UNITED STATES PATENT AND TRADEMARK OFFICE
_____

BEFORE THE PATENT TRIAL AND APPEAL BOARD
_____

APPLE INC.
Petitioner

v.

SIGHTSOUND TECHNOLOGIES, LLC
Patent Owner
_____

Case CBM2013-00021
Patent 5,966,440

Before MICHAEL P. TIERNEY, JUSTIN T. ARBES, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges.*

Opinion for the Board filed by *Administrative Patent Judge* ARBES.

Opinion Concurring filed by *Administrative Patent Judge* TIERNEY.

ARBES, *Administrative Patent Judge.*

DECISION
Institution of Covered Business Method Review
37 C.F.R. § 42.208

Petitioner Apple Inc. filed a Corrected Petition (Paper 6) ("Pet.") to institute a covered business method review of claims 1, 64, and 95 of Patent 5,966,440 (the "'440 patent") pursuant to 35 U.S.C. § 321 *et seq.* Patent Owner SightSound Technologies, LLC filed a preliminary response ("Prelim. Resp."). We have jurisdiction under 35 U.S.C. § 324. For the reasons that follow, the Board has determined not to institute a covered business method review.[1]

I. BACKGROUND

The standard for instituting a covered business method review is set forth in 35 U.S.C. § 324(a):

> THRESHOLD—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Petitioner challenges claims 1, 64, and 95 as unpatentable under 35 U.S.C. § 101 and as unpatentable for obviousness-type double patenting. Pet. 37-79. We deny the Petition as discussed below.

A. The '440 Patent (Ex. 1201)

The '440 patent, entitled "System and Method for Transmitting Desired Digital Video or Digital Audio Signals," issued on October 12, 1999 based on Application 08/471,964, filed June 6, 1995. The '440 patent is a continuation of Application 08/023,398, filed February 26, 1993 and

---

[1] In a decision entered concurrently, a covered business method review of the '440 patent is being instituted in Case CBM2013-00023.
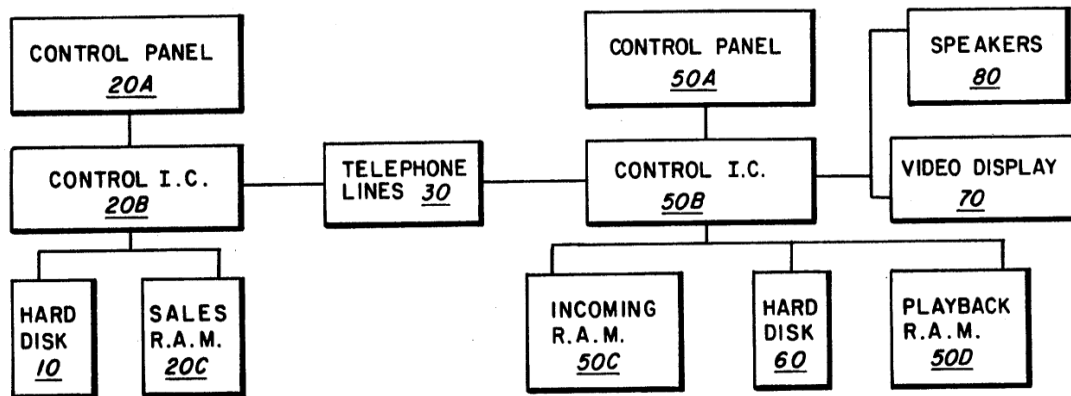
abandoned subsequently, which is a continuation of Application 07/586,391, filed September 18, 1990 and issued as Patent 5,191,573 (the "'573 patent"), which is a file wrapper continuation of Application 07/206,497, filed June 13, 1988. Claims 1, 2, 4, and 5 of the '573 patent are the subject of Cases CBM2013-00019 (grounds based on 35 U.S.C. §§ 101 and 112) and CBM2013-00020 (grounds based on 35 U.S.C. §§ 102 and 103). The Specification of the '440 patent includes additional disclosure not part of the '573 patent specification. *See, e.g.*, Ex. 1201, col. 6, l. 20-col. 8, l. 42.

The '440 patent was previously the subject of an *ex parte* reexamination (Control No. 90/007,407) requested by Napster, Inc. on January 31, 2005. Claim 1 of the '440 patent was amended during reexamination and determined to be patentable as amended. Ex. 1201 at 13-35 (reexamination certificate issued July 27, 2010). Claims 64 and 95, which were added during the reexamination, also were determined to be patentable. *Id.* Claims 1, 64, and 95 of the '440 patent also are the subject of Case CBM2013-00023 (grounds based on 35 U.S.C. §§ 102 and 103).

The '440 patent relates to a "system and associated method for the electronic sales and distribution of digital audio or video signals." Ex. 1201, col. 1, ll. 16-21. The patent describes how three types of media used for storing music at the time of the invention—records, tapes, and compact discs—did not allow for music to be transferred easily and had various problems, such as low capacity and susceptibility to damage during handling. *Id.*, col. 1, l. 24-col. 2, l. 21. The patent discloses storing "Digital Audio Music" (i.e., music encoded into binary code) on a computer hard disk and selling and distributing such music electronically. *Id.*, col. 1, ll. 58-61; col. 2, ll. 22-48.

Figure 1 of the '440 patent is reproduced below:


```
┌──────────────┐                          ┌──────────────┐    ┌──────────────┐
│ CONTROL PANEL│                          │ CONTROL PANEL│    │  SPEAKERS    │
│     20A      │                          │     50A      │    │     80       │
└──────────────┘                          └──────────────┘    └──────────────┘
┌──────────────┐   ┌──────────────┐       ┌──────────────┐    ┌──────────────┐
│ CONTROL I.C. │───│  TELEPHONE   │───────│ CONTROL I.C. │    │ VIDEO DISPLAY│
│     20B      │   │  LINES  30   │       │     50B      │    │     70       │
└──────────────┘   └──────────────┘       └──────────────┘    └──────────────┘
┌──────┐ ┌──────┐            ┌──────────┐ ┌──────┐ ┌──────────┐
│ HARD │ │SALES │            │ INCOMING │ │ HARD │ │ PLAYBACK │
│ DISK │ │R.A.M.│            │ R.A.M.   │ │ DISK │ │ R.A.M.   │
│  10  │ │ 20C  │            │  50C     │ │  60  │ │  50D     │
└──────┘ └──────┘            └──────────┘ └──────┘ └──────────┘
```

FIG. 1

As shown in Figure 1 above, an agent authorized to sell and distribute "Digital Audio Music" has a control unit 20 (control panel 20a, control integrated circuit 20b, and sales random access memory chip 20c) and hard disk 10, which stores the music to be distributed. *Id.*, col. 3, l. 62-col. 4, l. 18. On the other side of the figure, a user has a control unit 50 (control panel 50a, control integrated circuit 50b, incoming random access memory chip 50c, and playback random access memory chip 50d), hard disk 60, video display unit 70, and speakers 80. *Id.*, col. 4, ll. 18-28. The agent and user are connected via telephone lines 30. *Id.*, col. 4, ll. 14-18. According to the '440 patent, control units 20 and 50 are "designed specifically to meet the teachings of this invention," but all other components shown in Figure 1 were "already commercially available." *Id.*, col. 4, ll. 34-40.

The patent describes a process by which a user transfers money "via telecommunications lines" to purchase music from the agent and the music is transferred electronically "via telecommunications lines" to the user and stored on the user's hard disk. *Id.*, col. 5, ll. 43-62. For example, a user may

provide a credit card number to charge a fee to the user's credit card account. *Id.*, col. 7, ll. 34-56. Control integrated circuits 20b and 50b regulate the electronic transfer. *Id.*, col. 4, ll. 45-63. The agent's sales random access memory chip 20c stores music temporarily so that it can be transferred to the user. *Id.* The user's incoming random access memory chip 50c stores music temporarily before storage in hard disk 60, and playback random access memory chip 50d stores music temporarily so that it can be played. *Id.* Once a song is stored in the user's hard disk 60, the user can select it among others in a visual display using control panel 50a and play it on speakers 80. *Id.*, col. 5, ll. 1-18. In addition to "Digital Audio Music," the patent contemplates "Digital Video" being sold and distributed electronically via the disclosed methods. *Id.*, col. 6, ll. 16-19.

B. Related Matters

The '440 patent was asserted previously in two district court litigations: *SightSound.com Inc. v. N2K, Inc. et al.*, W.D. Pa. Case No. 2:98-cv-00118-DWA (filed January 16, 1998) (the "N2K litigation"), and *SightSound Techs., LLC et al. v. Roxio, Inc. et al.*, W.D. Pa. No. 2:04-cv-01549-DWA (filed October 8, 2004). Pet. 14-15. Both cases settled prior to trial. *See* Ex. 2201. The '440 patent is being asserted currently against Petitioner in *SightSound Techs. LLC v. Apple Inc.*, W.D. Pa. Case No. 2:11-cv-01292-DWA (filed October 10, 2011) (the "Apple litigation"). Pet. 14-15. The Apple litigation has been stayed. Prelim. Resp. 8-9.

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

fastcase®
Smarter legal research.