UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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ZTE CORPORATION AND ZTE (USA) INC.
Petitioners

v.

CONTENTGUARD HOLDINGS INC.
Patent Owner

———————

Case IPR2013-00133
U.S. Patent No. 7,523,072

———————

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

ZECHER, *Administrative Patent Judge*

DECISION
Institution of *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

ZTE Corporation and ZTE (USA) Inc. ("ZTE") filed a corrected petition ("Pet.") requesting *inter partes* review of claims 1-25 of U.S. Patent No. 7,523,072 ("the '072 patent"). Paper 10. In response, Patent Owner, ContentGuard Holdings Inc. ("ContentGuard"), filed a preliminary response ("Prel. Resp."). Paper 13. We have jurisdiction under 35 U.S.C. § 314.

The standard for instituting an *inter partes* review is set forth in 35 U.S.C. § 314(a), which provides:

> THRESHOLD -- The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

For the reasons set forth below, we conclude that the information presented in the petition demonstrates that there is a reasonable likelihood that ZTE will prevail in establishing claims 1-25 as unpatentable. Pursuant to 35 U.S.C. § 314, we hereby authorize an *inter partes* review to be instituted as to claims 1-25 of the '072 patent.

A. Related Matters

ZTE indicates that the '072 patent was asserted against it in *ContentGuard Holdings Inc. v. ZTE Corp. et al.,* Civil Action No. 1:12-cv-0206-CMH-TCB, filed in the U.S. 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 U.S. 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: 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). Pet. 1.

B. The Invention of the '072 Patent (Ex. 1001)

The invention of 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, the disclosed invention: (1) provides the owner of a digital work the flexibility to distribute the digital work as desired; and (2) includes 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 illustrates the basic operations of the disclosed invention. Ex. 1001, 4:52-54; 6:38-40. Figure 1 of the '072 patent is reproduced below:
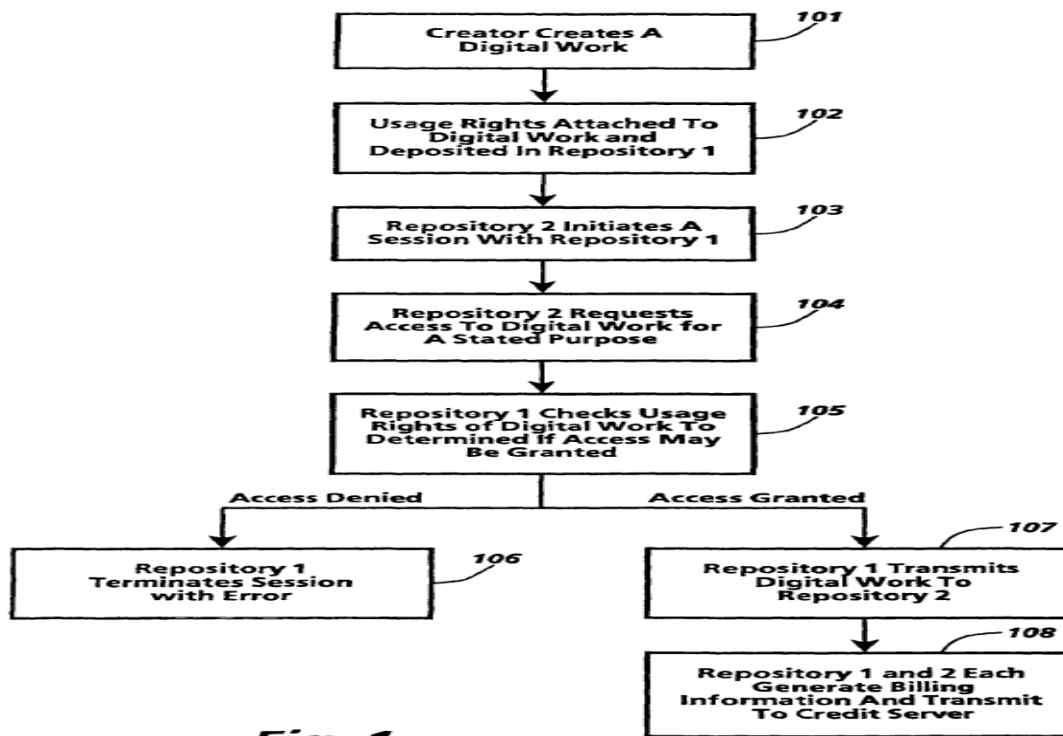

Fig. 1

Figure 1 illustrates the basic operations of repositories 1 and 2.

At step 101, 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 usages 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 access is denied, repository 1 terminates the session with repository 2 by transmitting an error message. Ex. 1001, 6:62-63. At step 107, if access is granted, repository 1 transmits the digital work to repository 2. Ex. 1001, 6:63-65. At step 108, both repository 1 and 2 generate billing information prior to transmitting the billing information to a credit server. Ex. 1001, 6:65-7:1. The use of both repositories 1 and 2 for billing prevents attempts to circumvent the billing process. Ex. 1001, 7:1-2.

Figure 2 of the '072 patent illustrates the various types of repositories and the transaction flow between them. Ex. 1001, 4:55-57; 7:3-6. Figure 2 of the '072 patent is reproduced below:

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