

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.
Petitioner,

v.

CONTENTGUARD HOLDINGS, INC.,
Patent Owner.

Case IPR2015-00353
Patent 7,774,280 B2

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

BRADEN, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
35 U.S.C. § 312(a)(4) and 37 C.F.R. § 42.108

I. INTRODUCTION

A. Background

Apple Inc. (“Petitioner”) filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1–5, 8, 11–16, 19, 22, 24–28, 31, and 34 of U.S. Patent No. 7,774,280 B2 (Ex. 1001, “the ’280 patent”). ContentGuard Holdings, Inc. (“Patent Owner”) timely filed a Preliminary Response (Paper 8, “Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314(a), which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

Upon consideration of the Petition and Patent Owner’s Preliminary Response, we conclude Petitioner has not established a reasonable likelihood it would prevail with respect to at least one of the challenged claims. Accordingly, we deny the Petition.

B. Related Matters

The ’280 patent has been asserted in the following three district court cases: (1) *ContentGuard Holdings, Inc. v. Amazon.com Inc., et al.*, No. 2:13-cv-01112-JRG (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. Google Inc.*, No. 2:14-cv-00061-JRG-RSP (E.D. Tex). Pet. 1; Paper 7, 2. In addition to this Petition, Petitioner filed seven other Petitions challenging the patentability of a certain subset of claims in the following patents owned by Patent Owner: (1) the ’280 patent (Cases IPR2015-00351, IPR2015-00352, and IPR2015-00354); and (2) U.S. Patent No. 8,001,053 B2 (Cases IPR2015-00355, IPR2015-00356, IPR2015-00357, and IPR2015-00358). Pet. 2; Paper 7, 1.

C. 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 (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. 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. 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.

D. Illustrative Claim

Claims 1, 12, and 24 are independent claims and are 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; claim 12 is directed to a system for performing the same, and claim 24 is directed to a device for performing the same. Claims 2–5, 8, and 11 directly depend from independent claim 1; claims 13–16, 19, and 22 directly depend from independent claim 12, and claims 25–28, 31, and 34 directly depend from independent claim 12. Independent claim 1 is illustrative of the '280 patent and is 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 at least one state variable based on the set of rights and used for determining a state of the created right.

Ex. 1001, 15:7–22.

E. The Evidence of Record

Petitioner relies upon the following references, as well as the Declaration of Atul Prakash, Ph.D. (Ex. 1003):

Reference	Patent/Printed Publication	Date	Exhibit
England	US Patent No. 6,327,652 B1	Dec. 4, 2001	Ex. 1009
Gruse	US Patent No. 6,389,538 B1	May 14, 2002	Ex. 1008
Wiggins	US Patent No. 5,717,604	Feb. 10, 1998	Ex. 1011

F. The Asserted Grounds of Unpatentability

Petitioner challenges the patentability of claims 1–5, 8, 11–16, 19, 22, 24–28, 31, and 34 of the '280 patent based on the following grounds:

References	Basis	Claims Challenged
England	§ 103(a) ¹	1–5, 8, 11–16, 19, 22, 24–28, 31, and 34
England and Gruse	§ 103(a)	1–5, 8, 11–16, 19, 22, 24–28, 31, and 34
England and Wiggins	§ 103(a)	1–5, 8, 11–16, 19, 22, 24–28, 31, and 34

¹ The America Invents Act (“AIA”), Pub. L. No. 112-29, took effect on March 18, 2013. Because the application from which the '280 patent issued was filed before that date, our citations to Title 35 are to its pre-AIA version.

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