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.: IPR2016-01520
Patent No.: 8,559,635

PETITIONER'S SUR-REPLY IN OPPOSITION TO PATENT OWNER'S CONTINGENT MOTION TO AMEND

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1. "identifying a cipher algorithm from a plurality of preprogrammed cipher algorithms…" (substitute claims 44, 45, 47, 48) 5

2. receiving an "encrypted digital information transmission … unaccompanied by any non-digital information transmission" (substitute claims 45-48) 6

3. "communicating … unique digital data to a remote site" (substitute claims 44-48) 7

4. "selecting, by processing selection criteria, a first signal of said plurality of signals including downloadable code" (substitute claim 48) 7

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Regardless of who carries the burden on PMC's Motion to Amend, Apple has convincingly demonstrated that the Substitute Claims are not patentable for several independent reasons. As a threshold matter, the Substitute Claims do not satisfy §101, and PMC's effort to distinguish the Federal Circuit's §101 invalidation of 58 closely-related PMC claims fails. The Substitute Claims also fail to meet the written description requirement for several limitations and thus are not patentable under §112. Finally, Apple has demonstrated—with unrebutted expert testimony and evidence—that the Substitute Claims are nevertheless obvious, and should be rejected on this basis as well.

I. THE SUBSTITUTE CLAIMS DO NOT SATISFY § 101.

PMC's rhetoric cannot change the fact that its Substitute Claims are in some cases nearly identical to, and in all cases indistinguishable from, dozens of PMC claims the Federal Circuit has already invalidated as failing to claim patentable subject matter under §101. PMC tries but fails to distinguish the Substitute Claims from Claim 1 of the '304 patent—affirmed invalid under §101 by the Federal Circuit. For example, the ***only*** differences between Claim 1 of the '304 patent and Substitute Claim 43 of the '635 patent is the presence of a second decryptor and additional abstract steps PMC proposes to add through amendment. *Compare* US 7,801,304 *with* Mot. at A5. But the number of decryptors does not affect the §101 analysis; two decryptors are no less abstract than one. Nor does the amendment impact the §101

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analysis, as the added step in Substitute Claim 43 of "using one of a plurality of cipher algorithms"—which PMC argues is the "concrete step" in this claim (Reply at 1)—is more abstract than the many other limitations that did not save these claims. *See Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1351 (Fed. Cir. 2014) (without more, a process that employs "mathematical algorithms" to manipulate and generate information is not patent eligible). The other Substitute Claims likewise repeat abstract and non-transformative steps that have already been found by the Federal Circuit to fall short of creating patentable subject matter, or otherwise claim the same abstract concepts with slightly different words.

II. THE SUBSTITUTE CLAIMS DO NOT SATISFY § 112.

Apple has also established that the Substitute Claims do not satisfy §112. Opp. at 5-17. PMC's reply argument begins by immediately contradicting itself. PMC states that it "relies on a single embodiment—the embodiment in Example #7—to support each original claim and its proposed amendment" (Reply at 3), yet the primary embodiment relied on for five of the eight Substitute Claims is not Example #7, but instead the "Exotic Meals of India" example. Opp. at 12. PMC admits both of these examples have "gaps" and tries to backfill the holes by identifying (via hindsight) what it believes is "the obvious choice to fill in the gaps." Reply at 3. While the "Exotic Meals of India" example and Example #7 occasionally reference Example #4 to describe previously-disclosed features, nothing in the '413

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