

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC.,
Petitioner,

v.

CONTENTGUARD HOLDINGS, INC.,
Patent Owner.

Case CBM2015-00040
Patent 7,774,280 B2

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

ZECHER, *Administrative Patent Judge*.

DECISION

Institution of Covered Business Method Patent Review
35 U.S.C. § 324(a) and 37 C.F.R. § 42.208

I. INTRODUCTION

A. *Background*

Petitioner, Google Inc. (“Google”), filed a Petition (“Pet.”) requesting a review under the transitional program for covered business method patents of claims 1, 5, 11, 12, and 22 of U.S. Patent No. 7,774,280 B2 (“the ’280 patent,” Ex. 1001). Paper 1. Patent Owner, ContentGuard Holdings, Inc. (“ContentGuard”), timely filed a Preliminary Response (“Prelim. Resp.”). Paper 8.

We have jurisdiction under 35 U.S.C. § 324(a),¹ which provides that a covered business method patent review may not be instituted unless the information presented in the Petition demonstrates “that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” Taking into account the arguments presented in ContentGuard’s Preliminary Response, we determine that the information presented in the Petition establishes that claims 1, 5, and 11 are more likely than not unpatentable under 35 U.S.C. §§ 102(b) and 103(a). We, however, determine that the information presented in the Petition does not establish that claims 12 and 22 are more likely than not unpatentable. Pursuant to 35

¹ See Section 18(a)(1) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”), which provides that the transitional program for covered business method patents will be regarded as a post-grant review under Chapter 32 of Title 35 of the United States Code, and will employ the standards and procedures of a post-grant review, subject to certain exceptions.

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U.S.C. § 324 and § 18(a) of the AIA, we hereby institute a covered business method patent review only as to claims 1, 5, and 11 of the '280 patent.

B. Related Matters

The parties indicate that the '280 patent has been asserted in the following three district court cases: (1) *ContentGuard Holdings, Inc. v. Google Inc.*, No. 2:14-cv-00061-JRG-RSP (E.D. Tex); (2) *Google Inc. v. ContentGuard Holdings, Inc.*, No. 3:14-cv-00498-WHA (N.D. Cal.); and (3) *ContentGuard Holdings, Inc. v. Amazon.com Inc.*, No. 2:13-cv-01112-JRG (E.D. Tex.). Pet. 6–7; Paper 7, 1–2. In addition to this Petition, Google filed another Petition requesting a review under the transitional program for covered business method patents of a certain subset of claims in U.S. Patent No. 8,001,053 (Case CBM2015-00043). Pet. 7; Paper 7, 1.

C. Standing

Section 18 of the AIA governs the transitional program for covered business method patent reviews. Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with infringement of a covered business method patent. Google asserts that, because it has been sued for infringement of the '280 patent, it has standing to file its Petition. Pet. 8 (citing Ex. 1004). Based on the record before us, we agree.

D. The '280 Patent

The '280 patent, titled “System and Method for Managing Transfer of Rights using Shared State Variables,” issued August 10, 2010, from U.S. Patent Application No. 10/956,121, filed on October 4, 2004. Ex. 1001, at

[54], [45], [21], [22]. The '280 patent is a continuation-in-part of U.S. Patent Application No. 10/162,701, filed on June 6, 2002. *Id.* at [63]. The '280 patent also claims priority to the following provisional applications: (1) U.S. Provisional Application No. 60/331,624, filed on November 20, 2001; (2) U.S. Provisional Application No. 60/331,623, filed on November 20, 2001; (3) U.S. Provisional Application No. 60/331,621, filed on November 20, 2001; (4) U.S. Provisional Application No. 60/296,113, filed June 7, 2001; (5) U.S. Provisional Application No. 60/296,117, filed on June 7, 2001; and (6) U.S. Provisional Application No. 60/296,118, filed on June 7, 2001. *Id.* at [60].

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

The '280 patent purportedly addresses these problems by providing a method and system for transferring rights associated with an item—presumably a digital work—from a supplier to a consumer. Ex. 1001, 2:52–

55. The consumer obtains a set of rights associated with the digital work, which includes meta-rights specifying rights that may be derived therefrom. *Id.* at 2:55–57. If the consumer is entitled to the rights derived from the meta-rights, the disclosed invention then derives at least one right from the meta-rights. *Id.* at 2:58–60. The rights that may be derived from the meta-rights include at least one state variable based on the set of rights, which, in turn, may be used to determine a state of the derived right. *Id.* at 2:62–64.

E. Illustrative Claims

Claims 1 and 12 are the only independent claims challenged in this proceeding. Claim 1 is directed to a method for transferring rights associated with an item from a rights supplier to a rights consumer, whereas claim 12 is directed to a system for performing the same. Claims 5 and 11 directly depend from independent claim 1; and claim 22 directly depends from independent claim 12. Independent claims 1 and 12 are illustrative of the challenged claims and are reproduced below:

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

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

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

exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right, wherein the created right includes

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