

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZTE CORPORATION AND ZTE (USA) INC.,
Petitioner,

v.

CONTENTGUARD HOLDINGS, INC.,
Patent Owner.

Case IPR2013-00133
Patent 7,523,072 B2

Before JAMESON LEE, MICHAEL W. KIM, and
MICHAEL R. ZECHER, *Administrative Patent Judges*.

ZECHER, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. BACKGROUND

A. Introduction

On February 11, 2013, ZTE Corporation and ZTE (USA) Inc. (“ZTE”) filed a Petition requesting *inter partes* review of claims 1–25 (“the challenged claims”) of U.S. Patent No. 7,523,072 B2 (“the ’072 patent”). Paper 3. In response to a notice of defect(s) in the Petition, ZTE filed a corrected Petition (“Pet.”) on February 15, 2013.¹ Paper 10. ContentGuard Holdings Inc. (“ContentGuard”)² timely filed a Patent Owner Preliminary Response. Paper 13. Taking into account ContentGuard’s Preliminary Response, the Board determined that the information presented in the Petition demonstrated that there was a reasonable likelihood that ZTE would prevail in challenging claims 1–25 as unpatentable under 35 U.S.C. § 102(b). Pursuant to 35 U.S.C. § 314, the Board instituted this proceeding on July 1, 2013, as to the challenged claims of the ’072 patent. Paper 15 (“Dec.”).

After institution of trial, ContentGuard timely filed a Patent Owner Response (Paper 31, “PO Resp.”), and did not file a motion to amend. ZTE subsequently filed a Reply. Paper 38 (“Pet. Reply”). A consolidated oral hearing for IPR2013-00133, IPR2013-00137, IPR2013-00138, and IPR2013-00139, each involving the same parties, was held on February 26 and 27, 2014. The transcript of the consolidated hearing has been entered into the record. Papers 58–60.

¹ The term “the Petition” in this final written decision refers to the corrected petition unless indicated otherwise.

² The mandatory notice filed pursuant to 37 C.F.R. § 42.8(b)(1) indicates that ContentGuard Holdings, Inc. and Pendrell Corporation are the real parties-in-interest. Paper 12, 2.

We have jurisdiction under 35 U.S.C. § 6(c). This final written decision is issued pursuant to 35 U.S.C. § 318(a). Based on the record before us, ZTE has not demonstrated by a preponderance of the evidence that the challenged claims of the '072 patent are unpatentable.

B. Related Proceedings

ZTE indicated that the '072 patent was asserted against it in a patent infringement lawsuit titled *ContentGuard Holdings Inc. v. ZTE Corp.*, No. 1:12-cv-0206-CMH-TCB, filed in the United States District Court for the Eastern District of Virginia on February 27, 2012. Pet. 1. According to ZTE, this patent infringement lawsuit was transferred to the United States District Court for the Southern District of California on May 21, 2012. *Id.* ContentGuard does not dispute that it asserted the '072 patent against ZTE. ZTE also filed five other petitions seeking *inter partes* review of the following patents owned by ContentGuard: U.S. Patent No. 7,225,160 (IPR2013-00134); U.S. Patent No. 7,359,884 (IPR2013-00136); U.S. Patent No. 6,963,859 (IPR2013-00137); U.S. Patent No. 7,139,736 (IPR2013-00138); and U.S. Patent No. 7,269,576 (IPR2013-00139). *Id.*

C. The Invention of the '072 Patent

The invention disclosed in the '072 patent generally relates to distributing and enforcing usage rights for digital works. Ex. 1001, 1:27–28. A digital work refers to any work that has been reduced to a digital representation, including any audio, video, text, or multimedia work, and any accompanying interpreter, e.g., software, which may be required to recreate or render the content of the digital work. Ex. 1001, 6:3–7. Usage rights refer to rights granted to a recipient of a digital work that define the manner in which a digital work may be used and distributed. Ex. 1001,

4:13–16; 6:9–12. According to the '072 patent, objectives of the disclosed invention include the following: (1) providing the owner of a digital work the flexibility to distribute the digital work as desired; and (2) a distribution system that transports a means for billing with the digital work. Ex. 1001, 3:15–17; 4:1–3.

The '072 patent discloses permanently attaching usage rights to the digital work. Ex. 1001, 6:16–17. Copies of the digital work also will have the usage rights attached thereto. Ex. 1001, 6:17–18. Therefore, any usage rights and associated fees assigned by the creator and subsequent distributor of the digital work always will remain with the digital work. Ex. 1001, 6:18–21. The '072 patent further discloses that repositories enforce the usage rights of digital works. Ex. 1001, 4:26–27; 6:22–23. In particular, repositories store digital works, control access to digital works, bill for access to digital works, and maintain the security and integrity of the digital works stored therein. Ex. 1001, 6:23–26.

Figure 1 of the '072 patent, reproduced below, illustrates the basic operations of the disclosed invention. Ex. 1001, 4:52–54; 6:38–40.

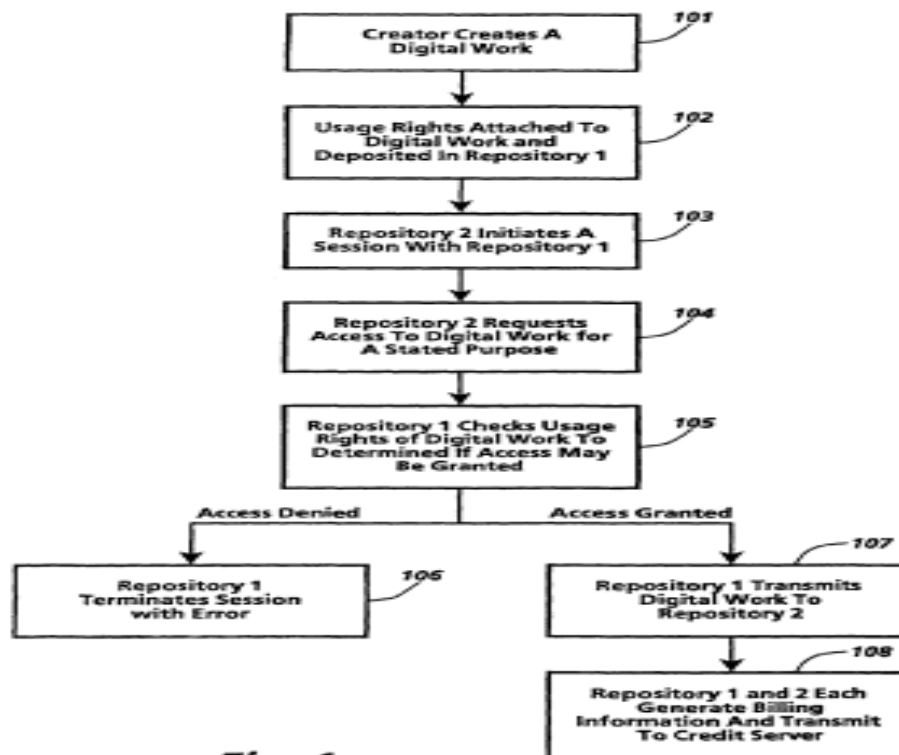


Fig. 1

As shown in step 101 of Figure 1 of the '072 patent, a creator creates a digital work. Ex. 1001, 6:40–41. At step 102, the creator determines the appropriate usage rights and fees, attaches them to the digital work, and stores the digital work with the associated usage rights and fees in repository 1. Ex. 1001, 6:41–43. At step 103, repository 1 receives a request to access the digital work from repository 2. Ex. 1001, 6:46–48. Such a request, or session initiation, includes steps that help ensure that repository 1 and repository 2 are trustworthy. Ex. 1001, 6:48–51. At step 104, repository 2 requests access to the digital work stored in repository 1 for a stated purpose, e.g., to print the digital work or obtain a copy of the digital work. Ex. 1001, 6:51–55. At step 105, repository 1 checks the usage rights associated with the digital work stored therein to determine if access to the digital work may be granted. Ex. 1001, 6:56–58. At step 106, if

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