

UNITED STATES PATENT AND TRADEMARK OFFICE  
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BEFORE THE PATENT TRIAL AND APPEAL BOARD  
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APPLE INC.,  
ZTE CORPORATION and ZTE (USA) INC.,  
Petitioners,

v.

e-WATCH, INC.,  
Patent Owner.  
\_\_\_\_\_

Case IPR2015-00412  
Case IPR2015-01366<sup>1</sup>  
Patent 7,365,871 B2  
\_\_\_\_\_

Before JAMESON LEE, GREGG I. ANDERSON, and  
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

LEE, *Administrative Patent Judge*.

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

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<sup>1</sup> IPR2015-01366 has been joined with IPR2015-00412. There are two petitioners: (1) Apple Inc. and (2) ZTE Corporation and ZTE (USA) Inc.

## I. BACKGROUND

### A. Introduction

In IPR2015-00412, Apple Inc. (“Apple”) filed a petition (Paper 2, “Pet.”) to institute an *inter partes* review of claims 1–8 and 12–14 of U.S. Patent No. 7,365,871 B2 (Ex. 1001, “the ’871 patent”). eWatch, Inc. (“e-Watch”) filed a Preliminary Response (Paper 11). On May 11, 2015, we issued a Decision (Paper 12 “Inst. Dec.”) instituting trial on claims 1–8 and 12–14 of the ’871 patent. e-Watch filed a Patent Owner Response (Paper 19, “PO Resp.”), and Apple filed a Reply (Paper 30, “Reply”).

After institution of trial in IPR2015-00412, ZTE Corporation and ZTE (USA) Inc. (“ZTE”) filed a petition in IPR2015-01366 to institute an *inter partes* review of claims 1–8 and 12–14 of the ’871 patent on the same ground for which we instituted trial in IPR2015-00412, and also a Motion for Joinder to join IPR2015-01366 with IPR2015-00412. On September 16, 2015, we instituted trial in IPR2015-01366 and granted the Motion for Joinder, on the conditions that (1) Apple Inc. will not rely on ZTE’s petition or ZTE’s witness Tim A. Williams, (2) ZTE has no participation in the joined proceeding except for the opportunity to continue as sole petitioner if Apple settles with e-Watch, and (3) ZTE withdraws reliance on its technical witness as well as all arguments submitted in its own petition, and relies, instead, solely on Apple’s petition and technical witness. IPR2015-01366, Papers 8, 9; IPR2015-00412, Paper 23.

Apple and ZTE collectively will be referred to as “Petitioners.” e-Watch will be referred to as Patent Owner. Hereinafter, all paper numbers refer to entries in IPR2015-00412.

Oral Hearing was held on January 8, 2016. A transcript of the Oral Hearing is included in the record. Paper 49 (“Tr.”).

Petitioners have shown by a preponderance of the evidence that each of claims 12–14 of the ’871 patent is unpatentable. Petitioners, however, have not shown by a preponderance of the evidence that any one of claims 1–8 is unpatentable.

#### B. Related Proceedings

Apple identifies these related cases involving the ’871 patent: (1) *E-Watch, Inc. and E-Watch Corporation v. Apple Inc.*, No. 2:13-CV-1061 (JRG/RSP) (E.D. Tex.), to which the following case numbers in the same tribunal are consolidated: CV-1062, 1063, 1064, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1077, and 1078; (2) IPR2014-00439 (PTAB); (3) IPR2014-00987 (PTAB); (4) IPR2015-00411 (PTAB); (5) IPR2015-00413 (PTAB); (6) IPR2015-00402 (PTAB); (7) IPR2015-00404 (PTAB); (8) IPR2015-00406 (PTAB); (9) IPR2015-00541 (PTAB); (10) IPR2015-00610 (PTAB); and (11) IPR2015-00612 (PTAB). Paper 2, 50–51; Paper 9, 1. Patent Owner e-Watch identifies an additional civil action involving the ’871 patent: *e-Watch, Inc. and e-Watch Corporation v. Huawei Technologies Co., Ltd. and Huawei Technologies USA, Inc.*, No. 2:13-CV-01076 (E.D. Tex.). Paper 4, 3. ZTE did not identify any additional related proceeding.

#### C. The ’871 Patent

The ’871 patent relates generally to “image capture and transmission systems and is specifically directed to an image capture, compression, and transmission system for use in connection with land line and wireless telephone systems.” Ex. 1001, 1:17–20. According to the ’871 patent, the system “is particularly well suited for sending and/or receiving images via a

standard Group III facsimile transmission system and permits capture of the image at a remote location using an analog or digital camera.” *Id.* at 5:3–6.

Figure 1 of the '871 patent is reproduced below.

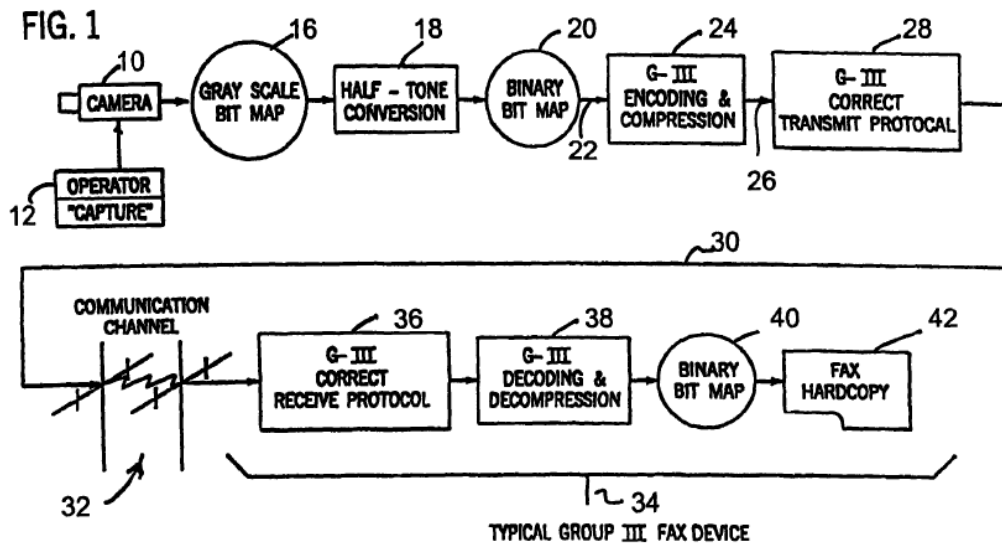


Figure 1 is a block diagram of a basic facsimile camera configuration for capturing an image via a camera and transmitting it via Group III facsimile transmission to a standard hard copy medium. *Id.* at 4:27–30.

Figure 7A of the '871 patent is reproduced below.

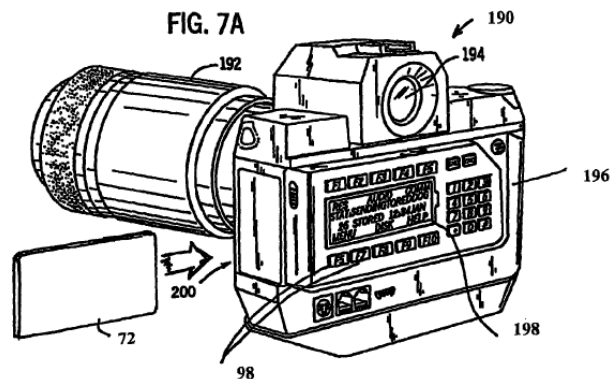


Figure 7A depicts “a hand[-]held device for capturing, storing, and transmitting an image in accordance with the invention.” *Id.* at 4:46–48, 11:3–20.

Of the challenged claims, claims 1, 6, and 12 are independent.

Representative claims 1, 6, and 12 are reproduced below:

1. A handheld self-contained cellular telephone and integrated image processing system for both sending and receiving telephonic audio signals and for capturing a visual image and transmitting it to a compatible remote receiving station of a wireless telephone network, the system comprising:
  - a manually portable housing;
  - an integral image capture device comprising an electronic camera contained within the portable housing;
  - a display for displaying an image framed by the camera, the display being supported by the housing, the display and the electronic camera being commonly movable in the housing when the housing is moved by hand;
  - a processor in the housing for generating an image data signal representing the image framed by the camera;
  - a memory associated with the processor for receiving and storing the digitized framed image, accessible for selectively displaying in the display window and accessible for selectively transmitting over the wireless telephone network the digitized framed image;
  - a user interface for enabling a user to select the image data signal for viewing and transmission;
  - a telephonic system in the housing for sending and receiving digitized audio signals and for sending the image data signal;
  - alphanumeric input keys in the housing for permitting manually input digitized alphanumeric signals to be input to the processor, the telephonic system further used for sending the digitized alphanumeric signals;
  - a wireless communications device adapted for transmitting any of the digitized signals to the compatible remote receiving station; and
  - a power supply for powering the system.

*Id.* at 14:49–15:13.

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