

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

PERSONALIZED MEDIA COMMUNICATIONS LLC,
Patent Owner.

Case IPR2016-00754
Patent 8,559,635 B1

Before KARL D. EASTHOM, TRENTON A. WARD, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

WARD, *Administrative Patent Judge*.

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

I. INTRODUCTION

A. *Background*

Apple Inc. (“Petitioner”) filed a petition to institute an *inter partes* review of claims 1–4, 7, 13, 18, 20, 21, 28–30, 32 and 33 (“challenged claims”) of U.S. Patent No. 8,559,635 B1 (Ex. 1003, “the ’635 patent”) pursuant to 35 U.S.C. §§ 311–319. Paper 1 (“Pet.”). Personalized Media Communications LLC (“Patent Owner”) filed a preliminary response. Paper 7 (“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, Patent Owner’s Preliminary Response, and the associated evidence, we conclude Petitioner has established a reasonable likelihood it would prevail with respect to at least one of the challenged claims. Accordingly, for the reasons that follow, we institute an *inter partes* review.

B. *Additional Proceedings*

Petitioner informs us that the ’635 patent is the subject of a lawsuit: *Personalized Media Communications, LLC v. Amazon.com, Inc.*, No. 2:15-cv-1366-JRG–RSP (E.D. Tex. filed July 30, 2015). Pet. 59. Petitioner also lists a number of related patents involved in district court cases and other related patents involved in *inter partes* reviews. *Id.* at 59.

C. The '635 Patent

The '635 patent is titled "Signal Processing Apparatus and Methods" and generally relates to a unified system of programming communication. Ex. 1003, Abstr. The challenged claims relate to methods of controlling the decryption of programming at a subscriber station or receiver station.

Claim 2 is reproduced below:

2. A method for controlling the decryption of programming at a subscriber station, said method comprising the steps of:

receiving programming, said programming having a first encrypted digital control signal portion and an encrypted digital information portion;

detecting said first encrypted digital control signal portion of said programming;

passing said first encrypted digital control signal portion of said programming to a first decryptor at said subscriber station;

decrypting said first encrypted digital control signal portion of said programming using said first decryptor at said subscriber station;

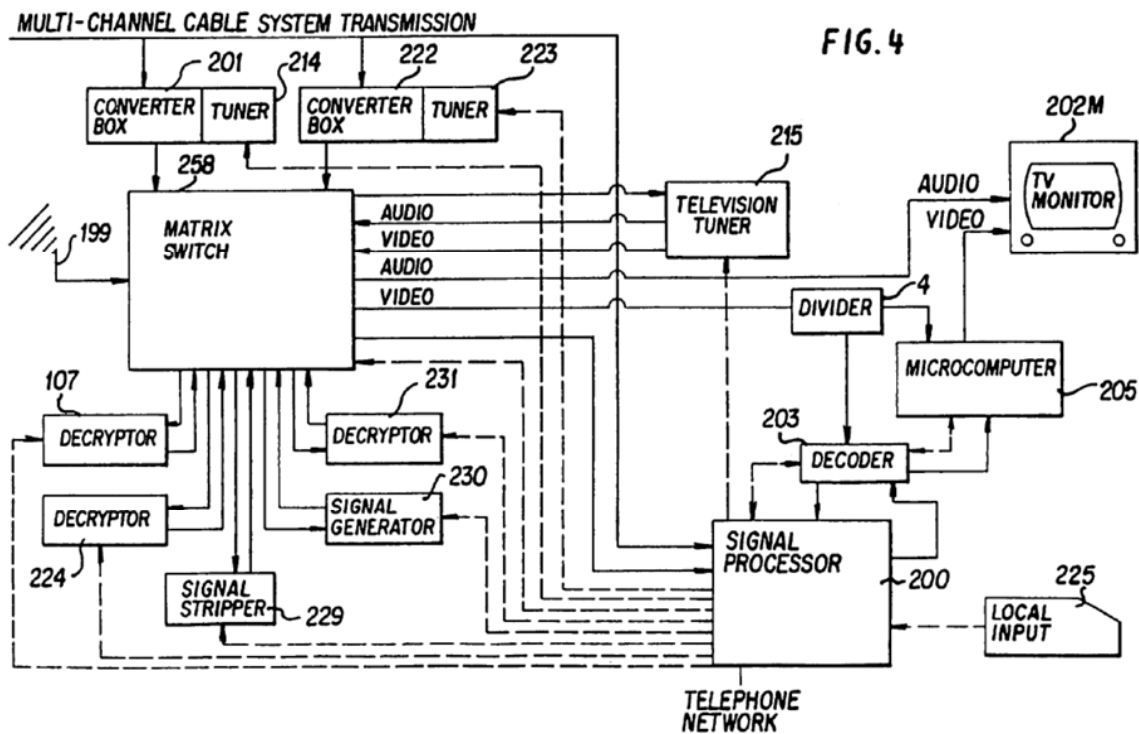
passing said encrypted digital information portion of said programming and the decrypted control signal portion to a second decryptor at said subscriber station;

decrypting said encrypted digital information portion of said programming using said second decryptor at said subscriber station based on the decrypted control signal portion; and

presenting said programming.

Id. at 286:7–28.

The '635 patent describes access control to transmitted content at a receiver station. Ex. 1003, Abstr. Figure 4 of the '635 patent, reproduced below, illustrates a receiver station:



As shown above in Figure 4, the '635 patent discloses a receiver station having signal processor 200 to control tuners 214, 215, and 223, the switching of matrix switch 258, and decrypting by decryptors 107, 224, and 230. *Id.* at 148:30–35. In one example described in the Specification, the “Wall Street Week” program is transmitted to the receiver station by a cable television head end. *Id.* at 149:23–26. Prior to transmission, the cable head end “encrypts the digital audio information of said transmission, in a fashion well known in the art, using particular cipher algorithm C and cipher key Ca, then transmits the information of said program on cable channel 13.” *Id.* at 149:26–30. Furthermore, a SPAM message consisting of an “01” header, local-cable-enabling-message (#7), is transmitted with instructions that enable the “Wall Street Week” programming. *Id.* at 150:24–33. Executing the instructions causes controller 20 to receive the cable channel transmission, select the information of a cipher key Ca from among the

information portion, and transfer the cipher key to decryptor 107. *Id.* at 152:10–16, 44–48. Once the cipher key is received by decryptor 107, decryptor 107 then decrypts “using said key information and selected decryption cipher algorithm C, and output[s] the decrypted information of the audio portion of the ‘Wall Street Week’ program transmission.” *Id.* at 152:48–51.

Subsequently, a second SPAM message that consists of an “01” header provides “1st-stage-enable-WSW-program” instructions as the information segment information. *Id.* at 153:38–43. Executing the “1st-stage-enable-WSW-program” instructions causes controller 20 to affect a first stage of decrypting the video information of the “Wall Street Week” program transmission. *Id.* at 153:66–154:2. Controller 20 selects the decryption cipher key Ba and transfers it to selected decryptor 224. *Id.* at 154:28–30. Controller 20 causes decryptor 224 to commence decrypting the received information using decryption cipher key Ba and decryption cipher algorithm B. *Id.* at 154:28–33.

A third SPAM message provides “2nd-WSW-program enabling-message” instructions, causing the controller to affect a second stage of decrypting the digital video information of “Wall Street Week.” *Id.* at 156:62–157:5. The second stage of decrypting the video information of the “Wall Street Week” program transmission is completed using the decryption cipher key Aa. *Id.* at 158:22–29. Finally, controller 20 causes the receiver station to commence the transfer of the decrypted television information of the “Wall Street Week” program to microcomputer 205 and monitor 202M. *Id.* at 159:55–59.

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