UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.

Petitioner

v.

PERSONALIZED MEDIA COMMUNICATIONS, LLC

Patent Owner

Case No.: IPR2016-00755

Patent No.: 8,191,091

PETITIONER'S PRELIMINARY REPLY TO PATENT OWNER'S PRELIMINARY RESPONSE

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In its Preliminary Response, PMC argues for the first time that the '091 patent is entitled to a November 3, 1981 priority date, contrary to numerous representations it made during prosecution and litigation that the patent is only entitled to priority to a CIP application filed on September 11, 1987. PMC makes its new priority argument the centerpiece of its Preliminary Response, contending the issue is dispositive because it would mean four of the five references relied upon are not prior art to the '091 patent. Paper 7 at 7-16, 33-34.

Not only do the facts undermine PMC's new priority claim, but PMC is in fact barred from asserting this earlier priority as a matter of law. Federal Circuit case law confirms that PMC must be held to its express disclaimer of priority to the 1981 application, and its repeated claims of priority only to the 1987 CIP, made during prosecution and never retracted. And even if PMC is not legally barred from claiming the 1981 priority date, there is good reason why PMC consistently claimed priority only to the 1987 CIP throughout prosecution and in litigation – the challenged claims are simply *not* supported by the 1981 disclosure.

I. PMC DISCLAIMED PRIORITY TO THE 1981 SPECIFICATION

Throughout prosecution of the '091 patent (U.S. Patent Appl. No. 08/485,507), PMC made numerous explicit statements that the '091 patent only claimed priority to the 1987 CIP. In an IDS dated December 5, 1995, PMC unequivocally stated "this application only claims priority to the September 11,

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1987 filing date." Ex. 1042 at 2. In a later Amendment, PMC reiterated that "[t]he present application asserts priority based on the 1987 disclosure." Ex. 1043 at 11. In multiple IDSs, PMC listed the applications to which the '091 patent claims priority as tracing back only to the 1987 CIP (U.S. Patent No. 4,965,825). Ex. 1042 at 1; Ex. 1044 at 1; Ex. 1045 at 1; Ex. 1046 at 1; *see also* Ex. 1043 at 33. Noticeably absent from these lists are any reference to the two PMC patents based on the 1981 application (U.S. Patent Nos. 4,694,490 and 4,704,725).

In addition to these affirmative statements claiming priority only to 1987, PMC expressly *disclaimed* priority to the 1981 date. The Examiner rejected the pending '091 claims for double patenting, stating that "there is no apparent reason" why PMC could not have presented the '091 claims in patents claiming priority to the 1981 application. Ex. 1047 at 11. In response, PMC stated that the examiner's double patenting rejection based on patents having the 1981 specification "is improper because *the present application does not claim the benefit of those applications under 35 U.S.C. § 120*." Ex. 1043 at 21.[1] PMC successfully argued that "*there could never have been a basis for claiming the present subject matter in* [*the 1981*] *applications*." *Id.*; *see* Ex. 1031. As this panel ruled in IPR2014-01527 (*Amazon v. PMC*) regarding the same statement, "in addition to not seeking priority during prosecution, [PMC] conceded '*a basis for claiming the present*

[1] All emphasis added unless otherwise noted.

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subject matter' in its earlier filed '490 patent specification." Ex. 1048 at 30.

The Federal Circuit addressed very similar circumstances in *Bradford Co. v. Conteyor N. Am., Inc.* and ruled that the patentee was estopped from claiming priority to an earlier application based on the prosecution disclaimer. 603 F.3d 1262 (Fed. Cir. 2010). In *Bradford*, when prosecuting a CIP application, the patentee responded to a double patenting rejection by stating that the earlier application did not disclose certain claimed elements. *Id.* at 1263-64. Later, in litigation, the patentee asserted priority to the earlier application that had been the basis for the double patenting rejection. *Id*. at 1267. The Federal Circuit held that the patentee was "estopped from arguing for an earlier priority date … by the prosecution history of [the asserted] patent" because "arguments made to persuade an examiner to allow an application trump an ambiguous disclosure that otherwise might have sufficed to obtain an earlier priority date." *Id.* at 1269.

PMC argued in IPR2014-01527 that the Examiner would not have relied on its disclaimer because priority is "irrelevant to an *In re Schneller* analysis." Ex. 1048 at 30. PMC's position is legally incorrect, contradicted by the record and its own argument that its disclaimer would overcome the rejection, and ignores PMC's unambiguous statement that the 1981 application "*could never have been a basis for claiming the present subject matter*." Ex. 1043 at 21. Having disclaimed priority to 1981, PMC is now estopped from taking a contradictory position.

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PMC may also argue that the claims pending at the time of the June 10, 1997 Amendment were later cancelled, and that the statements made in that Amendment do not apply to the claims at issue. Not only were PMC's statements applicable to the "application" being prosecuted, but a comparison of the then-pending 30 claims and the challenged claims shows they have tremendous overlap. For instance, both prosecution claim 3 and issued claim 13 recite "receiving" an "information transmission" containing "[disabled/encrypted] information"; "detecting" "the presence of an instruct-to-enable signal"; "passing said instruct-to-enable signal to" a "processor"; "[modifying/determining] a fashion in which said receiver station locates [said enabling information/a first decryption key]"; "locating said [enabling information/first decryption key]"; "[enabling/decrypting] said [disabled/encrypted] information"; and "outputting said programming based on said step of [enabling/decrypting]." *Compare* Ex. 1043 at 2-9 with Ex. 1003 at claims 13, 20, 26. Any argument that the 1981 specification did not support the then-pending claims but supports the issued claims would not be credible.

If PMC believed the circumstances had changed, or its repeated statements claiming priority to 1987 were in error, Federal Circuit law demands that the patentee clearly inform the Examiner of any rescission. *See Hakim v. Cannon Avert Grp., PLC*, 479 F.3d 1313, 1318 (Fed. Cir. 2007) ("Although a disclaimer made during prosecution can be rescinded, … the prosecution history must be

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