IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE LLC and APPLE INC.,

Petitioners,

v.

CONTENTGUARD HOLDINGS, INC.,

Patent Owner.

Case CBM2015-00040[1]
Patent No. 7,774,280 B2

PATENT OWNER'S REMAND BRIEF

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Patent Trial and Appeal Board
U.S. Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

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

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I. Introduction

The invention described in U.S. Patent 7,774,280 ("the '280 patent") relates generally to computer security, with a focus on creating and distributing rights to use digital content. It applies to digital rights management activities that are not financial in nature. The '280 patent claims contain no language requiring the disclosed digital rights management methods or systems to be used in the practice, administration or management of a financial product or service.

Petitioners nevertheless challenged the '280 patent as a covered business method ("CBM") patent. In so doing, Petitioners assumed the burden of demonstrating that it is a CBM patent. AIA §18(d)(1); 37 C.F.R. §42.301(a).

A CBM patent is a patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service . . . ." and that is not a "patent[] for [a] technological invention[]." AIA §18(d)(1). Petitioners argued that the recited terms "rights supplier" and "rights consumer" in claim 1 are "economic terms," and pointed to the '280 specification, which describes embodiments where a rights consumer purchases rights from a rights supplier. (Paper 1 at 9-14.)

Endorsing Petitioners' argument, the Board broadly interpreted the CBM patent definition to encompass patents claiming activities that are incidental to

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financial activity or complementary to a financial activity. Applying that expansive definition, the Board held that claim 1 was a CBM claim. (Paper 34 at 7-14.)

On July 11, 2018 the Federal Circuit issued a decision, vacating and remanding the Final Written Decision. *Apple Inc. v. ContentGuard Holdings, Inc.*, 2018 U.S. App. LEXIS 19258, *8 (Fed. Cir. July 11, 2018) (nonprecedential). The Federal Circuit held that the Board applied the improper "incidental or complementary" standard to find that the '280 patent is a CBM patent. *Id.* at *6. The Federal Circuit directed the Board to determine whether the '280 patent qualifies as a CBM patent under the statutory definition without relying on the "incidental to" or "complementary to" standard. *Id.* at *8.

The Federal Circuit decision requires the Board to focus its CBM patent review eligibility on what the '280 patent claims. The '280 patent claims are context-neutral, can be used in numerous non-financial settings, and do not recite any financial activity. This places the '280 patent outside the scope of CBM review.

II. Argument

As the Federal Circuit recognized in in *Unwired Planet*, a patent does not become eligible for CBM patent review merely because its specification proposes using the invention to facilitate a financial activity:

> Likewise, it cannot be the case that a patent covering a method and corresponding apparatuses becomes a CBM patent because its practice could involve a potential sale of a good or service . . . It is not enough that a sale has occurred or may occur, or even that the specification

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speculates such a potential sale might occur.

Unwired Planet, LLC v. Google Inc., 841 F.3d 1376, 1382 (Fed. Cir. 2016). Instead, to qualify as a CBM patent a patent's claims must be "directed to" a method or apparatus "used in the practice, administration, or management of a financial product or service." *Id.*[2] As the Federal Circuit reiterated in this case, "the mere possibility that a patent can be used in financial transactions is not enough to make it a CBM patent." *ContentGuard Holdings,* 2018 U.S. App. LEXIS 19258, *7 (citing *Unwired Planet*, 841 F.3d at 1382). Because not a single '280 patent claim recites a business practice, the commercial distribution of digital content, the payment of a fee, or any other activity that is financial in nature, it does not qualify for CBM patent review.

The Board's expansion of the CBM eligibility standard to encompass patents that claim activities "incidental or complimentary to a financial activity" led to the erroneous conclusion that the '280 patent is a CBM patent. The Board based its conclusion on the specification, which includes embodiments involving the sale of digital content for a fee. The Federal Circuit held that the mere disclosure in the '280 patent specification of the potential for using the computer security technology of

[2] In *Secure Axcess, LLC v. PNC Bank Nat'l Ass'n*, the Federal Circuit clarified that "the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial activity element." 848 F.3d 1370, 1377, 1381 (Fed. Cir. 2017). That decision, however, has since been vacated as moot by the Supreme Court. *PNC Bank Nat. Ass'n v. Secure Axcess, LLC*, 138 S. Ct. 1982 (2018).

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the invention in connection with a sale of rights in digital content is not a sufficient basis to find it a CBM patent:

> Although the '280 patent describes embodiments where the claimed DRM system is used to monetize digital works, it also explains how the claimed invention can be used in ways that do not involve financial transactions. For instance, the specification describes how the claimed invention can manage healthcare records. '280 patent, col. 7, ll. 6–17. In one embodiment, patients can grant "meta-rights" to their hospitals, which allow their hospital to transfer specific access rights to a second hospital where the patient might need treatment. *Id.*. . . [W]e hold only that it is not enough for the specification to describe how the invention could, in some instances, be used to facilitate financial transactions.

Id. at *7.

The claims of the '280 patent are plainly non-financial. In its Final Written Decision, the Board observed that the preamble to the patent refers to transferring rights from a "rights supplier" to a "rights consumer." (Paper 34 at 11.) The Board then characterized claim 1 generally as being directed to controlling "the distribution or resale of rights associated with an item from a supplier to a consumer . . . ." (*Id.* at 14.). But the claim language is not directed to the resale of rights because it recites no sales related activity. The claim language does not require the sale or purchase of rights, making or accepting payment, or any other financial activity element. The claims refer only to "transferring rights," not selling or reselling them.

The transfer of rights from a rights supplier to a rights consumer is not inherently a financial activity. The phrase "transferring rights" means nothing more than rights being conveyed from one party to another. Many scenarios involving

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