

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 IPR2013-00139
Patent 7,269,576 B2

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

LEE, *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 12, 2013, Petitioner (“ZTE”) filed a Petition for *inter partes* review of claims 1-36 of U.S. Patent No. 7,269,576 B2 (“the ’576 patent”). Paper 2. Petitioner filed a Revised Petition (“Pet.”) on February 15, 2013.¹ Paper 9. On July 9, 2013, the Board instituted trial for claims 18-21, 25-28, and 31-36, under 35 U.S.C. § 102(b), as anticipated by European Patent Publication 0 268 139 (“EP ’139”). Paper 15 (“Dec.”).

After institution of trial, Patent Owner (“ContentGuard”)² filed a Patent Owner Response (Paper 33, “PO Resp.”), and did not file a Motion to Amend Claims. ZTE subsequently filed a Reply. Paper 39 (“Reply”).

A consolidated oral hearing for IPR2013-00133, IPR2013-00137, IPR2013-00138, and IPR2013-00139, each involving the same Petitioner and Patent Owner, was held on February 26 and 27, 2014. The transcript of the consolidated hearing has been entered into the record. Papers 54-56.

We have jurisdiction under 35 U.S.C. § 6(c). This final written decision is issued pursuant to 35 U.S.C. § 318(a).

¹ Hereinafter, all use of the term “the Petition” in this decision refers to the Revised Petition unless indicated otherwise.

² The mandatory notices filed pursuant to 37 C.F.R. § 42.8(b)(1) indicate that ContentGuard Holdings, Inc. and Pendrell Corporation are real parties-in-interest. Paper 11, 2.

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Claims 18-21, 25-28, and 31-36 of the '576 Patent have not been proved unpatentable.

B. Related Proceedings

ZTE indicates that the '576 patent is involved in co-pending litigation titled *ContentGuard Holdings Inc. v. ZTE Corp. et al.*, No. 3:12-cv-01226 (S.D. Cal.). Pet. 1. ZTE also filed five other petitions seeking *inter partes* review of the following patents of ContentGuard: U.S. Patent No. 7,523,072 (IPR2013-00133); 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); and U.S. Patent No. 7,139,736 (IPR2013-00138). *Id.*

C. The '576 Patent

The subject matter of the '576 patent relates to the distribution of digitally encoded works and the enforcement of usage rights. Ex. 1001, 1:5-6. According to the '576 patent, an issue facing the publishing and information industries is how to prevent the unauthorized and unaccounted distribution or usage of electronically published materials. *Id.* at 1:10-13. In particular, a major concern, according to the '576 patent, is the ease with which electronically published works can be “perfectly” reproduced and distributed. *Id.* at 1:24-25. According to the '576 patent, one way to curb unaccounted distribution is to prevent unauthorized copying and transmission. *Id.* at 1:44-46. Another way, according to the '576 patent, is to distribute software which requires a “key” to enable its use. *Id.* at 1:60-61. The '576 patent discloses that, although such distribution and protection schemes prevent unauthorized distributions, they do so by sacrificing the

potential for subsequent revenue bearing uses. *Id.* at 2:56-60. For example, the '576 patent discloses that it may be desirable to allow the lending of a purchased work to permit exposure of the work to potential buyers, permit the creation of a derivative work for a fee, or permit copying the work for a fee. *Id.* at 2:60-65. The '576 patent discloses that it solves these problems by both permanently attaching usage rights to digital works, and by placing elements in repositories, which store and control the digital works and enforce the usage rights associated therewith. *Id.* at 3:53-4:15.

Figure 1 of the '576 patent is reproduced below:

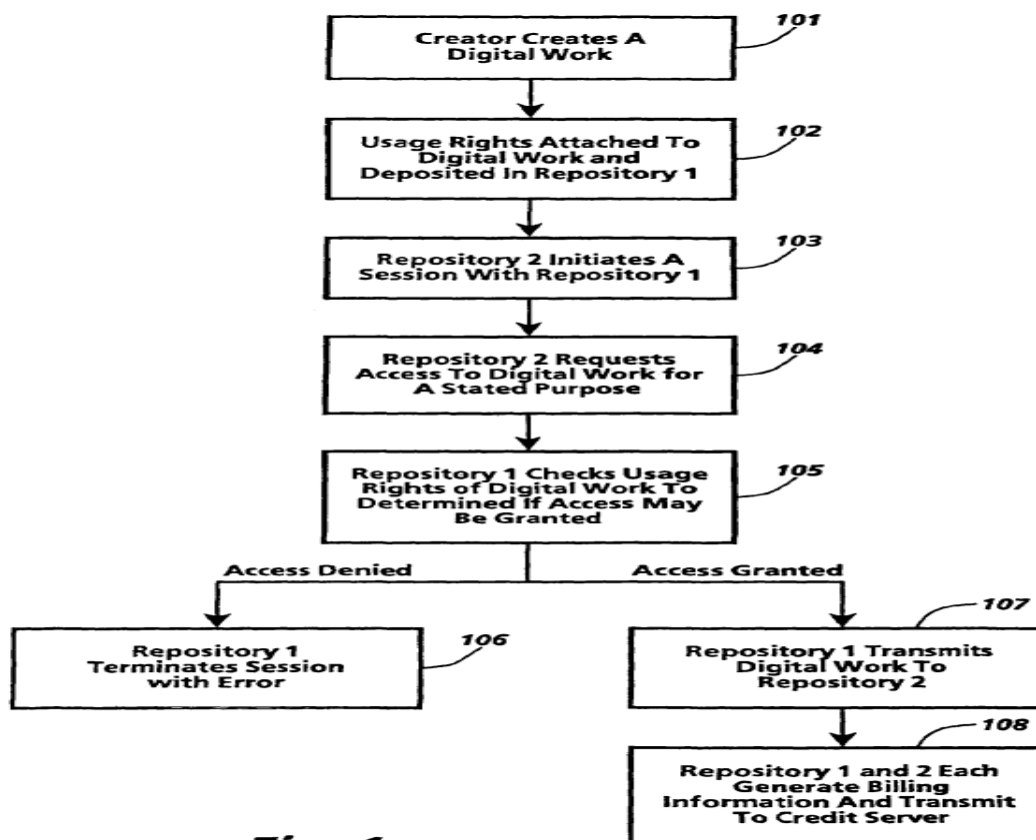


Figure 1 illustrates the basic operations of the disclosed invention.

According to the embodiment of Figure 1, at step 101, a creator creates a digital work. Ex. 1001, 7:1-2. 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. *Id.* at 7:2-7. At step 103, repository 1 receives a request to access the digital work from repository 2. *Id.* at 7:7-9. Such a request, or session initiation, includes steps that help ensure that repository 1 and repository 2 are trustworthy. *Id.* at 7:7-12. 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. *Id.* at 7:13-17. At step 105, repository 1 checks the usages rights associated with the digital work stored therein to determine if access to the digital work may be granted. *Id.* at 7:17-24. At step 106, if access is denied, repository 1 terminates the session with repository 2 by transmitting an error message. *Id.* at 7:24-25. At step 107, if access is granted, repository 1 transmits the digital work to repository 2. *Id.* at 7:25-27. At step 108, both repository 1 and 2 generate billing information prior to transmitting the billing information to a credit server. *Id.* at 7:27-30. The use of both repositories 1 and 2 for billing prevents attempts to circumvent the billing process. *Id.* at 7:30-31.

One embodiment described in the '576 patent relates to enforcing usage rights in rendering systems. Ex. 1001, 8:16-67. Rendering systems are systems that can render a digital work into its desired form, such as by printing a file on a printer or executing a software program in a processor.

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