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.

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Case IPR2013-00136
Patent 7,359,884

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

KIM, *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 petition requesting an *inter partes* review of claims 1-11, 13-22, 27-37, 39-48, and 53-70 of U.S. Patent No. 7,359,884 (Ex. 1001, "the '884 patent"). (Paper 4, "Pet.") The patent owner, ContentGuard Holdings, Inc. ("ContentGuard") filed a preliminary response. (Paper 9, "Prel. Resp.") 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 as follows:

> 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.

Upon consideration of the petition and patent owner preliminary response, we determine that the information presented in the petition establishes that there is a reasonable likelihood that ZTE would prevail with respect to claims 1-8, 14-22, and 55-62 of the '884 patent. Accordingly, we grant the petition and institute an *inter partes* review of these claims.

A. Related Proceedings

ZTE indicates that the '884 patent is involved in co-pending litigation captioned *ContentGuard Holdings Inc. v. ZTE Corp. et al.*, Case No. 3:12-cv-01226 (S.D. Cal.). (Pet. 1.)

ZTE also filed five other petitions seeking *inter partes* review of the following patents: U.S. Patent No. 7,523,072 (IPR2013-00133); U.S. Patent No. 7,225,160 (IPR2013-00134); 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 '884 Patent

The subject matter of the '884 patent relates to controlling use of content through usage rights associated with the content. (Ex. 1001, 1:19-23.) According to the '884 patent, an issue concerning the widespread distribution of digital content is providing the ability to enforce the intellectual property rights during the distribution and use of the digital content. (Ex. 1001, 1:25-31.) This issue arises due to the nature of digital content, which easily is copied, modified, and redistributed unprotected with high quality. (Ex. 1001, 1:43-47.) According to the '884 patent, technologies for resolving these problems are referred to as Digital Rights Management ("DRM"). (Ex. 1001, 1:31-32.) Issues to be considered in effecting DRM include authentication, authorization, accounting, payment and financial clearing rights, rights specification, rights verification, rights enforcement, and document protection issues, to name a few. (Ex. 1001, 1:33-37.) One such DRM system, includes repositories, where a predetermined set of usage transaction steps define a protocol used by the repositories for enforcing usage rights associated with the content. (Ex. 1001, 1:49-55.) The usage rights persist with the content, and can permit various manners of use of the content, such as a right to view, print or display the content, a right to use the content only once, a

right to distribute or redistribute the content. (Ex. 1001, 1:55-60.) Such usage rights can be made contingent on payment or other conditions. (Ex. 1001, 1:60-61.) According to the '884 patent, the disclosed invention expresses usage rights for content based on modulated or varied signals or graphical representations of the usage rights. (Ex. 1001, 1:65-2:2.)

C. Exemplary Claims

Of the challenged claims, claims 1 and 27 are independent claims. Independent claim 1 is directed to a computer implemented method, while independent claim 27 is directed to a system. Claims 2-11, 13-22, and 55-62 directly or indirectly depend from claim 1, and claims 28-37, 39-48, 53-54, and 63-70 directly or indirectly depend from claim 27. Claims 1 and 27 are exemplary of the claimed subject matter of the '884 patent, and are reproduced as follows, with limitations key to our analysis bolded for emphasis:

> 1. A computer implemented method for processing a rights expression for association with an item for use in a digital rights management system for controlling the use of the item in accordance with the rights expression, said method comprising:
>
> specifying in a license a rights expression in an original format; and
>
> ***generating an intermediate format for said rights expression based on at least one of syntax information and semantics information associated with said original format,***
>
> wherein said rights expression specifies a manner of use of said item for enforcement on a device, and
>
> said rights expression is encoded with a grammar-based expression language, and
>
> said intermediate format is for controlling the use of said item in accordance with the manner of use specified in said rights

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expression.

27. A system for processing a rights expression for association with an item for use in a digital rights management system for controlling the use of the item in accordance with the rights expression, said system comprising:

a license specifying a rights expression in an original format; and

means for generating an intermediate format for said rights expression based on at least one of syntax information and semantics information associated with said original format, grammar-based language

wherein said rights expression specifies a manner of use of said item for enforcement on a device, and

said rights expression is encoded with a grammar-based expression language, and

said intermediate format is for controlling the use of said item in accordance with the manner of use specified in said rights expression.

D. Prior Art Relied Upon

ZTE relies upon the following prior art references:

Messerges et al.	U.S. Pat. Pub. 2002/0157002 A1		
		Oct. 24, 2002	(Ex. 1013)
Safadi	U.S. Pat. Pub. 2003/0126086		
		Jul. 3, 2003	(Ex. 1014)
Erickson et al.	U.S. Pat. Pub. 2003/0046093 A1		
		Mar. 6, 2003	(Ex. 1015)
Daniele	U.S. Patent 5,444,779	Aug. 22, 1995	(Ex. 1016)
Stefik et al.	U.S. Patent 5,629,980	May 13, 1997	(Ex. 1017)
Hall et al.	U.S. Patent 5,920,861	Jul. 6, 1999	(Ex. 1018)

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