

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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APPLE INC.,  
Petitioner,

v.

CHESTNUT HILL SOUND INC.,  
Patent Owner.

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Case IPR2015-01465  
Patent 8,725,063 B2

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Before RAMA G. ELLURU, DAVID C. MCKONE,  
and JOHN F. HORVATH, *Administrative Patent Judges*.

MCKONE, *Administrative Patent Judge*.

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

## I. INTRODUCTION

### A. Background

Apple, Inc. (“Petitioner”) filed a Petition (Paper 2, “Pet.”) to institute an *inter partes* review of claims 1–61 of U.S. Patent No. 8,725,063 B2 (Ex. 1001, “the ’063 patent”). Chestnut Hill Sound Inc. (“Patent Owner”) filed a Preliminary Response (Paper 8, “Prelim. Resp.”). Pursuant to 35 U.S.C. § 314, in our Decision to Institute (Paper 14, “Dec.”), we instituted this proceeding as to claims 1–61.

Patent Owner filed a Patent Owner’s Response (Paper 21, “PO Resp.”), and Petitioner filed a Reply to the Patent Owner’s Response (Paper 28, “Reply”). After Petitioner filed its Reply, Patent Owner filed a statutory disclaimer of claims 6–8, 28–30, 32–34, and 59–61. Paper 32; Ex. 2116. *See also* 1434 OG 120 (Jan. 10, 2017). Thus, claims 1–5, 9–27, 31, and 35–58 remain pending in this *inter partes* review.

An oral argument was held on October 12, 2016. Paper 38 (“Tr.”).

Petitioner relies on the testimony of Melvin Mercer, Ph.D. (Ex. 1003, “Mercer Decl.”). Patent Owner relies on the testimony of Daniel Wigdor, Ph.D. (Ex. 2109, “Wigdor Decl.”).

We have jurisdiction under 35 U.S.C. § 6. This Decision is a final written decision under 35 U.S.C. § 318(a) as to the patentability of the challenged claims. Based on the record before us, Petitioner has demonstrated, by a preponderance of the evidence, that claims 1–5, 9–27, 31, and 35–58 are unpatentable.

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*B. Related Matters*

The '063 patent is the subject of *Chestnut Hill Sound, Inc. v. Apple Inc.*, Civil Action No. 1:15-cv-00261 (D. Del). Pet. 1; Paper 4, 1.

The '063 patent also was the subject of *Apple Inc. v. Chestnut Hill Sound Inc.*, Case IPR2015-01464 (PTAB). Pet. 1; Paper 4, 1. The Board denied institution of an *inter partes* review in that proceeding. IPR2015-01464, Paper 10.

*C. References Relied Upon*

U.S. Patent No. 6,563,769 B1, issued May 13, 2003 (Ex. 1006, “Van Der Meulen” or “VDM”);

U.S. Patent No. 6,334,157 B1, issued Dec. 25, 2001 (Ex. 1009, “Oppermann”);

U.S. Publication No. 2003/0167318 A1, published Sept. 4, 2003 (Ex. 1010, “Robbin”);

U.S. Patent No. 7,606,790 B2, issued Oct. 20, 2009, filed Mar. 3, 2004 (Ex. 1014, “Levy”);

U.S. Patent No. 6,093,880, issued July 25, 2000 (Ex. 1015, “Arnalds”).

*D. The Instituted Grounds*

We instituted *inter partes* review based on the following specific grounds (Dec. 28–29):

Reference(s)	Basis	Claim(s) Challenged
VDM	§ 103(a)	1–5, 10–16, 19, 22–26, 31, 35, 36, 38–46, 51, 52, 54–58 <sup>1</sup>
VDM and Oppermann	§ 103(a)	9, 27, 37, 53
VDM and Robbin	§ 103(a)	17, 20, 47, 49
VDM and Arnalds	§ 103(a)	18, 48
VDM and Levy	§ 103(a)	21, 50

*E. The '063 Patent*

The '063 patent describes an audio entertainment system. Figures 1 and 2B, reproduced below, illustrate an example:

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<sup>1</sup> As noted above, Patent Owner has disclaimed claims 6–8, 28–30, 32–34, and 59–61. Paper 32, 2; Ex. 2116.

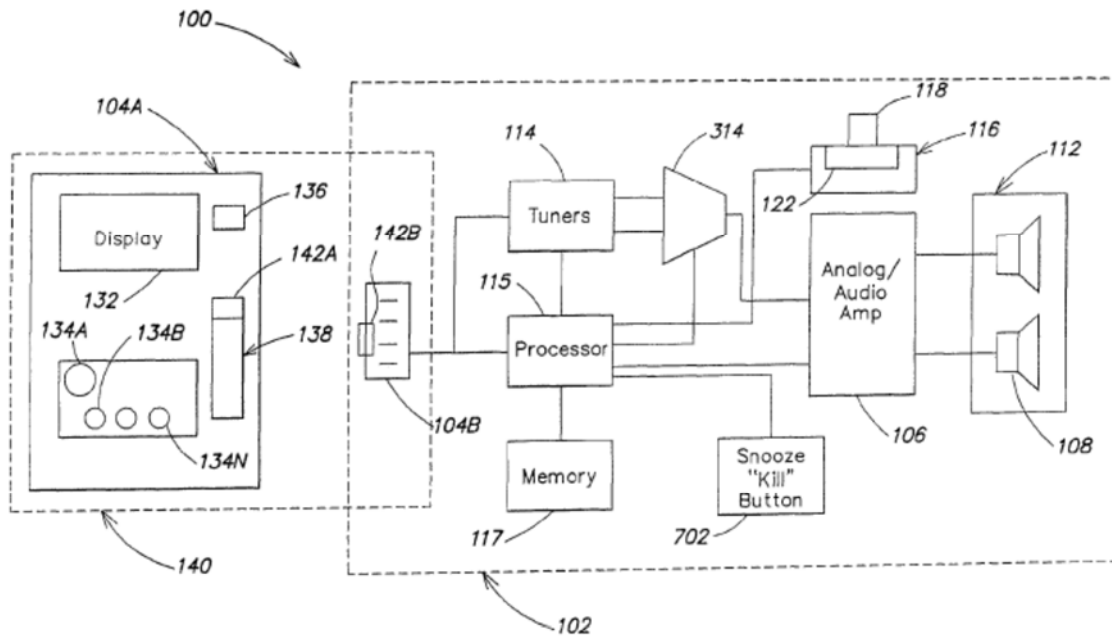


FIG. 1

Figure 1 is a block diagram of an entertainment system. Ex. 1001, 5:33–34.

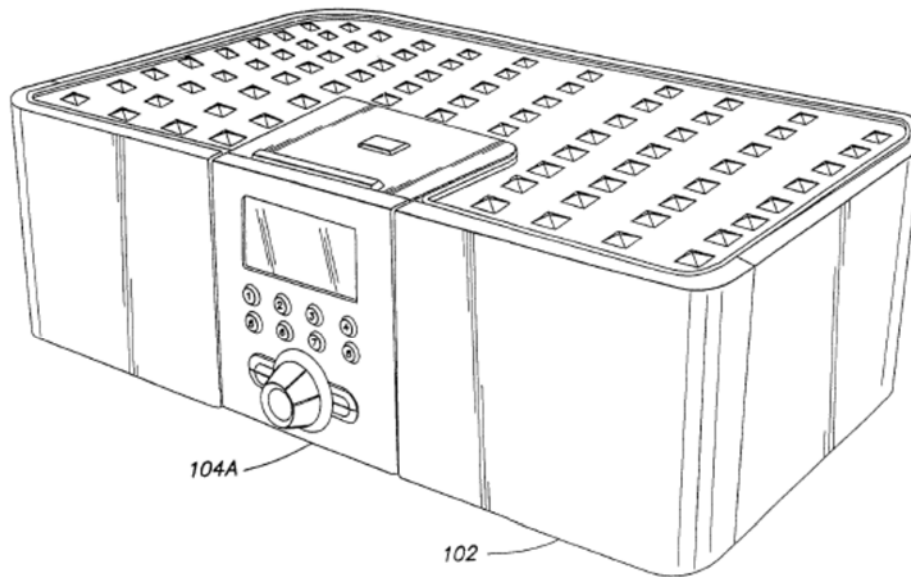


FIG. 2B

Figure 2B is a pictorial view of the entertainment system. *Id.* at 5:37–39.

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