 201 North Craig Street, Suite 304  
 Pittsburgh, PA 15213

**CONFIRMATION NO. 4782**
**REEXAM ASSIGNMENT NOTICE**


\*OC000000015184349\*

Date Mailed: 02/15/2005

**NOTICE OF ASSIGNMENT OF REEXAMINATION REQUEST**

The above-identified request for reexamination has been assigned to Art Unit 3625. All future correspondence to the proceeding should be identified by the control number listed above and directed to the assigned Art Unit.

A copy of this Notice is being sent to the latest attorney or agent of record in the patent file or to all owners of record. (See 37 CFR 1.33(c)). If the addressee is not, or does not represent, the current owner, he or she is required to forward all communications regarding this proceeding to the current owner(s). An attorney or agent receiving this communication who does not represent the current owner(s) may wish to seek to withdraw pursuant to 37 CFR 1.36 in order to avoid receiving future communications. If the address of the current owner(s) is unknown, this communication should be returned within the request to withdraw pursuant to Section 1.36.

cc: Third Party Requester(if any)

Albert S Penilla  
 MARTINE PENILLA & GENCARELLA LLP  
 710 Lakeway Drive, Suite 200  
 Sunnyvale, CA 94085

Office of Patent Legal Administration  
 Central Reexamination Unit

(571) 272-7740; FAX (571) 273-0100

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Access DB# 142699

# SEARCH REQUEST FORM

Scientific and Technical Information Center

Requester's Full Name: Pinchus Laufer Examiner #: 73139 Date: 2/28/05  
Art Unit: 2100 Phone Number 272-3599 Serial Number: 90/007,407  
Mail Box Location: 1C81 Results Format Preferred (circle): PAPER DISK E-MAIL

**If more than one search is submitted, please prioritize searches in order of need.**

\*\*\*\*\*

Please provide a detailed statement of the search topic, and describe as specifically as possible the subject matter to be searched. Include the elected species or structures, keywords, synonyms, acronyms, and registry numbers, and combine with the concept or utility of the invention. Define any terms that may have a special meaning. Give examples or relevant citations, authors, etc, if known. Please attach a copy of the cover sheet, pertinent claims, and abstract.

Title of Invention: \_\_\_\_\_

Inventors (please provide full names): \_\_\_\_\_

Earliest Priority Filing Date: \_\_\_\_\_

*\*For Sequence Searches Only\* Please include all pertinent information (parent, child, divisional, or issued patent numbers) along with the appropriate serial number.*

Litigation  
5,966,440

Inventor: Arthur R. Hair

O.G. Date March 29, 2005

STAFF USE ONLY	Type of Search	Vendors and cost where applicable
Searcher: <u>Shirelle Green</u>	Sequence (#) _____	STN _____
Searcher Phone #: <u>306-4767</u>	AA Sequence (#) _____	Dialog _____
Searcher Location: <u>4B40</u>	Structure (#) _____	Questel/Orbit _____
Date Searcher Picked Up: _____	Bibliographic _____	Dr.Link _____
Date Completed: _____	Litigation _____	Lexis/Nexis _____
Searcher Prep & Review Time: _____	Fulltext _____	Sequence Systems _____
Clerical Prep Time: _____	Patent Family _____	WWW/Internet _____
Online Time: _____	Other _____	Other (specify) _____

1 of 1 DOCUMENT

UNITED STATES PATENT AND TRADEMARK OFFICE GRANTED PATENT

5966440

[Link to Claims Section](#)

October 12, 1999

System and method for transmitting desired digital video or digital audio signals

**REEXAM-LITIGATE:**

NOTICE OF LITIGATION

Sightsound Technologies, Inc., a Delaware corporation v. Roxio, Inc., a Delaware corporation, et al, Filed October 8, 2004, D.C. W.D. Pennsylvania (Pittsburgh), Doc. No. 04-CV-1549

**INVENTOR:** Hair, Arthur R. - Pittsburgh, Pennsylvania, United States (US)

**APPL-NO:** 471964 (08)

**FILED-DATE:** June 6, 1995

**GRANTED-DATE:** October 12, 1999

**ASSIGNEE-AT-ISSUE:** Parsec Sight/Sound, Inc., Mt. Lebanon, Pennsylvania, United States (US), 02

**ASSIGNEE-AFTER-ISSUE:** May 3, 2000 - CHANGE OF NAME (SEE DOCUMENT FOR DETAILS), SIGHTSOUND.COM INCORPORATED 733 WASHINGTON ROAD, SUITE 400 MT. LEBANON PENNSYLVANIA 15228, Reel and Frame Number: 10776/0703

October 24, 2001 - NOTICE OF GRANT OF SECURITY INTEREST, D&DF WATERVIEW PARTNERS, L.P. ONE STERLING PLAZA 152 WEST 57TH STREET, 46TH FLOOR NEW YORK NEW YORK 10019; KENYON & KENYON ONE BROADWAY NEW YORK NEW YORK 10004; SCHWARTZ, ANSEL M. ONE STERLING PLAZA 201 N. CRAIG STREET, SUITE 304 PITTSBURGH PENNSYLVANIA 15213; WATERVIEW PARTNERS, LLP ONE STERLING PLAZA 152 WEST 57TH STREET, 46TH FLOOR NEW YORK NEW YORK 10019, Reel and Frame Number: 12506/0415

**ENGLISH-ABST:**

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 while the second memory is in possession and control of the second party. Additionally, there is a system for transferring digital video or audio signals.

**LEXIS-NEXIS**  
**Library: PATENTS**  
**File: ALL**

1 of 2 DOCUMENTS

**Sightsound.com, Inc. v. N2K, Inc.**

**Civil Action No. 98-0118**

**UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF  
PENNSYLVANIA**

*2003 U.S. Dist. LEXIS 25503*

**October 23, 2003, Decided**

**DISPOSITION:** [\*1] Defendants' motion for summary judgment denied. Plaintiff's motion for summary judgment dismissing defendants' affirmative defenses and counterclaims granted.

**OPINION:**

... [\*4] Patent to a company he co-founded, known as Parsec Sight/Sound, Inc. ("Parsec.") He also assigned to Parsec two other patents, No. 5,675,734, issued on October 7, 1997 ("the '734 Patent"), and No. 5,966,440, issued on October 12, 1999 ("the '440 Patent"). The '734 and '440 Patents are claimed to be continuations of '573 Patent. (Amended Complaint, Docket No. 39, "Am. compl.," PP 14 and 17.) All three patents ("the Sightsound ...

... [\*114] phrase "has licensed" and provides a copy of the executed agreement dated October 1, 1997. (Joint Exhibits re: Claim Construction Briefs, Vol. 3, Patent File History for U.S. Patent 5,966,440, "Claim Const. Jt. Exhs.," Docket No. 72, Exh. 19 at 2, emphasis added.) A patent examiner presented with the exhibits to Mr. Schwartz' Appeal Brief would understand that the reference to a "license ...

**LEXIS-NEXIS**  
**Library: PATENTS**  
**File: CASES**

2 of 2 DOCUMENTS

**Sightsound.com Inc. v. N2k, Inc.**

**Civil Action No. 98-118**

**UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF  
PENNSYLVANIA**

*185 F. Supp. 2d 445; 2002 U.S. Dist. LEXIS 6828*

**February 8, 2002, Decided**

**DISPOSITION:** **[\*\*1]** Defendants' objection overruled and exhibit admitted into evidence.

**OPINION:**

... **[\*453]** **[\*\*3]** N2K, Inc. ("N2K"), CDnow, Inc., and CDnow Online, Inc. (collectively referred to as "CDnow" or "defendants") of infringing multiple claims of U. **[\*\*4]** S. Patent Nos. 5,191,573 ("the '573 Patent"), 5,675,734 ("the '734 Patent"), and 5,966,440 ("the '440 Patent") through the practice of downloading digital music over the internet. n1

n1 Of course, the court is not concerned with the accused product or practice at this point. Claim construction is accomplished "independent of the accused ...

## No Documents Found!

No documents were found for your search (**5966440** or **5,966,440**).  
Click the "Edit Search" button below to try again. You may want to try one or more of the following:

- Check for spelling errors.
- Remove some search terms.
- Use a less restrictive date range.
- Use more common search terms. "Suggested Words and Concepts" are displayed on the search form when you click on Edit Search.

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**LEXIS-NEXIS**  
**Library: PATENTS**  
**File: JNLS**



1 of 5 DOCUMENTS

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Canadian Business and Current Affairs  
Copyright 2004 Canadian Press  
Canadian Press Newswire

April 8, 2004

**SECTION:** Ap 8'04

**CBCA-ACC-NO:** 5966440

**LENGTH:** 300 words

**HEADLINE:** Belinda Stronach committed to politics, denies Magna return in works

**LEXIS-NEXIS**  
**Library: NEWS**  
**File: CURNEWS**

2 of 5 DOCUMENTS

Copyright 2004 Omega Communications, Inc.  
Intellectual Property Today

April, 2004

**SECTION:** INTERNETINFO.COLUMN; Pg. 49

**LENGTH:** 718 words

**HEADLINE:** Will the Price of Music Downloads Include Patent License Fees?

**BYLINE:** BY W. SCOTT PETTY; Scott Petty, a Patent Attorney with King & Spalding, focuses on intellectual property issues for computer software, telecommunications and e-commerce companies. Scott can be contacted by telephone at 404.572.2888 or via e-mail at [spetty@kslaw.com](mailto:spetty@kslaw.com).

**BODY:**

...CDNow, Inc. and CDNow Online, Inc. (collectively "CDNow") to the pending patent infringement action, based on allegations of infringement of the original patents-in-suit and an additional patent, U.S. Patent No. 5,966,440, which issued to SightSound after the start of the litigation. This tangled web of patent infringement claims eventually extended to Bertelsmann AG, which acquired CDNow in connection with BMG's on-line music operations.

3 of 5 DOCUMENTS

Copyright 2000 NLP IP Company, Inc.,  
a Subsidiary of American Lawyer Media, Inc.  
E-Commerce

August 2000

**SECTION:** PATENT PROFILES; Vol. 17; No. 4; Pg. 5

**LENGTH:** 1369 words

**HEADLINE:** Roundtable Discussion Debates Computer Implemented Business Method Patents

**BYLINE:** BY MATTHEW KAUFMAN AND KATRINE A. LEVIN; Matthew Kaufman and Katrine Levin are associates with Brown Raysman Millstein Felder &Steiner LLP in New York.

**BODY:**

...com's "one click" patent (U.S. Patent No. 5,960,411) and SightSound.com's patent titled "System and Method for Transmitting Desired Digital Video or Digital Audio Signals" (U.S. Patent No. 5,966,440).

In response to the growing public concern over the manner in which business method patents are examined and issued, the U.S. Patent and Trademark Office (PTO) organized a roundtable discussion July 27 to debate the ...

4 of 5 DOCUMENTS

Copyright 2000 New York Law Publishing Company  
New York Law Journal

May 24, 2000 Wednesday

**SECTION:** PATENT AND TRADEMARK LAW; Pg. 3

**LENGTH:** 2493 words

**HEADLINE:** What Internet Start-Ups Should Know About "Patents"

**BYLINE:** By Robert C. Scheinfeld and Parker H. Bagley; Robert C. Scheinfeld and Parker H. Bagley are partners in the intellectual property group and the New York office of Baker & Botts LLP.

**BODY:**

...Cybergold Inc. 5,794,210; 5,855,008; Affinity Technology 5,870,721; 5,940,811; Intuit 5,903,881; LoanMarket 5,940,812; Flash Communications 5,943,478; Double Click Inc. 5,948,061; 5,943,378; Amazon.com 5,960,411; 6,029,141; Sightsound 5,966,440; Gemstar 5,988,078; LinkShare Corp. 5,991,740; and InfoSpace.com 6,016,504

As an example, the Netcentives '870 patent includes the following claim:

A system for an incentive award program, including a ...

5 of 5 DOCUMENTS

Copyright 1999 Business Wire, Inc.  
Business Wire

October 12, 1999, Tuesday

**DISTRIBUTION:** Business/Entertainment Editors & High-Tech Writers

**LENGTH:** 469 words

**HEADLINE:** SIGHTSOUND.COM Receives Additional Patent Protection; Industry Veteran Frank Biondi Joins Board

**DATELINE:** MOUNT LEBANON, Pa.

**BODY:**

Oct. 12, 1999-- SIGHTSOUND.COM ([www.sightsound.com](http://www.sightsound.com)) today received United States Patent 5,966,440.

"This is an important addition to our growing portfolio of patents and intellectual property," said Scott Sander, President and CEO of SIGHTSOUND.COM. "As the Internet matures, we will continue to lead the effort to respect the intellectual property rights of ...

us5966440/pn

\*\* SS 1: Results 1

Search statement 2

?prt full nonstop legalall

1/1 PLUSPAT - (C) QUESTEL-ORBIT- image  
PN - US5966440 A 19991012 [US5966440]  
TI - (A) System and method for transmitting desired digital video or  
digital audio signals  
PA - (A) PARSEC SIGHT SOUND INC (US)  
PA0 - Parsec Sight/Sound, Inc., Mt. Lebanon PA [US]  
IN - (A) HAIR ARTHUR R (US)  
AP - US47196495 19950606 [1995US-0471964]  
FD - Cont. of US023398 19930226 [1993US-0023398]  
- Cont. of US586391 19900918 [1990US-0586391]  
- Cont. of US206497 19880613 [1988US-0206497] (Abandoned)  
- Continuation of: US5191573 - 19930302  
PR - US47196495 19950606 [1995US-0471964]  
- US2339893 19930226 [1993US-0023398]  
- US58639190 19900918 [1990US-0586391]  
- US20649788 19880613 [1988US-0206497]  
IC - (A) G11B-005/86 H04L-009/00  
EC - G07F-017/16  
- G11B-020/00P  
- G11B-027/00V  
- G11B-027/034  
- G11B-027/10A1  
- G11B-027/34  
PCL - ORIGINAL (O) : 705026000; CROSS-REFERENCE (X) : 360015000 705052000  
705057000  
DT - Basic  
CT - US3718906; US3990710; US4124773; US4506387; US4521806; US4528643;  
US4538176; US4567359; US4647989; US4654799; US4789863; US4789868;  
US5191193; US5191573  
- "Teledelivery Business Quantified: Would You Believe \$20 Billion?"  
VideoPrint, v4, n12, p1-4; Jun. 22, 1983; ISSN: 0271-0951 (Abstract is  
Attached).

Scott Mace, "Electronic Orchestras in Your Living Room; Midi Could  
Make the Biggest Year Yet for Computer Musicians" InfoWorld, Mar. 25,  
1985.

"Rock around the Data Base" by Lydia Dotto, Information Technology,  
Sep. 1984.

Jimmy Bowen: Music Row's Prophet of Change, Chappell, Lindsay, 1986.

STG - (A) United States patent  
AB - 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 while the second memory is in possession and  
control of the second party. Additionally, there is a system for

transferring digital video or audio signals.

1/1 LGST - (C) EPO

PN - US5966440 A 19991012 [US5966440]

AP - US47196495 19950606 [1995US-0471964]

ACT - 20000503 US/AS-A

ASSIGNMENT

OWNER: SIGHTSOUND.COM INCORPORATED 733 WASHINGTON ROAD, S; EFFECTIVE  
DATE: 20000426

CHANGE OF NAME;ASSIGNOR:PARSEC SIGHT/SOUND, INC.;REEL/FRAME:010776/0703

- 20011024 US/AS-A

ASSIGNMENT

OWNER: KENYON & KENYON ONE BROADWAY NEW YORK NEW YORK 100; EFFECTIVE  
DATE: 20011001

NOTICE OF GRANT OF SECURITY INTEREST;ASSIGNOR:SIGHTSOUND TECHNOLOGIES,  
INC.;REEL/FRAME:012506/0415

- 20011024 US/AS-A

ASSIGNMENT

OWNER: SCHWARTZ, ANSEL M. ONE STERLING PLAZA 201 N. CRAIG; EFFECTIVE  
DATE: 20011001

NOTICE OF GRANT OF SECURITY INTEREST;ASSIGNOR:SIGHTSOUND TECHNOLOGIES,  
INC.;REEL/FRAME:012506/0415

- 20011024 US/AS-A

ASSIGNMENT

OWNER: WATERVIEW PARTNERS, LLP ONE STERLING PLAZA 152 WES; EFFECTIVE  
DATE: 20011001

NOTICE OF GRANT OF SECURITY INTEREST;ASSIGNOR:SIGHTSOUND TECHNOLOGIES,  
INC.;REEL/FRAME:012506/0415

- 20011024 US/AS-A

ASSIGNMENT

OWNER: D&DF WATERVIEW PARTNERS, L.P. ONE STERLING PLAZA 1; EFFECTIVE  
DATE: 20011001

NOTICE OF GRANT OF SECURITY INTEREST;ASSIGNOR:SIGHTSOUND TECHNOLOGIES,  
INC.;REEL/FRAME:012506/0415

UP - 2004-38

1/1 CRXX - (C) CLAIMS/RRX

PN - 5,966,440 A 19991012 [US5966440]

PA - Parsec Sight Sound Inc

ACT - 20000503 REASSIGNED

CHANGE OF NAME

Assignor: PARSEC SIGHT/SOUND, INC., DATE SIGNED: 04/26/2000

Assignee: SIGHTSOUND.COM INCORPORATED, 733 WASHINGTON ROAD, SUITE 400,  
MT. LEBANON, PENNSYLVANIA, 15228

Reel 010776/Frame 0703

Contact: ANSEL M. SCHWARTZ, ONE STERLING PLAZA, 201 N. CRAIG STREET,  
SUITE 304, PITTSBURGH, PA 15213

- 20011024 REASSIGNED

NOTICE OF GRANT OF SECURITY INTEREST

Assignor: SIGHTSOUND TECHNOLOGIES, INC., DATE SIGNED: 10/01/2001



Assignee: KENYON & KENYON, ONE BROADWAY, NEW YORK, NEW YORK, 10004  
SCHWARTZ, ANSEL M., ONE STERLING PLAZA, 201 N. CRAIG STREET, SUITE  
304, PITTSBURGH, PENNSYLVANIA, 15213

WATERVIEW PARTNERS, LLP, ONE STERLING PLAZA, 152 WEST 57TH STREET,  
46TH FLOOR, NEW YORK, NEW YORK, 10019  
D&DF WATERVIEW PARTNERS, L.P., ONE STERLING PLAZA, 152 WEST 57TH  
STREET, 46TH FLOOR, NEW YORK, NEW YORK, 10019

Reel 012506/Frame 0415

Contact: PAUL, WEISS, RIFKIND, WHARTON & GARRISON, DEBORAH HARTNETT,  
1285 AVENUE OF THE AMERICAS, NEW YORK, NY 10019



 <b>Reexamination</b> 	Control No. 90/007,407	Applicant(s)
	Certificate Date	Certificate Number

Requester	Correspondence Address:	<input type="checkbox"/> Patent Owner	<input checked="" type="checkbox"/> Third Party
<p>Albert S. Penilla  MARTINE PENILLA &amp; GENCARELLA LLP  710 Lakeway Drive, Suite 200  Sunnyvale, CA 94085</p>			

LITIGATION REVIEW <input type="checkbox"/>	<i>BL</i> (examiner initials)	<i>3/16/05</i> (date)
Case Name		Director Initials
SightSound Technologies, Inc. v. Proxi 10/8/04 D.C. W.D. Pennsylvania (Rtz) Doc. No. 04-CV-1544		

COPENDING OFFICE PROCEEDINGS	
TYPE OF PROCEEDING	NUMBER
1. <i>Reexam</i>	<i>90/007,402</i>
2. <i>Reexam</i>	<i>90/007,403</i>
3. <i>Pending Pending Applicant</i>	<i>09/286,892</i>
4.	



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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
90/007,407	01/31/2005	5966440	NAPSP003	4782

7590 03/18/2005  
Ansel M. Schwartz  
Attorney At Law  
One Sterling Plaza  
201 North Craig Street, Suite 304  
Pittsburgh, PA 15213

EXAMINER  
*Lauier, Benjamin*

ART UNIT PAPER NUMBER

*2132*

DATE MAILED: 03/18/2005

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Washington, D.C. 20231

APPLICATION NO./ CONTROL NO.	FILING DATE	FIRST NAMED INVENTOR / PATENT IN REEXAMINATION	ATTORNEY DOCKET NO.
90/007,407	01/31/2005	5966440	NAPSP003

Albert S. Penilla  
MARTINE PENILLA & GENCARELLA LLP  
710 Lakeway Drive, Suite 200  
Sunnyvale, CA 94085

EXAMINER

Lanier, Benjamin

ART UNIT      PAPER

2132

DATE MAILED: 03/18/05

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Commissioner of Patents and Trademarks

CC: Ansel M. Schwartz  
201 N. Craig Street, Suite 304  
Pittsburgh, PA 15213



UNITED STATES PATENT AND TRADEMARK OFFICE

Commissioner for Patents  
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**EX PARTE REEXAMINATION COMMUNICATION TRANSMITTAL FORM**

REEXAMINATION CONTROL NO. 90/007,407.

PATENT NO. 5,966,440.

ART UNIT 2132.

Enclosed is a copy of the latest communication from the United States Patent and Trademark Office in the above identified *ex parte* reexamination proceeding (37 CFR 1.550(f)).

Where this copy is supplied after the reply by requester, 37 CFR 1.535, or the time for filing a reply has passed, no submission on behalf of the *ex parte* reexamination requester will be acknowledged or considered (37 CFR 1.550(g)).

<b>Order Granting / Denying Request For Ex Parte Reexamination</b>	Control No. 90/007,407	Patent Under Reexamination 5966440	
	Examiner Benjamin E Lanier	Art Unit 2132	

**--The MAILING DATE of this communication appears on the cover sheet with the correspondence address--**

The request for *ex parte* reexamination filed 31 January 2005 has been considered and a determination has been made. An identification of the claims, the references relied upon, and the rationale supporting the determination are attached.

Attachments: a)  PTO-892,      b)  PTO-1449,      c)  Other: \_\_\_\_\_

1.  The request for *ex parte* reexamination is GRANTED.

**RESPONSE TIMES ARE SET AS FOLLOWS:**

For Patent Owner's Statement (Optional): TWO MONTHS from the mailing date of this communication (37 CFR 1.530 (b)). **EXTENSIONS OF TIME ARE GOVERNED BY 37 CFR 1.550(c).**

For Requester's Reply (optional): TWO MONTHS from the **date of service** of any timely filed Patent Owner's Statement (37 CFR 1.535). **NO EXTENSION OF THIS TIME PERIOD IS PERMITTED.** If Patent Owner does not file a timely statement under 37 CFR 1.530(b), then no reply by requester is permitted.

2.  The request for *ex parte* reexamination is DENIED.

This decision is not appealable (35 U.S.C. 303(c)). Requester may seek review by petition to the Commissioner under 37 CFR 1.181 within ONE MONTH from the mailing date of this communication (37 CFR 1.515(c)). **EXTENSION OF TIME TO FILE SUCH A PETITION UNDER 37 CFR 1.181 ARE AVAILABLE ONLY BY PETITION TO SUSPEND OR WAIVE THE REGULATIONS UNDER 37 CFR 1.183.**

In due course, a refund under 37 CFR 1.26 ( c ) will be made to requester:

- a)  by Treasury check or,  
b)  by credit to Deposit Account No. \_\_\_\_\_, or  
c)  by credit to a credit card account, unless otherwise notified (35 U.S.C. 303(c)).

cc: Requester ( if third party requester )

## DETAILED ACTION

### *Reexamination*

1. The patent owner is reminded of the continuing responsibility under 37 CFR 1.565(a) to apprise the Office of any litigation activity, or other prior or concurrent proceeding, involving Patent No. 5,966,440 throughout the course of this reexamination proceeding. The third party requester is also reminded of the ability to similarly apprise the Office of any such activity or proceeding throughout the course of this reexamination proceeding. See MPEP §§ 2207, 2282 and 2286.
2. A substantial new question of patentability affecting claims 1-63 of United States Patent Number 5,966,440 ("the '440 patent") is raised by the request for *ex parte* reexamination.
3. The prior art cited by the third party, specifically Gallagher (GB 2,178,275 A) and Gremillet (U.S. Patent No. 4,499,568), were not previously cited or considered by the Examiner during the prosecution of the '440 patent or its parent application. Gallagher teaches a method, system and apparatus for transferring recorded digital audio and video data between a source unit, a database housed by a record company and end user units. Gremillet discloses a process and system for vending digital audio and video information over telecommunication lines between a first memory of a first party and second memory of a second party. A reasonable examiner would consider the Gallagher and Gremillet references important in deciding whether or not the claims are patentable.
4. The Freeny (U.S. Patent No. 4,528,643) prior art reference raises a substantial new question of patentability based on an intervening decision by the Federal Circuit reversing the claim construction of Freeny which cause the Freeny reference to be viewed in a new light as

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compared with its use in the earlier concluded examinations. A reasonable examiner would consider the Freeny reference, in view of the new light, important in deciding whether or not the claims are patentable.

5. Extensions of time under 37 CFR 1.136(a) will not be permitted in these proceedings because the provisions of 37 CFR 1.136 apply only to "an applicant" and not to parties in a reexamination proceeding. Additionally, 35 U.S.C. 305 requires that *ex parte* reexamination proceedings "will be conducted with special dispatch" (37 CFR 1.550(a)). Extensions of time in *ex parte* reexamination proceedings are provided for in 37 CFR 1.550(c).

6. In order to ensure full consideration of any amendments, affidavits or declarations, or other documents as evidence of patentability, such documents must be submitted in response to this Office action. Submissions after the next Office action, which is intended to be a final action, will be governed by the requirements of 37 CFR 1.116, which will be strictly enforced.

7. The request for *Ex Parte* Reexamination of U.S. Patent No. 5,966,440 is **GRANTED**.

8. All claims 1-63 will be examined in this reexamination proceeding.

#### ***Conclusion***

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Benjamin E Lanier whose telephone number is 571-272-3805.

The examiner can normally be reached on M-Th 7:30am-5:00pm, F 7:30am-4pm.

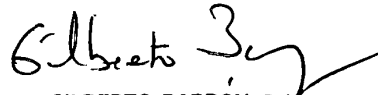
If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Gilberto Barron can be reached on 571-272-3799. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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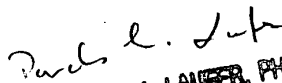
Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Benjamin E. Lanier



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