

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, KEVIN F. TURNER, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

TURNER, *Administrative Patent Judge*.

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

I. INTRODUCTION

We have jurisdiction to hear this *inter partes* review under 35 U.S.C. § 6(b), and this Final Written Decision is issued pursuant to 35 U.S.C. § 318(a) and 37 C.F.R. § 42.73. For the reasons that follow, we determine that Petitioner has shown by a preponderance of the evidence that claims 4, 7, 13, 21, and 28–30 (“instituted claims”) of U.S. Patent No. 8,559,635 B1 (Ex. 1003, “the ’635 Patent”) are unpatentable. We also determine that Patent Owner has not met its burden on its Motion to Amend regarding entry of the proposed substitute claims, and thus, we deny the Motion to Amend.

A. Procedural History

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 of the ’635 Patent. Paper 1 (“Pet.”). Personalized Media Communications LLC (“Patent Owner”) filed a preliminary response. Paper 7 (“Prelim. Resp.”). Pursuant to 35 U.S.C. § 314(a), we instituted an *inter partes* review on four grounds: (1) Claims 1, 2, 7, 21, and 29 under 35 U.S.C. § 102 as anticipated by Guillou,¹ (2) Claims 4, 13, 28, and 30 under 35 U.S.C. § 103(a) as unpatentable in view of Guillou, (3) Claims 21 and 28–30 under 35 U.S.C. § 103(a) as unpatentable in view of Aminetzah,² and (4) Claims 1, 2, and 4 under 35 U.S.C. § 103(a) as unpatentable in view of Aminetzah and Bitzer.³ See Paper 8 (“Dec. to Inst.”), 42.

¹ US Patent No. 4,337,483, filed Jan. 31, 1980 (Ex. 1006) (“Guillou”).

² US Patent No. 4,388,643, filed Apr. 6, 1981 (Ex. 1008) (“Aminetzah”).

³ US Patent No. 3,743,767, issued July 3, 1973 (Ex. 1009) (“Bitzer”).

After institution of trial, Patent Owner then filed a Patent Owner Response (Paper 15, “PO Resp.”), to which Petitioner filed a Reply (Paper 23, “Reply”).

In addition, Patent Owner also filed a Contingent Motion to Amend (Paper 15), to which Petitioner filed an Opposition (Paper 24). Patent Owner then filed a Reply to Petitioner’s Opposition to the Contingent Motion. Paper 27.

An oral argument was held on June 6, 2017. A transcript of the oral argument is included in the record. Paper 40 (“Tr.”).

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. We note that Petitioner filed a second petition challenging the ’635 Patent, for which we granted partial institution on February 16, 2017. *Apple, Inc. v. Personalized Media Comm. LLC*, IPR2016-01520, slip op. at 58 (PTAB Feb. 16, 2017) (Paper 7). Petitioner also lists a number of related patents involved in district court cases and other related patents involved in *inter partes* reviews. Pet. 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

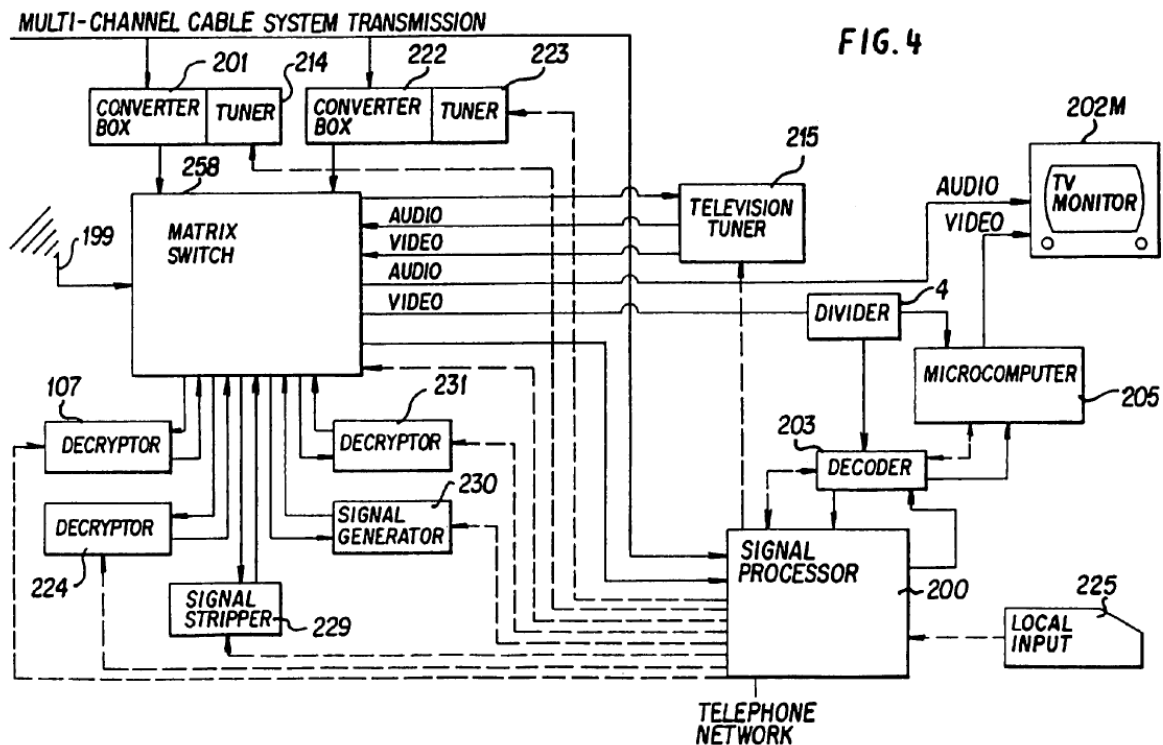
decryption of programming at a subscriber station or a receiver station.

Claim 21 is reproduced below:

21. A method for decryptor activation in a network comprising:
 - receiving a transmission comprising encrypted materials;
 - decrypting under first processor control a first portion of said encrypted materials in said transmission;
 - inputting said first portion of said encrypted materials to a decryptor;
 - decrypting under second processor control a second portion of said encrypted materials based on said step of decrypting said first portion of said encrypted materials.

Id. at 288:61–289:3.

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

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