

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AMAZON.COM, INC. AND AMAZON WEB SERVICES, LLC

Petitioners

v.

PERSONALIZED MEDIA COMMUNICATIONS LLC

Patent Owner

Case No.: IPR2014-01532

Patent No.: 7,801,304

For: Signal Processing Apparatus and Methods

**DECLARATION OF GERALD HOLTZMAN, ESQ.
SUPPORTING THE PATENTABILITY OF U.S. PATENT NO. 7,801,304**

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Patent Trial and Appeal Board

United States Patent and Trademark Office

P.O. Box 1450

Alexandria, VA 22313-1450

BACKGROUND

1. I, Gerald T. Holtzman, being over 18 years of age, submit this declaration concerning “Secondary Considerations of Non-obviousness” relating to U.S. Patent No. 7,801,304 (“the ‘304 patent”).

2. I am the President and General Counsel of Patent Owner Personalized Media Communications (“PMC”), and have been affiliated with PMC in various capacities since 1996.

3. I understand that “secondary considerations of non-obviousness” are factors established by the courts that can be used to attempt to demonstrate the non-obviousness of a patented invention, and include whether: (i) the invention was commercially successful; and (ii) there was industry praise of the claimed invention.

I. COMMERCIAL SUCCESS OF THE INVENTION

4. PMC’s numerous licenses of the patent family (that includes the ‘304 Patent) reflect the commercial success of the patented technology and are thus relevant indicia of non-obviousness.

5. The ‘304 Patent relates to the use of control and information signals in electronic media content to generate output for display that is personalized and relevant to a user. The control and information signals can be delivered by any electronic-media delivery system, including the Internet, intranet, and similar distributed networks, cellular wireless, cable networks, and satellite networks, and they run on electronic equipment capable of delivering media, such as PCs, laptops, tablets, smartphones, set-top boxes, televisions, and game consoles.

6. Because the inventions of the ‘304 patent are platform-agnostic, they have experienced exceptional commercial success. Numerous media and telecommunications companies use PMC’s technology, including providers of electronic media, and particularly

electronic media content that is personalized and relevant to a particular user. This

“personalized” profiling is made available using PMC’s patented technology.

7. Similarly, the digital pay-television industry uses the patented technology, including not just the satellite television providers (DirecTV, DISH Network, etc.) but also digital cable systems and fiber-optic systems such as Comcast, Cox, Time Warner Cable, Verizon’s FIOS and AT&T’s U-verse. OEM providers, such as Motorola, Scientific-Atlanta (now part of Cisco), and Sony Electronics, who provide set-top boxes and content delivery networks to the aforementioned content providers, implement the patented technology. Pay-television providers have a combined total of approximately 100 million subscribers. *See The Specter Haunting Pay TV*, August 14, 2013, at <http://online.wsj.com> (Ex. 2034). Substantially all of these services now digitally encode content and use technology covered by the patent to provide key functionality, such as the use of control and information signals embedded in electronic media content to generate output for display that is personalized and relevant to a user.

8. Because of this prevalent use of PMC’s technology, the ‘304 Patent family has been the subject of extensive licensing establishing the belief of industry participants in the validity and relevance of the patents. To date, the ‘304 Patent family has been the subject of licenses to more than a dozen licensees in transactions generating revenue to PMC and its investors in excess of \$350M. The specific per-unit royalty figures and lump sum payments for each license are not disclosed below as a result of confidentiality provisions.

9. On March 2, 1994, PMC licensed its patents and applications to StarSight Telecast, Inc. on an exclusive basis for a significant one-time payment and stock options in StarSight. The license provided that StarSight and PMC would work together to file additional patent applications, which in 1995 included the application leading to the ‘304 Patent. The field-

of-use related to the use of program guides for channel navigation allowing for users to select programs.

10. On October 1, 1995, StarSight, with PMC's consent, sublicensed PMC's patents to Thomson Consumer Electronics, Inc. for making DSS (Digital Satellite Subscriber) products. Thomson was granted non-exclusive use of the PMC patents related to a DSS program guide and recording functions. Thomson agreed to pay per-unit royalties for DSS receiver units. Thomson has sold many millions of DSS products under its brand and has sourced millions of DSS products sold under the brand names of others.

11. On October 31, 1995, PMC entered into a license and option agreement with Sony whereby Sony agreed to pay a per-unit royalty for set-top boxes using the PMC technology, including the patented inventions, for compatibility with the DirecTV system. Sony sold many millions of set-top boxes subject to this agreement.

12. On January 31, 1996, PMC entered into a license agreement with The Weather Channel, Inc. and Landmark Communications, Inc. in order to settle litigation. The licensees obtained worldwide non-exclusive rights to deliver certain types of content for a significant one-time payment and an option for additional rights in the patents.

13. In August 1999, PMC sent Sony a letter amending the 1995 agreement to provide for certain other receiver products to be licensed on a per-unit royalty basis. In March 2002, PMC and Sony entered into an agreement reaffirming the 1995 license agreement.

14. In January 2000, PMC Satellite LLC, a wholly-owned subsidiary of PMC, entered into a field-of-use license agreement with Pegasus Development Corporation. Pegasus agreed to pay PMC Satellite a significant license payment for the specific field-of-use granted along with a strategic investment in PMC. The license gave Pegasus the right to license others in the patents

for the field-of-use granted to Pegasus. Pegasus and PMC filed a lawsuit against DIRECTV (discussed further below) on December 2002 that was settled with a license agreement announced in July 2013.

15. On December 29, 2000 PMC entered into a comprehensive agreement with Gemstar-TV Guide that included an investment in PMC made by Gemstar-TV Guide and the grant of multiple field-of-use licenses by to Gemstar-TV Guide. PMC and its investors received a substantial payment under the agreement.

16. More recently, on May 18, 2011, Cisco Systems, Inc., and Scientific-Atlanta LLC licensed the '304 Patent family in a transaction that included a substantial payment. This was a nonexclusive license granted in settlement of litigation to make, use, and sell products and services of or provided by Cisco or its affiliates.

17. On June 1, 2011, Motorola Mobility agreed to license the '304 Patent, among other PMC patents, in a transaction in settlement of litigation that included a substantial payment.

18. In July 2013, DIRECTV, LLC, Hughes Electronics Corporation, Technicolor USA, Inc., and Philips Electronics North America Corporation, agreed to license the '304 Patent, among other PMC patents, for a substantial one-time payment in settlement of litigation. The payment is to be shared between PMC and co-plaintiff Pegasus Development Corporation.

19. In January 2014, Zynga, Inc. agreed to license the '304 Patent, among other PMC patents.

20. In February 2014, Panasonic Corporation agreed to license the '304 Patent, among other PMC patents, for a substantial one-time payment and further agreed to a long-term licensing program relationship with PMC. This license was not entered into in connection with

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