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 Owners.

_____

Case IPR2013-00137
Patent 6,963,859

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

KIM, *Administrative Patent Judge*.

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

I.   BACKGROUND

A.   Introduction

Petitioners ("ZTE") filed a corrected Petition for *inter partes* review of claims 1-84 of U.S. Patent No. 6,963,859 ("the '859 patent"). Paper 12 ("Pet."). The Patent Owner ("ContentGuard") timely filed a Patent Owner Preliminary Response. Paper 16 ("Prel. Resp.") On July 1, 2013, the Board instituted trial for claims 1-5, 9-11, 15-17, 19, 21-33, 37, 38, 42-44, 46, 48-62, 66, 67, 71-73, 75, and 77-84, under 35 U.S.C. § 102(e), as anticipated by U.S. Patent No. 5,588,146 to Leroux (Ex. 1011). Paper 17 ("Dec.").

After institution of trial, Patent Owners ("ContentGuard")[1] filed a Patent Owner Response (Paper 34, "PO Resp."), but did not file a motion to amend. Petitioner 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 Petitioners and Patent Owners, was held on February 26 and 27, 2014. The transcript of the consolidated hearing has been entered into the record. Papers 55-57.

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

Claims 1-5, 9-11, 15-17, 19, 21-33, 37, 38, 42-44, 46, 48-62, 66, 67, 71-73, 75, and 77-84 of the '859 patent are not *unpatentable*.

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[1] The mandatory notices filed pursuant to 37 C.F.R. § 42.8(b)(1) indicate that both ContentGuard Holdings, Inc. and Pendrell Corporation are the real parties in interest. Paper 15, 2.

B.   *Related Proceedings*

ZTE indicates that the '859 patent is involved in co-pending district court case titled *ContentGuard Holdings Inc. v. ZTE Corp.*, 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. 7,139,736 (IPR2013-00138); and U.S. Patent No. 7,269,576 (IPR2013-00139). *Id.*

C.   *The '859 patent*

The subject matter of the '859 patent relates to distribution of and usage rights enforcement for digitally encoded works. Ex. 1001, 1:12-13. According to the '859 patent, an issue facing the publishing and information industries is how to prevent the unauthorized and unaccounted distribution or usage of electronically published materials. Ex. 1001, 1:16-19. In particular, a major concern is the ease in which electronically published works can be "perfectly" reproduced and distributed. Ex. 1001, 1:30-31. One way to curb unaccounted distribution is to prevent unauthorized copying and transmission. Ex. 1001, 1:49-51. Another way is to distribute software, which requires a "key" to enable its use. Ex. 1001, 1:65-66. However, the '859 patent discloses that, although such distribution and protection schemes prevent unauthorized distributions, it does so by sacrificing the potential for subsequent revenue bearing uses. Ex. 1001, 2:61-65. For example, the '859 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. Ex. 1001, 2:65-3:3. The '859 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, that enforce these usage rights. Ex. 1001, 6:11-21.

D.   *Illustrative Claim*

Claims 1, 29, and 58 are independent claims. Independent claims 1, 29, and 58 are directed to a system, a method, and a computer readable medium, respectively. Claims 2-28 directly or indirectly depend from claim 1, claims 30-57 directly or indirectly depend from claim 29, and claims 59-84 directly or indirectly depend from claim 58. Claims 1, 29, and 58 are exemplary of the claimed subject matter of the '859 patent, and are reproduced as follows (emphasis added):

> 1.   A rendering system adapted for use in a distributed system for managing use of content, said rendering system being operative to rendering content in accordance with usage rights associated with the content, said rendering system comprising:
>
> a rendering device configured to render the content; and
>
> a distributed ***repository*** coupled to said rendering device and including a requester mode of operation and server mode of operation,
>
> wherein the server mode of operation is operative to enforce usage rights associated with the content and permit the rendering device to render the content in accordance with a manner of use specified by the usage rights,

the requester mode of operation is operative to request access to content from another distributed repository, and

said distributed repository is operative to receive a request to render the content and permit the content to be rendered only if a manner of use specified in the request corresponds to a manner of use specified in the usage rights.

29. A rendering method adapted for use in a distributed system for managing use of content, and operative to render content in accordance with usage rights associated with the content, said method comprising:

configuring a rendering device to render the content;

configuring a distributed ***repository*** coupled to said rendering device to include a requester mode of operation and server mode of operation;

enforcing usage rights associated with the content and permitting the rendering device to render the content in accordance with a manner of use specified by the usage rights, when in the server mode of operation;

requesting access to content from another distributed repository, when in the requester mode of operation; and

receiving by said distributed repository a request to render the content and permitting the content to be rendered only if a manner of use specified in the request corresponds to a manner of use specified in the usage rights.

58. A computer readable medium including one or more computer readable instructions embedded therein for use in a distributed system for managing use of content, and operative

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