

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SONY COMPUTER ENTERTAINMENT AMERICA LLC
and MICROSOFT CORPORATION INC.,
Petitioner,

v.

ADC TECHNOLOGY INC.,
Patent Owner.

Case CBM2015-00026
Patent 6,193,520 B1

Before MICHAEL P. TIERNEY, MICHAEL J. FITZPATRICK, and
MINN CHUNG, *Administrative Patent Judges*.

TIERNEY, *Administrative Patent Judge*.

DECISION
Institution of Covered Business Method Patent Review
37 C.F.R. § 42.208

I. INTRODUCTION

Sony Computer Entertainment America LLC and Microsoft Corporation Inc. (“Petitioner”) filed a petition on December 8, 2014 to institute a covered business method patent review of claims 8–14 of U.S. Patent No. 6,193,520 B1 (Ex. 1001, “the ’520 patent”). Paper 3. A corrected Petition (“Pet.”) was later filed on January 12, 2015. Paper 6. Patent Owner, ADC Technology Inc. (“Patent Owner”) filed a Preliminary Response (“Prelim. Resp.”) to the Petition on April 6, 2015. Paper 9.

We have jurisdiction under 35 U.S.C. § 324. *See* Section 18(a) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”).

The standard for instituting a covered business method patent review is set forth in 35 U.S.C. § 324(a), which provides as follows:

THRESHOLD.—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

Upon consideration of the information presented, we institute review, because Petitioner has demonstrated that claims 8–14 are more likely than not unpatentable under 35 U.S.C. §103(a).

A. Related Proceedings

Petitioner indicates that the '520 patent is asserted in litigation titled *ADC v. Microsoft Corp., et al.*, No. 2:08-CV-01579-RSM (W.D. Wash.).
Pet. 9.

B. The Asserted Grounds

Petitioner challenges the claims based upon 35 U.S.C. §103(a).
Petitioner relies upon the following prior art:

U.S. 4,999,806 Chernow	Mar. 12, 1991	(Ex. 1002)
U.S. 5,547,202 Tsumara	Aug. 20, 1996	(Ex. 1003)
JP H04-10191 Kato	Jan. 14, 1992	(Ex. 1008)
English Translation of Kato		(Ex. 1009)
H6-334780 Okamoto	Dec. 2, 1994	(Ex. 1004)
English Translation of Okamoto		(Ex. 1005)
DE 19528017 A1 Nishio	Feb. 22, 1996	(Ex. 1006)
English Translation of Nishio		(Ex. 1007)

Petitioner contends that the challenged claims are unpatentable based on the following specific grounds (Pet. 32–77):

Reference	Basis	Claims challenged
Chernow in view of Tsumara	§ 103(a)	8, 11, 13 and 14
Okamoto in view of Tsumara	§ 103(a)	8–11, 13 and 14
Okamoto in view of Nishio	§ 103(a)	8, 9, 11, 12 and 14
Chernow in view of Tsumara and further in view of Kato	§ 103(a)	9 and 10
Okamoto in view of Tsumara and further in view of Nishio	§ 103(a)	12 and 14

C. The '520 Patent

The '520 patent is directed to an interactive communication system for transmitting video game and karaoke software via communication lines from a host facility to a calling communication terminal located at each individual home. Ex. 1001, 1:46–50.

The '520 patent states that video games are a very popular form of entertainment, but that there is “a problem: a player has to purchase each and every game cassette he wishes to play, which can be very costly.” *Id.* at 1:25–27. The '520 patent is said to solve this problem as the host facility provides the game data via the communication system. *Id.* at 2:38–42. According to the '520 patent, game data is stored in a temporary storage means and deleted in a predetermined time period so that, in order to continue game play, a player needs to request the game data from the host facility. *Id.* at 2:49–56. This arrangement is said to be a prerequisite so long as the game data transmission service is not free of charge otherwise the service cost per each transmission would be higher than the normal price of the game cassettes. *Id.* at 2:56–65.

Figure 1 of the '520 patent is reproduced below.

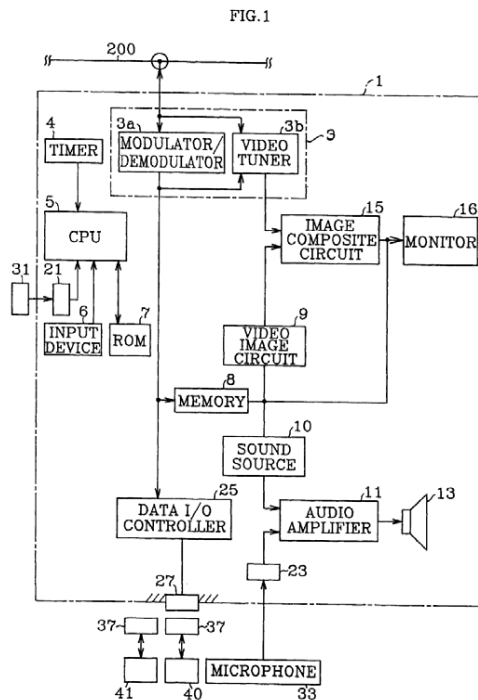


Figure 1 is a block diagram of a communication terminal device according to the invention of the '520 patent. *Id.* at 3:35-36. In response to a request generated by personal communicator 1, a host facility (100 in Figure 2, not reproduced herein) transmits the requested data to personal communicator 1 over a transmission path 200. *Id.* at 4:39-45. In addition, the host sends data representing first, second, and third predetermined time periods (recited as "duration data" in independent claim 8) to the personal communicator 1. *Id.* at 6:20-23. When storage of the game data in memory 8 of personal communicator 1 has been completed, such completion is indicated on monitor 16. *Id.* at 6:24-28.

As explained below, execution of the received game data will be interfered with (e.g., prevented) upon detection of a predetermined time period (i.e., a "second" predetermined time period) that begins with one of the following conditions: receipt of the game data; the start of execution of the game data; or the conclusion of a period of using the game data.

Figure 7 is a flowchart of “the process to effect deletion of the game data.” *Id.* at 3:49-50. The time when data receipt by the personal communicator has been completed is read out at step S1200. *Id.* at 6:38-39. At step S1210, which is repeatedly performed, “[t]he current time is . . . read out and the time period which has elapsed after the completion of the data receipt is calculated.” *Id.* at 6:39-41. When it is determined that a first predetermined time period has elapsed, a warning of this condition is given at step S1230. *Id.* at 6:44-46. Next, “[w]hen it is determined, at step S1250, that a second predetermined time period has elapsed, the game data stored in the memory 8 is deleted at step S1260, and the instant process ends.” *Id.* at 6:47-50. In contrast to the flowchart of Figure 12, discussed below, the Figure 7 flowchart does not employ a third predetermined time period.

Figure 12 is reproduced below.

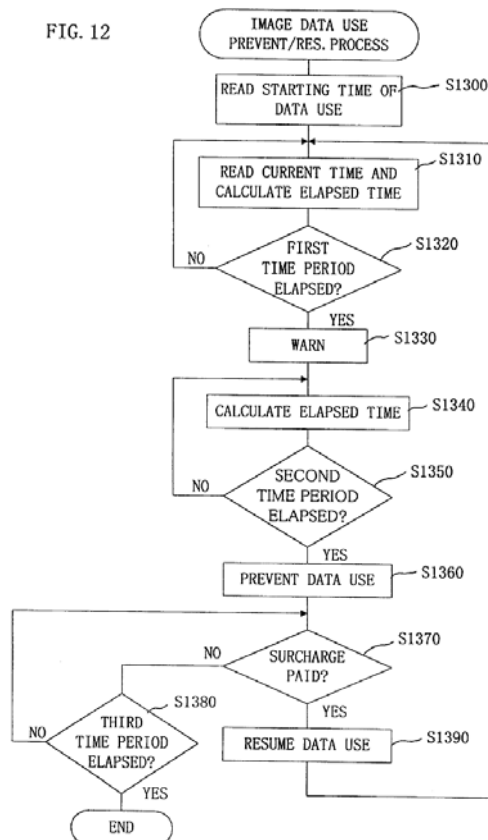


Figure 12 is a flowchart showing an embodiment in which “a predetermined time period to prevent further use of the image data is *counted from the starting time of use of the data*, not from the receiving time of the data from the host facility.” *Id.* at 11:37-41 (emphasis added). When the image data have been used for a first predetermined time period, a warning is issued at step S1330. *Id.* at 11:43-50. When it is determined, at step S1350, that the second predetermined time period has elapsed, “a process to prevent further use of the above image data is performed at step S1360.” *Id.* at 11:52-55.

In contrast to the Figure 7 embodiment, use of the image data in the Figure 12 embodiment can be resumed upon payment of a surcharge before a third predetermined time period has elapsed (at steps S1370-1390). *Id.* at 11:65-12:4. In the case where the image data stored in the memory are deleted to prevent their further use, it is preferable to preserve the image data in a not-shown temporary storage device before deleting it from the memory and then to restore it from the temporary storage device into the memory after the surcharge is paid. *Id.* at 12:9-15.

The '520 patent specification discusses a monetary charging process to accumulate the cost for its data transmission service. *Id.* at 6:65–7:19. The specification describes the host facility (see claim 8 above) as performing the charging process to accumulate the cost for its data transmission service. *Id.* The charging system involves payment by debiting the amount to the bank account of the players. *Id.* at 7:20–24. The specification describes an arrangement that allows “parents to know the accumulated cost of their child’s video game play” and “leaves children no other choice but to quit the play when a predetermined time period has elapsed.” *Id.* at 7:25–8:6.

D. Illustrative Claims

The Petitioner challenges claims 8–14 of the '520 patent. Claim 8 is an independent claim, from which claims 9–14 all depend. Illustrative claim 8 is recited below:

8. A communication system for transmitting at least one of the program, the data, and a combination of the program and data from a host facility to a communication terminal device, said communication terminal device comprising:

- an input device for inputting instructions to execute the program or to process the data,
- receiving means for receiving one of the program, the data, and a combination of the program and data as sent out from said host facility,
- storage means for storing the program, the data, or a combination of the program and data received by said receiving means,
- executing means for executing the program stored in said storage means or executing data processing by using the data stored in said storage means, in accordance with instructions from said input device,
- clock means for keeping a predetermined time period after said executing means starts execution of the program or data processing, and interference means for interfering with execution of said executing means when said clock means counts said predetermined time period; and
- said host facility comprising:
 - storage means for storing at least one of the program, the data, and a combination of the program and data together with the duration data indicative of the predetermined time period to be counted by said clock means, and
 - sending out means for sending out at least one of the program, the data, and a combination of the program and data together with the duration data stored in said storage means to said communication terminal device.

E. Level of Ordinary Skill in the Art

Petitioner's declarant, Mr. Garry E. Kitchen, testifies that, based on his experience in the commercial software art, a person of ordinary skill in the art would have had a Bachelor of Science degree in electrical engineering, computer engineering, computer science or a related engineering discipline or equivalent experience or education. Declaration of Garry Kitchen, Ex. 1011 ¶ 33. Patent Owner does not dispute this recitation of the level of ordinary skill in the art. We adopt the level of ordinary skill in the art identified by Mr. Kitchen as it is consistent with the prior art of record. *See also Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (the prior art itself can reflect the appropriate level of ordinary skill in the art).

II. ANALYSIS

A. Claim Interpretation

The '520 patent appears to be expired, and therefore is not subject to amendment. As the patent has expired, the claim terms are given their ordinary and customary meanings, as would be understood by a person of ordinary skill in the art, at the time of the invention, having taken into consideration the language of the claims, the specification, and the prosecution history of record. *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). It should be noted, however, that Petitioner's ultimate burden of proof is still by a preponderance of the evidence.

Petitioner identifies a number of claim terms for construction and proposes constructions for the various terms. Pet. 20–32. Petitioner contends that its claim construction reflects the ordinary and customary

meaning of the claim terms as understood by a person of ordinary skill in the art. *Id.* at 20. Patent Owner does not dispute Petitioner’s construction of the claims.

Based on the record presented, for the purpose of this Decision to Institute, we adopt Petitioner’s construction of the claims.

B. Standing for Covered Business Method Patent Review of the
'520 Patent

The parties disagree as to whether Petitioner has standing to file a petition for a covered business method review of the '520 patent. *See* Pet. 6; Prelim. Resp. 9. Section 18 of the AIA provides for the creation of a transitional program for reviewing covered business method patents. A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). To determine whether a patent is eligible for a covered business method patent review, the focus is on the claims. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). A patent need have only one claim directed to a covered business method to be eligible for review. *Id.*

1. Sued for Infringement of the '520 Patent

The AIA provides that “[a] person may not file a petition for a transitional proceeding unless the person or the person’s real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.” AIA, § 18(a)(1)(B); *see* 37 C.F.R. § 42.302(a).

As discussed above, Petitioner represents that it has been sued for infringement of the '520 patent in *ADC v. Microsoft Corp., et al.*, No. 2:08-CV-01579-RSM (W.D. Wash.). Pet. 9. Thus, Petitioner has been sued for infringement for purposes of AIA § 18(a)(1)(B).

2. Financial Service or Product

In promulgating rules for covered business method reviews, the Office considered the legislative intent and history behind the AIA’s definition of “covered business method patent.” *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,735–36 (Aug. 14, 2012). Petitioner bears the burden of demonstrating that the '520 patent claims a method “used in the practice, administration, or management of a financial product or service.” AIA § 18(d)(1); 37 C.F.R. § 42.304(a). In making this determination, our focus is on the claims. *See* 77 Fed. Reg. at 48,736 (Aug. 14, 2012 Final Rule)(Response to Comment 4: “[T]he definition . . . is based on what the patent claims.”).

Petitioner contends that at least one claim of the '520 patent is directed to a covered business method. Petitioner states that independent claim 8 is incidental or complimentary to a financial activity and satisfies the

financial service or product requirement. Pet. 3–4. According to Petitioner, claim 8 requires a host facility, and the '520 patent teaches that the host facility includes a financial charging system and performs a financial charging process upon receiving an indication that the transmission of programs and/or data is complete. *Id.* at 3. Petitioner states that the '520 patent teaches that the charging system can be a fixed amount or pay-per-play system, and that payment may be made using an automatic transfer system, by debiting the amount to the bank account of the players. *Id.* Patent Owner disagrees.

Patent Owner states that claim 8 does not recite a charging process. Prelim. Resp. 6. Patent Owner contends that the fact that the '520 patent includes a mechanism for charging a fee does not render the claim financial in nature. *Id.* Additionally, Patent Owner states that there is no term in claim 8 that hints to financial activity. *Id.* at 9. We do not interpret the statute as requiring the literal recitation of financial products or services in a claim.

Patent Owner's challenged claims are directed to an interactive communication system for transmitting video game and karaoke software via communication lines. Ex. 1001, 1:46–50. The '520 patent states that a problem to be solved is that a player has to purchase each and every cassette he wishes to play, which can be costly. *Id.* at 1:15–30. The '520 patent is said to solve this problem by transmitting the video game and karaoke software via communication lines. *Id.* at 1:46–50.

Figure 6 of the '520 patent is said to be a flowchart of the process to be effected when a game is requested at the communication terminal device. *Id.* at 3:46–48. The '520 patent specification states that when the host

facility receives the data indicative of the transmission complete step S1150 of Figure 6, the host facility performs the charging process for its data transmission service. *Id.* at 6:65–7:1.

Based on the foregoing and the record presented, we hold that claim 8 of the '520 patent claims a system that is, at a minimum, complimentary or incidental to a financial activity – selling video and karaoke software via an interactive communication system.

3. Technological Invention Analysis

The definition of “covered business method patent” in Section 18(d)(1) of the AIA excludes patents for “technological inventions.” In determining whether a patent is for a technological invention, we consider “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). The following claim drafting techniques, for example, typically do not render a patent a “technological invention”:

- (a) Mere recitation of known technologies, such as computer hardware, communication or computer networks, software, memory, computer-readable storage medium, scanners, display devices or databases, or specialized machines, such as an ATM or point of sale device.

- (b) Reciting the use of known prior art technology to accomplish a process or method, even if that process or method is novel and non-obvious.

- (c) Combining prior art structures to achieve the normal, expected, or predictable result of that combination.

Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,763–64 (Aug. 14, 2012).

Petitioner contends that the challenged claims do not satisfy the technological invention exception. According to Petitioner, the claims contain nothing more than the use of known, generic prior art technology. Pet. 5; Ex. 1011 ¶ 52. Specifically, Petitioner states that the challenged claims require nothing more than general purpose computers, communication hardware, such as an antenna, and common programming. *Id.* at 5–6.

Petitioner also states that the Board has already determined that none of the claimed features is novel or unobvious over the prior art. *Id.* at 6. Petitioner cites the Board’s decision in a prior reexamination of the ’520 patent, as standing for the proposition that Chernow teaches all limitations of claim 8 except the clock means limitation, and that Tsumara discloses the clock means limitation. *Id.* at 7, citing Reexam 90/010666 Decision dated January 11, 2013 at 28–30 (Ex. 1010, 95–97).

Patent Owner contends that the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art. Prelim. Resp. 14. According to Patent Owner, the ’520 patent has undergone an extensive reexamination and appeal process and the patentability of the challenged claims, claims 8–14, was confirmed over the prior art identified in the Petition. *Id.*

We hold that, based on the record presented, Petitioner has demonstrated that the technological invention exception does not apply. Specifically, we credit the testimony of Mr. Kitchen, and hold that the challenged claims are directed to conventional, well known generic hardware combined with routine programming of a general purpose computer. Ex. 1011 ¶¶ 52–53. As to the Board’s prior reexamination

decision, the Board's decision is consistent with Mr. Kitchen's testimony that Chernow teaches all the limitations of claim 8, with the exception of the clock means, which is taught by Tsumara. *Id.* ¶¶ 72–82.

Patent Owner contends that its claims recite a technological feature that solves a technical problem using a technical solution. Prelim. Resp. 15. According to Patent Owner, the technical problem was how to prevent unwarranted access to one of the program, the data or a combination of the program and data. *Id.* Patent Owner, however, does not identify where this problem was identified and discussed in the '520 patent. The “problem” identified in the '520 patent is as follows:

However, therein lies a problem: the player has to purchase each and every game cassette he wishes to play, which can be very costly.

Ex. 1001, 1:25-27. The identified solution to this problem was to provide an interactive communication system in which video game and karaoke software is transmitted via communication lines from a host facility to a person's home. *Id.* at 1:46-50. We hold that the claim subject matter as a whole does not solve a technical problem using a technical solution.

We conclude that the '520 patent is eligible for a covered business method patent review.

C. Section 103 Obviousness Challenge

Petitioner raises five (5) separate challenges based on 35 U.S.C. § 103(a). Generally, Petitioner contends that claims 8, 11, 13, and 14 are unpatentable as obvious over Chernow in view of Tsumara, and claims 9 and 10 are obvious over Chernow in view of Tsumara and further in view of

Kato. Additionally, Petitioner contends that claims 8–11, 13, and 14 are obvious over Okamoto in view of Tsumara, claims 8, 9, 11, 12, and 14 are obvious over Okamoto in view of Nishio, and claims 12 and 14 are obvious over Chernow in view of Tsumara and further in view of Nishio. Before considering the prior art grounds, we first analyze Patent Owner’s request that we exercise our discretion deny the Petition under 35 U.S.C. §325(d).

1. Patent Owner’s 35 U.S.C. § 325(d) Request

Patent Owner states that institution of *inter partes* review is discretionary under 35 U.S.C. § 314(a) and that we should exercise our discretion in favor of non-institution because the same or substantially the same prior art or arguments previously were presented to the Office. Prelim. Resp. 17–25. In that connection, it is noted that in determining whether to institute a proceeding, the Director “may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the office.” 35 U.S.C. § 325(d).

Patent Owner states that the Patent Office has already considered the same prior art and arguments made in the Petition. *Id.* at 22–23. Further, Patent Owner contends that the Board has already reviewed the challenged claims with respect to Chernow, Tsumara and Kato and found them to be patentable. *Id.* Petitioner, however, contends that the Board’s prior review of the challenged claims held that Chernow teaches all the limitations of claim 8 except the clock means, which are taught by Tsumara. Pet. 2. Additionally, Petitioner has submitted a declaration by Mr. Kitchen, who testifies that one skilled in the art would have modified Chernow to include

the clock means of Tsumara to achieve the desirable result of measuring the lease period from the start of execution of the software. Mr. Kitchen's testimony was not previously considered in the prior ex parte reexaminations.

We have considered the prior art and arguments presented by the Petition and the prior reexaminations regarding the overlap in prior art applied and arguments and evidence asserted therein, relative to those asserted by Petitioner here. However, we decline to exercise our discretion to deny the Petition on that basis.

2. Background on Obviousness

An invention is not patentable under 35 U.S.C. § 103 if it is obvious. *KSR Int'l v. Teleflex Inc.*, 127 S. Ct. 1727, 1745-46 (2007). The facts underlying an obviousness inquiry include:

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined.

Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966). In addressing the findings of fact, “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 127 S. Ct. at 1739. As explained in *KSR*:

If a person of ordinary skill can implement a predictable variation, §103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his

or her skill.

KSR, 127 S. Ct. at 1740. Accordingly, a central question in analyzing obviousness is “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

2. Chernow Obviousness Challenges

Chernow is directed to a technique for the sale and distribution of software via telephone. Ex. 1002, 1:5–7. Chernow states that its invention has an inherent low cost, as compared to distribution via floppy disk, and simple handling of software maintenance and updates. *Id.* at 1:8–19 and 2:17–19. The hardware in its simplest form is a computer with a modem attached to an ordinary telephone line. Chernow teaches that both seller and purchaser have computers with the transmitted software sent to an individual’s computer where it is stored on a purchaser’s hard disk. *Id.* at 2:22–30; 4:16–22. Chernow’s system allows a purchaser to lease software for a prescribed term of use. *Id.* at 4:68–5:2. Chernow teaches that the software can render itself unusable or erase itself from the user’s disk after the term of use has concluded. *Id.* at 5:10–19.

Tsumara describes a system for communicating large volumes of data of the type used in computer games where games are downloaded by end user. Ex. 1003, 1:8–23. Tsumara discloses that a user can pay for an “amount of time” to play a downloaded game. *Id.* at 9:34–39. Tsumara teaches that its receiving device outputs both display and an audio signal to an externally connected visual display and audio units to enable a game to proceed. *Id.* at 4:40–52.

Kato is directed to an automated software vending machine connected via a telephone line to a host station where software can be rented. Ex. 1009, 2. Kato teaches that a main control block can be programmed to start a contract time to monitor contract time and notify the user of the expiration prior to expiration. *Id.* at 27–29.

Petitioner contends that Chernow teaches all limitations of independent claim 8, with the exception of the clock means, which is taught by Tsumara. Petitioner further contends that Chernow teaches all the additional limitations of dependent claims 11, 13, and 14, with the exception of the sound generating means, which is also taught by Tsumara. Pet. 45–55. As to claims 9 and 10, Petitioner relies upon Kato for its teaching of a second clock means that counts a second predetermined time period. Pet. 70–72. Petitioner provides detailed claim charts identifying where the various limitations are present in the prior art and relies upon the testimony of its expert, Mr. Kitchen, who testifies that one of ordinary skill in the art would have had reason to combine the prior art and arrive at the claimed invention. For example, Mr. Kitchen testifies that one skilled in the art would have modified Chernow to measure time with the “term of use” of Tsumara to make it possible for the player to be allocated an amount of playing time corresponding to the amount of money paid. Ex. 1011 ¶ 78. Patent Owner’s Preliminary Response does not address these contentions.

Based on the evidence of record, we credit Mr. Kitchen’s testimony and hold that Petitioner has established that it is more likely than not that claims 8, 11, 13, and 14 are unpatentable as obvious over Chernow in view of Tsumara, and that claims 9 and 10 are obvious over Chernow in view of Tsumara and further in view of Kato.

3. Okamoto Obviousness Challenges

Okamoto published on December 2, 1994. Ex. 1005. Petitioner contends that Okamoto is available as prior art under 35 U.S.C. 102(b). Pet. 16–18. According to Petitioner, nowhere in the earlier-filed parent applications that preceded the '520 patent specification did Patent Owner describe the claimed “clock means” limitation of independent claim 8 for keeping predetermined time period after said executing means starts execution of the program or data processing. *Id.* at 17. Petitioner relies upon the declaration of Mr. Kitchen, who testifies that one of ordinary skill in the art would understand the parent applications as describing measuring time from receipt of the transmitted program and/or data and do not contain a disclosure of a clock means for measuring time starting from the time of program execution. Ex. 1011 ¶¶ 46–47. Patent Owner’s Preliminary Response did not address these contentions or Mr. Kitchen’s testimony on this issue.

Based on the evidence of record, we credit Mr. Kitchen’s testimony and hold that Petitioner has established that it is more likely than not that claims 8–14 are limited to the July 2, 1998 filing date of the application that resulted in the issuance of the '520 patent.

a. Okamoto in view of Tsumara: Claims 8–11, 13 and 14

Okamoto is directed to game and karaoke machines that can play games without game cassettes by receiving game or karaoke information transmitted using communication lines. Ex. 1005, 2. Petitioner provides detailed claim charts identifying where each limitation of independent claim

8 and dependent claims 9, 11, and 14 is found in Okamoto but acknowledges that Okamoto fails to describe keeping a predetermined time period after the start of execution of the transmitted program. Pet. 45–51. Petitioner also acknowledges that Okamoto fails to describe the interference stop instruction and means for stopping the interference of claim 10, and the interference means of claim 13.

Petitioner relies upon Tsumara for its disclosure of keeping a predetermined time period after the start of execution. Pet. 49, citing Ex. 1003, 2:3–9 and 9:14–10:4. Additionally, Petitioner relies upon Tsumara’s teaching of an interference stop instruction (instruction to pay an additional fee and continue playing the game) and Tsumara’s teaching of a means for stopping the interference (CPU programmed to determine whether the additional fee has been paid). Pet. 54–55, citing Ex. 1003, 9:14–10:4. Mr. Kitchen testifies that one skilled in the art at the time of the invention would have modified Okamoto to include the additional features as Tsumara teaches the benefits of these features such as the desirability of incorporating an additional charge facility that would function automatically at fixed intervals during the course of a game. Ex. 1011 ¶¶ 83–92. Patent Owner’s Preliminary Response did not address Petitioner’s contentions or Mr. Kitchen’s testimony on this issue.

Based on the evidence of record, we credit Mr. Kitchen’s testimony and hold that Petitioner has established that it is more likely than not that claims 8–11, 13 and 14 are unpatentable as obvious over Okamoto in view of Tsumara.

b. Okamoto in view of Nishio: Claims 8, 9, 11, 12 and 14

Petitioner relies upon Okamoto as discussed above, but acknowledges that Okamoto does not disclose the interference means of claim 12 that comprises blocking the view of what is displayed on a screen. Pet. 63–65. Petitioner provides detailed claim charts identifying where Nishio describes the features that Okamoto does not describe including keeping a predetermined time period after the start of execution, and the interference means of claim 12. *Id.* at 61–68. Mr. Kitchen testifies that one of ordinary skill in the art at the time of the invention would have recognized the desirability of incorporating the identified features of Nishio into the system of Okamoto. Ex.1011 ¶¶ 93–107. Specifically, Mr. Kitchen testifies that a skilled artisan would have appreciated the benefit of charging based on actual use of the software as described by Nishio and as Nishio teaches the advantages of interfering with executing without terminating the program. *Id.* ¶¶ 101, 104. Patent Owner’s Preliminary Response did not address Petitioner’s contentions or Mr. Kitchen’s testimony on this issue.

Based on the evidence of record, we credit Mr. Kitchen’s testimony and hold that Petitioner has established that it is more likely than not that claims 8, 9, 11, 12 and 14 are unpatentable as obvious over Okamoto in view of Nishio.

c. Okamoto in view of Tsumara and further in view of Nishio: Claims 12 and 14

Petitioner relies upon Okamoto and Tsumara as discussed above, but acknowledges that Okamoto and Tsumara do not disclose the interference

means of claim 12 that comprises means for blocking the view of what is displayed on the screen and the sound generating means of claim 14. Pet. 75. Petitioner provides a detailed claim chart identifying where Nishio describes the interference means of claim 12 and the sound generating means of claim 14. *Id.*, citing Ex. 1007, 5, 9, 10, 14 and Fig. 2, 7, 12 and 13.

Mr. Kitchen testifies that one of ordinary skill in the art at the time of the invention would have recognized the desirability of modifying Okamoto to incorporate the identified features of Tsumara and Nishio in the system of Okamoto. Ex. 1011 ¶¶ 120–132. For example, Mr. Kitchen testifies that the claimed invention involves nothing more than the combination of known features, for their known purpose to achieve a predictable result. *Id.* ¶ 132. Patent Owner's Preliminary Response did not address Petitioner's contentions or Mr. Kitchen's testimony on this issue.

Based on the evidence of record, we credit Mr. Kitchen's testimony and hold that Petitioner has established that it is more likely than not that claims 12 and 14 are unpatentable as obvious over Okamoto in view of Tsumara and further in view of Nishio.

III. CONCLUSION

For the foregoing reasons, we determine that the information presented in the Petition, notwithstanding the Preliminary Response, establishes that it is more likely than not that Petitioner would prevail in demonstrating unpatentability of each of claims 8–14. The Board has not yet made a final determination of the patentability of any of claims 8–14 of the '520 patent.

IV. ORDER

Accordingly, it is

ORDERED that pursuant to 35 U.S.C. § 324, a covered business method review is hereby instituted as to claims 8–14 of the '520 patent on the following grounds:

Claims 8, 11, 13 and 14 under 35 U.S.C. § 103(a), as obvious over Chernow in view of Tsumara.

Claims 9 and 10 under 35 U.S.C. § 103(a), Chernow in view of Tsumara and further in view of Kato.

Claims 8–11, 13 and 14 under 35 U.S.C. § 103(a), as obvious over Okamoto in view of Tsumara.

Claims 8, 9, 11, 12 and 14 under 35 U.S.C. § 103(a), as obvious over Okamoto in view of Nishio.

Claims 12 and 14 under 35 U.S.C. § 103(a), as obvious over Okamoto in view of Tsumara and further in view of Nishio.

FURTHER ORDERED that no other ground raised in the Petition, with respect to any claim, is instituted for trial.

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(d) and 37 C.F.R. § 42.4, notice is hereby given of the institution of a trial commencing on the entry date of this decision.

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