

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DISH NETWORK CORPORATION
and DISH NETWORK L.L.C.,
Petitioner,

v.

CUSTOMEDIA TECHNOLOGIES, L.L.C.,
Patent Owner.

Case CBM2017-00031
Patent 8,955,029

Before MICHAEL W. KIM, KALYAN K. DESHPANDE, and
KERRY BEGLEY, *Administrative Patent Judges*.

KIM, *Administrative Patent Judge*.

DECISION

Institution of Covered Business Method Patent Review
35 U.S.C. § 324(a) and 37 C.F.R. § 42.208

I. INTRODUCTION

A. *Background*

DISH Network Corporation and DISH Network L.L.C. (collectively, “Petitioner”) filed a Petition to institute a covered business method patent review of claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 of U.S. Patent No. 8,955,029 (Ex. 1001, “the ’029 patent”) on grounds of unpatentability under 35 U.S.C. §§ 101, 112. Paper 1 (“Pet.”). Customedia Technologies, L.L.C. (“Patent Owner”) filed a Preliminary Response. Paper 7¹ (“Prelim. Resp.”). For the reasons given below, we are persuaded that Petitioner has demonstrated “that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” 35 U.S.C. § 324(a). We, thus, institute a covered business method patent review of claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 of the ’029 patent, however, on less than all grounds challenged. We institute on the § 101 based ground only.

¹ The Preliminary Response contains passages of words reproduced from other documents as what appears to be images. *See, e.g.*, Prelim. Resp. 44. The passages are reproduced in fonts and spacing that do not comply with the requirements of 37 C.F.R. §§ 42.6(a)(2)(ii), (iii). The parties are cautioned that all documents created for this proceeding must comply with 37 C.F.R. §§ 42.6(a)(2)(ii), (iii) and that strict attention should be given to the mandated word count certification of 37 C.F.R. §§ 42.24(a), (d). *See Google Inc. v. Makor Issues & Rights Ltd.*, Case No. IPR2016–01535, slip op. at 7 (PTAB Dec. 1, 2016) (Paper 8).

B. Related Proceedings

Petitioner and Patent Owner identify the following district court proceeding concerning the '029 patent: *Customedia Technologies, L.L.C. v. DISH Network L.L.C.*, Civil Action No. 2:16–CV–00129 (E.D. Tex). Pet. 1; Paper 4, 2. The following proceedings, before the Board, also involve the same parties and the '029 patent: IPR2017-00638, IPR2017-00639. U.S. Patent No. 7,840,437 (“the '437 patent”) is related by continuity to the '029 patent, and the '437 patent is involved in the following proceedings before the Board, which also involve the same parties: CBM2017-00019, IPR2017-00936.

C. Standing

Section 18 of the American Invents Act governs the transitional program for covered business method patent reviews. Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112–29, § 18, 125 Stat. 284, 329–31 (2011); *see also* 37 C.F.R. §§ 42.300–304 (2016) (setting forth the rules governing the transitional program for covered business method patents). Section 18(a)(1)(B) of the AIA limits such reviews to persons, or their privies, that have been sued or charged with infringement of a covered business method patent. *See also* 37 C.F.R. § 42.302 (setting forth who may petition for a covered business method patent review). Petitioner asserts that, because it has been sued for infringement of the '029 patent, it has standing to file this Petition. Pet. 2 (citing Exs. 1005, 1008). Based on the record before us, we agree.

D. The '029 Patent

The '029 patent discloses that the claimed invention relates generally to “renting or purchasing data products for immediate, on-demand delivery,

which may be formatted and transferred to a portable medium for use in any existing playback device.” Ex. 1001, 1:27–31. According to the ’029 patent, an “information explosion” has created “a serious need for an integrated system that manages and handles the growing amount of information available over the various data feeds and can meet the needs and desires of the end user.” Ex. 1001, 1:36, 57–60. The ’029 patent purports to solve these problems as follows:

The current invention solves these problems through the use of an integrated information management and processing system that provides for the handling, sorting and storage of large amounts of data that is a user-defined and user resident environment. It allows this management to occur both during and after the actual feed is being received, while also allowing various decisions to be made about the suitability, quality, and other content of the information being received. The invention also has the capability to be securely accessed and utilized from a remote location, including telephone, Internet, and remote computer/television access. This would allow services to provide virtual user transaction zones.

Ex. 1001, 3:17–28.

E. Illustrative Claim

Petitioner challenges claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 of the ’029 patent. Of those, claims 1, 35, and 68 are independent claims. Independent claims 1 and 35 are illustrative of the challenged claims, and are reproduced below:

1. A system for receiving, processing, and playback of limited-use digital data, comprising:
circuitry for receiving limited-use digital data;

memory circuitry for storing the limited-use digital data as stored limited-use digital data;

playback circuitry that reads the stored limited-use digital data from said memory circuitry and converts the stored limited-use digital data to electronic signals for driving a playback device;

processing circuitry comprising software to control operations of said memory circuitry and said playback circuitry and to control at least one operation performed upon the stored limited-use digital data as permitted by at least one restriction on the use of the limited-use digital data;

a user interface operatively connected to said processing circuitry for programming one or more processing functions to be performed by said processing circuitry; and

at least one digital output operatively connected to said processing circuitry that communicates with a data supplier to allow monitoring by the data supplier of the at least one operation performed upon the stored limited-use digital data as permitted by the at least one restriction on the use of the limited-use digital data,

wherein said processing circuitry further comprises a program for transferring to a portable playback device the stored limited-use digital data and control data for use by the portable playback device for performing a virtual return of the limited-use digital data that has been transferred to the portable playback device.

Ex. 1001, 46:36–65.

35. A system for receiving, processing, and storing of rented digital data, comprising:

circuitry for receiving rented digital data;

memory circuitry comprising at least one storage device for storing the rented digital data as stored rented digital data;

playback circuitry that reads the stored rented digital data from said at least one storage device and converts the stored rented digital data to electronic signals for driving a playback device;

processing circuitry comprising software to control operations of said memory circuitry and said playback circuitry and to control at least one operation performed upon the stored rented digital data as permitted by at least one restriction on the use of the rented digital data and to enact a virtual return of the stored rented digital data; and

a user interface operatively connected to said processing circuitry for programming one or more processing functions to be performed by said processing circuitry,

wherein the at least one operation performed upon the stored rented digital data is a transfer of the stored rented digital data along with control data to a portable playback device wherein said control data is used by the portable playback device for performing a virtual return of the stored rented digital data that has been transferred to said portable playback device.

Ex. 1001, 49:46–50:5.

F. Covered Business Method Patent

Section 18(d)(1) of the AIA defines a covered business method patent as “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.” *See also* 37 C.F.R.

§ 42.301(a) (stating the same). To determine whether a patent is a covered business method patent, “the statutory definition of a CBM patent requires that the patent have a claim that contains, however phrased, a financial

activity element.” *Secure Access, LLC v. PNC Bank Nat’l Ass’n*, 848 F.3d 1370, 1381 (Fed. Cir. 2017); *see also Blue Calypso, LLC v. Groupon, Inc.*, 815 F.3d 1331, 1340 (Fed. Cir. 2016) (stating that “§ 18(d)(1) directs us to examine the claims when deciding whether a patent is a [Covered Business Method] patent”); *Unwired Planet, LLC v. Google, Inc.*, 841 F.3d 1376, 1382 (Fed. Cir. 2016) (“CBM patents are limited to those with claims that are directed to methods and apparatuses of particular types and with particular uses ‘in the practice, administration, or management of a financial product or service.’”).

Based on this record and for the reasons discussed below, we agree with Petitioner that the ’029 patent is a covered business method patent eligible for review.

1. Financial Product or Service

Petitioner asserts that “[t]he claims here are directed to video-on-demand (‘VOD’) service, where the content is only for ‘limited-use’ and is subject to a ‘virtual return’ to the content supplier and may be ‘rented data.’” Pet. 5. Petitioner asserts further that all claims involve enacting a “virtual return” of data. Pet. 7. Petitioner asserts additionally that “the ’029 Patent uses the term ‘limited-use’ interchangeably with ‘rental.’” Pet. 24 (citing Ex. 1004 ¶ 104).

According to Patent Owner, the claimed “manipulation of rented data” does not “demonstrate that the sale of rented data is an express financial component that is central to the operation of the claimed invention of the ’029 Patent.” Prelim. Resp. 12. Patent Owner argues that “the claimed ‘rented data’ is only incidental to [a] financial activity and [the] remainder of the claims and claim elements are not directed to any financial activity.”

Prelim. Resp. 8. Patent Owner states “[t]he claims of the ’029 Patent do not recite selling anything.” Prelim. Resp. 14.

Contrary to Patent Owner’s argument, the claims of the ’029 patent do explicitly recite a financial activity—renting and purchasing data.

Dependent claim 49 recites “wherein the virtual return of the stored rented digital data comprises enabling the purchase of the rented digital data.”²

The “virtual return” limitation, recited in dependent claim 49, refers to the following limitation recited in independent claim 35 (emphasis added):

wherein the at least one operation performed upon the stored rented digital data is a transfer of the stored rented digital data along with control data to a portable playback device wherein said control data is used by the portable playback device for performing a *virtual return* of the stored rented digital data that has been transferred to said portable playback device.

We are persuaded that the claims of the ’029 patent satisfy the “financial product or service” component of the definition for a covered business method patent set forth in § 18(d)(1) of the AIA. The rental or purchase of data is a financial activity and a financial service. *See SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315–16 (Fed. Cir. 2015) (finding that a method claiming the sale of digital video or audio signals for a fee is a financial service).

A patent need have only one claim directed to a covered business method to be eligible for review. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent

² Dependent claims 16 and 77 recite similar limitations. We acknowledge that Petitioner does not rely expressly on dependent claims 16, 49, and 77 for the first prong. *See generally* Pet. 3–8. Patent Owner will have the opportunity to respond during trial.

and Technological Invention, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012) (Comment 8); *see also Emerson Electric. Co. v. SIPCO LLC*, Case CBM2016–00095, slip op. at 7 n.2 (PTAB Jan. 23, 2017) (Paper 12) (“Although the patentability of claims 3 and 4 are not challenged by Petitioner in this proceeding, there is no requirement that only challenged claims may be considered for purposes of determining a patent is eligible for covered business method patent review. As discussed above, a patent is eligible for review if it has at least one claim directed to a covered business method. 77 Fed. Reg. at 48,736 (Response to Comment 8).”).

2. *Technological Invention*

As set forth above, the definition for “covered business method patent” does not include patents for “technological inventions.” AIA § 18(d)(1); *see also* 37 C.F.R. § 42.301(a) (stating the same). To determine whether a patent falls within this exception, our rules prescribe a two-prong approach whereby we consider “whether the claimed subject matter as a whole [(1)] recites a technological feature that is novel and unobvious over the prior art; and [(2)] solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). Further, the following claim drafting techniques would not typically 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 (“Trial Practice Guide”), 77 Fed. Reg. 48,756, 48,764 (Aug. 14, 2012).

Pursuant to the two-prong framework, Petitioner argues that the claims of the ’029 patent do not meet either prong. Pet. 8–10 (citing Ex. 1001). Patent Owner disagrees for several reasons. Prelim. Resp. 16–18 (citing Exs. 1001, 2001). We have considered Patent Owner’s arguments, but we are persuaded, on this record, that Petitioner has shown sufficiently that the claimed invention of the ’029 patent is not for a technological invention.

In regard to the first prong, which considers whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art, Petitioner asserts that the claims recite only generic computer components performing generic computer functions that were well-known in the art at the time of the invention. Pet. 8–9 (citing Ex. 1001). Patent Owner does not appear to challenge this prong. *See generally* Prelim. Resp. 16–18.³ After considering Petitioner’s assertions, on this record, we are persuaded they are correct.

Turning to the second prong for determining whether a patent is for a “technological invention,” we recognize that Patent Owner presents assertions directed to whether the claimed invention solves a technical problem using a technical solution. Prelim. Resp. 16–18; *see also id.* at 22–35 (in the context of a ground of unpatentability under 35 U.S.C. § 101,

³ The sub-heading at page 16 of the Preliminary Response reads “3. Claim 1 solves a technical problem using a technical solution,” which, by its express terms, is only directed to the second factor. The arguments on pages 16–18 are consistent with that assessment.

assertions that patents are directed to a technological solution to a technological problem). We, however, need only assess whether one of the prongs set forth in 37 C.F.R. § 42.301(b) is deficient to determine whether the claims of the '029 patent are not for a “technological invention.” *See Apple Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1240 (Fed. Cir. 2016) (“We need not address this argument regarding whether the first prong of 37 C.F.R. § 42.301(b) was met, as we affirm the Board’s determination on the second prong of the regulation—that the claimed subject matter as a whole does not solve a technical problem using a technical solution”).⁴ As set forth above, based on the current record, we are persuaded by Petitioner’s explanation as to why the claimed subject matter, as a whole, does not recite a technological feature that is novel and non-obvious over the prior art, and, therefore, we are satisfied that Petitioner has met its burden of demonstrating that the '029 patent is not for a “technological invention.”

G. Asserted Ground of Unpatentability

Petitioner challenges claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 as follows:

⁴ Although we acknowledge there may be differences between prong two and the “significantly more” analysis under 35 U.S.C. § 101, as a practical matter, and on the facts of this case, we discern our analysis in Section II.A.3 below would also be applicable here, i.e., “[w]e are unpersuaded, as we discern that the focus of ‘delivering rented digital data to a user’ is the ‘rental’ aspect, which concerns a business problem in the abstract, as opposed to a technological one.”

Basis	Challenged Claims
§ 101	1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84
§ 112, 2nd paragraph	1, 35, and 68

Petitioner relies on the Declaration of Anthony Wechselberger (Ex. 1004). Patent Owner relies on the Declaration of Dr. Jay P. Kesan (Ex. 2001).

II. ANALYSIS

A. *Claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 as Directed to Non-Statutory Subject Matter Under 35 U.S.C. § 101*

Petitioner contends that claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 do not recite patent eligible subject matter under 35 U.S.C. § 101, because they are directed to an unpatentable abstract idea, and do not contain an “inventive concept” that amounts to significantly more than the abstract idea. Pet. 19–61 (citing Exs. 1001, 1004). Patent Owner disagrees. Prelim. Resp. 21–35 (citing Exs. 1001, 1004, 2001).

1. *Relevant Law*

An invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include implicit exceptions: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *E.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In determining whether a claim falls within the abstract ideas exception, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. *See Alice*, 134 S. Ct. at 2356. We evaluate “the focus of the claimed advance over the prior art to determine if the claim’s character as a whole is directed to excluded subject matter.” *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016) (internal quotation marks omitted). “[W]hen considering claims purportedly directed to ‘an improvement of computer functionality,’ we ‘ask whether the focus of the claims is on the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Smartflash LLC v. Apple, Inc.*, No. 2016–1059, 2017 WL 786431, at 4 (Fed. Cir. Mar. 1, 2017) (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335–36 (Fed. Cir. 2016)).

The following method is then used to determine whether what the claim is “directed to” is an abstract idea:

[T]he decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided. *See, e.g., Elec. Power Grp.*, 830 F.3d at 1353–54 That is the classic common law methodology for creating law when a single governing definitional context is not available. *See generally* Karl N. Llewellyn, *The Common Law Tradition: Deciding Appeals* (1960). This more flexible approach is also the approach employed by the Supreme Court. *See Alice*, 134 S.Ct. at 2355–57. We shall follow that approach here.

Amdocs (Israel) Ltd. v. Openet Telecom, Inc., 841 F.3d 1288, 1294 (Fed. Cir. 2016) (footnote omitted).

If the claim is “directed to” a patent-ineligible abstract idea, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. *Alice*, 134 S. Ct. at 2355. This is a search for an “inventive concept”—an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.*

2. *Whether the Claims Are Directed to an “Abstract Idea”*

Petitioner asserts the following:

Claim 1 of the ’029 Patent is directed to the abstract idea of delivering rented audio/video content to a user. Ex. 1004, ¶ 107. The remaining elements of the claim merely identify the generic technological environment (i.e., the “circuitry for receiving,” “memory circuitry,” “processing circuitry,” “user interface,” “playback circuitry,” and “software”) and add routine and conventional post-solution activity. *Id.* at ¶ 112.

Pet. 23–24. Patent Owner asserts that (1) the ’029 patent is directed to the field of telecommunications and to systems and methods for processing, recording, and playing back audio and video data, (2) the claims are directed to a specific interconnection and operation of circuitry and devices, which are not an abstract idea, and (3) Petitioner failed to consider the claim limitations as an ordered combination, and in view of the specific technological problem to be solved. Prelim. Resp. 28–35. While we agree with some aspects of each of Petitioner’s and Patent Owner’s assertions, in the aggregate, on this record, we agree with Petitioner.

Under step one of *Alice*, we begin by analyzing what the claims are “directed to,” and then determine whether what the claim is “directed to” is an abstract idea. In doing so, our reviewing court has cautioned against overgeneralizing what the claims are “directed to.” *Enfish*, 822 F.3d at 1337. As the parties focus their analysis on independent claim 1, we also do the same.

Any analysis concerning what a claim is “directed to” should begin with the express claim language. *Id.* To that end, in asserting that independent claim 1 is directed to “delivering rented audio/video content to a user,” Petitioner places great weight on one claim limitation, “a program for transferring to a portable playback device the stored limited-use digital data and control data for use by the portable playback device for performing a virtual return of the limited-use digital data that has been transferred to the portable playback device,” and regards all other claim limitations as ancillary computer components that perform functions that are “generic,” “routine,” and “conventional.” Pet. 23–24. Petitioner asserts further that “the ’029 Patent uses the term ‘limited-use’ interchangeably with ‘rental’” (Pet. 24 (Ex. 1004 ¶ 104)), presumably because independent claim 1 does not recite expressly “rental.” We note, however, that independent claims 35 and 68 do each expressly recite “rented digital data.”

Patent Owner essentially asserts that Petitioner improperly fails to account for the preamble of independent claim 1, which reads as follows: “system for receiving, processing, and playback of limited-use digital data.” Prelim. Resp. 29. We are unpersuaded by this assertion, as we discern that “delivering rented audio/video content to a user” adequately accounts for “receiving, processing, and playback of limited-use digital data.”

Patent Owner also asserts that Petitioner improperly fails to account for the specific interconnection and operation of circuitry and devices recited in the claim. Prelim. Resp. 29–32. We agree with Patent Owner in part. In reviewing the identified portions of the claim, we are generally more persuaded by Petitioner’s implication that the technical components, and their interconnections, are ancillary to “delivering rented audio/video content to a user.” More specifically, in practical terms, when we remove the “limited-use” related limitations, we agree with Petitioner that independent claim 1 does not appear to recite much more than technical components storing and processing generic data. We do agree with Patent Owner’s general point, however, that the overall recitation of interconnections between multiple technical components that make up the vast majority of the claim, as well as the details concerning the technical problems and components set forth in the vast majority of the overall Specification, indicate that the data stored and processed is digital. Indeed, independent claim 1 itself recites “limited-use *digital* data,” and not just “data” alone. Finally, we note that independent claim 1 does not recite “audio/video content.” Accordingly, we amend Petitioner’s assertion as to what the claims are directed to as follows: “delivering rented ~~audio/video content~~ *digital data* to a user.”⁵

Patent Owner asserts further that Petitioner overgeneralizes and improperly fails to account for the claim limitations as an ordered

⁵ For the purposes of this Decision, and only for the purposes of the analysis under 35 U.S.C. § 101, we preliminarily treat “limited use” and “rented” interchangeably for the reasons asserted by Petitioner. Pet. 24 (Ex. 1004 ¶ 104). Patent Owner will have the opportunity to challenge that assertion, both generally and for the analysis under 35 U.S.C. § 101, during trial.

combination. Prelim. Resp. 32–33. We disagree. We discern that independent claim 1 recites components for transferring and returning digital data in the order that such an operation would occur.

Having now considered the claim language, we turn to the Specification, and its role in determining what the claim is “directed to.” To that end, Petitioner cites two portions of the Specification, each of which we will evaluate in turn.

Petitioner cites “[i]n order to avoid late charges or fees for rental transactions, the user must ‘return’ the data product by selecting a return option from the electronic menu.” Pet. 25 (citing Ex. 1001, 36:1–3). This citation generally supports Petitioner’s assertion that the claims are directed to “delivering rented digital data to a user,” and the use of the terms “a return option from the *electronic* menu” indicates that our determination to amend Petitioner’s assertion to include “digital data” as to what the claim is “directed to” is proper. We discern the same is true for Petitioner’s additional citation to “[r]ecently, *electronic* commerce has blossomed on the Internet.” Pet. 25 (citing Ex. 1001, 2:60–61) (emphasis added).

Having determined that independent claim 1 is directed to “delivering rented digital data to a user,” we now assess whether this is an abstract idea. To that end Petitioner asserts the following:

The alleged “invention” of the ’029 Patent is nothing more than a computer and Internet enabled application of the well-known and long-established concept of renting media content such as videos. *Id.* at ¶109. Specifically, claim 1 requires “a program for transferring to a portable playback device the stored limited-use digital data and control data for use by the portable playback device for performing a virtual return of the limited-use digital data.” Ex. 1001 at 46:60–64. As discussed above, the ’029 Patent uses the term “limited-use” interchangeably with

“rental.” Ex. 1004, ¶104. Moreover, the specification only discusses the idea of a “return” in relation to rental transaction embodiments. *See, e.g., id.* at 36:1–3 (“In order to avoid late charges or fees for rental transactions, the user must ‘return’ the data product by selecting a return option from the electronic menu.”). The concept of renting and returning movies to brick and mortar video rental stores was well known at the time of the purported invention of the ’029 Patent. Ex. 1004, ¶108. . . .

The Federal Circuit recently affirmed a district court’s finding that “the concept of delivering user-selected media content to portable devices is an abstract idea, as that term is used in the section 101 context.” *Affinity Labs*, 2016 WL 5335502, at *2. The district court had found that “[t]he process of selecting media, receiving that media, and subsequently playing that media describes an abstract idea, devoid of a concrete or tangible application.” *Affinity Labs of Texas, LLC v. Amazon.Com, Inc.*, No. 6:15-CV-0029-WSS-JCM, 2015 WL 3757497, at *8 (W.D. Tex. June 12, 2015).

Pet. 24–25. Patent Owner responds as follows:

Similarly, Petitioner’s attempt to analogize Claim 1 of the ’029 Patent to the claims in *Affinity Labs* fails. The media system of the patent-at-issue in *Affinity Labs*, for example, includes (1) a network based media managing system, (2) a collection of instructions stored in a non-transitory medium and configured for execution by a processor of a handheld wireless device, and (3) a network based delivery resource. *Affinity Labs* at *3–4. The three elements of Claim 14 of *Affinity Labs* are not circuitry or devices, unlike the elements of Claim 1 of the ’029 Patent, which is critical given the CAFC’s repeated emphasis on the specific structure and architecture in the limitations. *See, e.g., BASCOM*, 827 F.3d at 1350.

Prelim. Resp. 34–35. At this stage of the proceeding, and on this record, we agree with Petitioner. Specifically, we agree that “delivering rented digital data to a user” is little more than a generic “computerization” of “the

well-known and long-established concept of renting media content such as videos.” Pet. 24 (citing Ex. 1004 ¶ 109).

We also agree that we discern little daylight between that which independent claim 1 is directed to, and the concept determined to be patent-ineligible in *Affinity Labs*, i.e., “delivering user-selected media content to portable devices.” Similarly, in *Smartflash*, the Federal Circuit determined that claims reciting a method and a terminal for controlling access to and retrieving multimedia content were directed to the abstract idea of “conditioning and controlling access to data based on payment.”

Smartflash, No. 2016–1059, 2017 WL 786431, at *1–*4. Like the claims at issue here, the claims at issue in *Smartflash* recited the use of components of a computer, such as a processor having code to receive multimedia content and code to control access to the multimedia content according to use rules, a user interface, a memory, and an audio/video player. *Id.* The Federal Circuit determined that the claims “invoke computers merely as tools to execute fundamental economic practices.” *Id.* at *4; *see also Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 716 (Fed. Cir. 2014) (holding that computer-implemented system claim merely recited the abstract idea of offering media content in exchange for viewing an advertisement, along with routine additional steps such as restrictions on public access).

3. *Whether the Claims Recite “Significantly More” than an Abstract Idea*

Petitioner goes into detail concerning each of claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84, and why each of these claims does not contain an inventive concept that amounts to “significantly more” than an abstract idea. Pet. 26–61. Patent Owner asserts that specific interconnections of circuitry

and devices set forth in the claims amount to “significantly more.” While we acknowledge that specific interconnections of circuitry and devices are recited in independent claim 1, Petitioner asserts that they are all conventional, and, on this record and at this stage of the proceeding, we are persuaded that Petitioner is correct. For example, Patent Owner asserts that interaction among the memory circuitry, the playback circuitry, the processing circuitry, and a portable playback device combination of the processing circuitry and the microprocessor is “significantly more.” Prelim. Resp. 32–33. Petitioner asserts that the recited circuitry, and their interactions, are generic. For example, Petitioner asserts that the recited “memory circuitry” is identified in the ’029 patent as being generic (Pet. 28 (citing Ex. 1001, 25:24–29 (“[t]he non-movable storage device 14 may be any medium known in the art for storing electronic data, including, but not limited to recordable tape or other analog recording media, random access memory (RAM), CD ROM, optical disk, magneto-optical disc, computer hard drive, digital video disc (DVD), or digital audio tape (DAT)”), and that the recited “playback circuitry” is identified in the ’029 patent as comprising “signal decoders, digital-to-analog converters and digital outputs for transmitting the processed data to a proper playback device” (Pet. 28 (citing Ex. 1001, 24:8–11)), where “[a] person of ordinary skill in the art would understand that signal decoders, digital-to-analog converters and digital outputs are common generic computer components that have long been used in any electronic appliance.” Pet. 28 (citing Ex. 1004 ¶ 124). On this record and at this stage of the proceeding, we are persuaded that Petitioner has demonstrated that it is more likely than not to prevail, in that we are unable to readily discern the alleged “unconventionality” present in what would

otherwise seem to be a typical interconnection of several otherwise seemingly generic components. Patent Owner's assertions that the claims are directed to using conventional components in an unconventional manner (Prelim. Resp. 34) are equally unpersuasive for the same reasons.

Patent Owner asserts further that the specific interconnections of circuitry and devices constitute a technological solution to a technological problem. Prelim. Resp. 34. We are unpersuaded, as we discern that the focus of "delivering rented digital data to a user" is the "rental" aspect, which concerns a business problem in the abstract, as opposed to a technological one.

4. *Conclusion*

For the foregoing reasons, we determine that Petitioner has demonstrated that it is more likely than not that Petitioner would prevail in showing that claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 are unpatentable on this ground.

B. *Claims 1, 35, and 68 as Indefinite Under 35 U.S.C. § 112, 2nd paragraph*

Petitioner asserts that independent claims 1, 35, and 68 are indefinite under 35 U.S.C. § 112, second paragraph. Pet. 61–69 (citing Exs. 1001, 1004). Specifically, Petitioner asserts (1) that "processing circuitry," as recited in independent claim 1, is a nonce word under *Williamson v. Citrix Online LLC*, 792 F.3d 1339 (Fed. Cir. 2015) and, thus, should be treated as a "means-plus-function" limitation under 35 U.S.C. § 112, sixth paragraph, (2) that the only identified corresponding structure is a general purpose microprocessor, and (3) that under *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545

F.3d 1359 (Fed. Cir. 2008), because the '029 patent does not disclose a corresponding algorithm for the general purpose microprocessor, “processing circuitry” is indefinite under 35 U.S.C. § 112, second paragraph. Petitioner advances the same assertions for “processing circuitry” also recited in each of independent claims 35 and 68. Patent Owner disagrees with each of Petitioner’s assertions. Prelim. Resp. 35–45 (citing Exs. 1001, 2002). In the aggregate, we agree with Patent Owner.

Williamson states that when a claim uses a term other than “means,” a presumption is created that the claim term does not invoke 35 U.S.C. § 112, sixth paragraph. *Id.* at 1348. That presumption, however, may be rebutted if “the claim term fails to ‘recite sufficiently definite structure’ or else recites ‘function without reciting sufficient structure for performing that function.’” *Id.* at 1349 (citing *Watts v. XL Sys., Inc.*, 232 F.3d 877, 880 (Fed. Cir. 2000)). In determining whether the claim term “module” recited sufficient structure, the *Williamson* court evaluated “module” in light of the surrounding claim language, the understanding of the claim term in the relevant art, and the written description. *Id.* at 1350–51. Accordingly, Petitioner must set forth sufficient facts and analysis to rebut the presumption that “processing circuitry” recites sufficiently definite structure.

To that end, Petitioner cites two Board decisions that “recently found the term ‘circuitry’ invokes § 112, ¶ 6. *See, e.g., Ex Parte Eun Young Hwang*, 2016 WL 4240332, at *4–5 (Aug. 8, 2016); *Ex Parte Muriel Y. Ishikawa*, 2016 WL 4255062, at *9 (Aug. 9, 2016).” Pet. 63. While Petitioner is correct, the citations are misplaced, as neither decision actually assists in advancing its position. As an initial matter, we note that both are non-precedential decisions of the Board concerning *ex parte* appeals and,

thus, have limited persuasive value. Moreover, each decision set forth, or relied-upon, extensive analysis as to why “circuitry” invokes 35 U.S.C. § 112, sixth paragraph. Absent similar analysis provided by Petitioner, Petitioner’s bald citations to the decisions themselves are of limited persuasive value.

Petitioner then cites Mr. Wechselberger’s Declaration, as follows:

[A] person of ordinary skill in the art in the field of digital media distribution as related to the ’029 Patent would understand the term “circuitry” in this claim element to be merely a nonce word that does not connote sufficiently definite structure.

[A] person of ordinary skill in the art in the field of . . . digital media distribution as related to the ’029 Patent would not understand the word “processing” to connote sufficiently definite structure, whether as modifiers to the word “circuitry” or otherwise. At most, the word “processing” limits the “circuitry” of this claim element in additional ways related to the function of the “circuitry” (i.e., that it is for “processing”) but not in any way that connotes sufficiently definite structure.

Pet. 64 (citing Ex. 1004 ¶¶ 292–293). Beginning with the first citation, Mr. Wechselberger’s statement is of limited persuasive value, because it is merely a conclusory statement devoid of explanation, analysis, or underlying supporting evidence. *See* 37 C.F.R. § 42.65(a) (“Expert testimony that does not disclose the underlying facts or data on which the opinion is based is entitled to little or no weight.”). The second citation does not provide much assistance, as it presumes the validity of the first.

The above-referenced citations constitute the entirety of Petitioner’s analysis and evidence concerning whether “processing circuitry” invokes 35 U.S.C. § 112, sixth paragraph. We are unpersuaded that such analysis

and evidence alone is sufficient to rebut the presumption that the non-means recitation of “processing circuitry” recites sufficiently definite structure.

Of course, in later portions of the Petition, Petitioner does provide some analysis of the specification of the ’029 patent, albeit in a different context. Pet. 65-67 (citing Ex. 1001, 12:43–44, 28:38–46, 37:37–58, 41:10–19; Ex. 1004 ¶¶ 298–299). Even when those portions are considered, however, it is of little assistance to Petitioner in rebutting the presumption that “processing circuitry” recites sufficiently definite structure. At a high level, Petitioner cites various microprocessors as corresponding to the recited “processing circuitry.” We note that the portions of the specification cited by the Petitioner provide detailed interactions of those microprocessors with various other components, and specific manners in which those interactions are performed. We are unaware of any case law or guidance where a claim term, described in such a manner in the specification, has been determined to be a nonce word.

Indeed, we note that the ’029 patent appears to describe the following concerning “processing circuitry”:

Processing means 13 may include any number of circuits, signal processors, filters, or other data manipulation devices known in the art for providing any electronic features or functions that may exist in standard televisions and other such displays known in the art. The microprocessor may also include, but is not limited to, one or more the following processing circuits or devices specifically aimed at: enhancement of picture color, hue brightness, or tint; sound balance; bass and treble enhancement; stereo/mono sound processing; picture-in-picture (PIP) viewing; decoding and integration of broadcast information such as closed captioned viewing, V-chip program blocking, or automatic data editing; and 60 compression of data for storage or transmission. Each function making up the

microprocessor may operate independently of other functions such that the enablement or disablement of one function does not depend on or affect the enablement or disablement of another function. In this manner, the user, through user interface 17 and microprocessor 12, may specify the exact type of processing he/she wishes the received raw data to undergo.

Ex. 1001, 14:48–67. Petitioner has not explained, and we are unable to ascertain independently, how such a disclosure, which explicitly refers to “processing” and “circuits,” supports Petitioner’s assertion that “processing circuitry” lacks sufficiently definite structure.

Furthermore, when we consider the Preliminary Response, Petitioner’s assertion is even more untenable. Specifically, in contrast to Mr. Wechselberger’s statement quoted above, Dr. Kesan provides a detailed analysis, with supporting evidence, as to why “processing circuitry” would have been understood, by one of ordinary skill in the relevant art, as definite structure. Prelim. Resp. 41–44 (citing Ex. 2002 ¶¶ 29–49). More specifically, not only does Dr. Kesan provide an analysis of “processing circuitry” in light of numerous portions of the specification, Dr. Kesan also provides citations to several dictionaries (Ex. 2002 ¶¶ 35–36 (citing Exs. 1–3)) and “a monthly peer-reviewed scientific journal titled ‘Analog Integrated Circuits and Signal Processing’ that was established in 1991” (Ex. 2002 ¶ 33). We are cognizant that any such testimonial evidence, provided by Patent Owner with their Preliminary Response, is to be viewed in a “light most favorable to the petitioner solely for purposes of deciding whether to institute post-grant review.” *See* 37 C.F.R § 42.208(c). Yet, given that Petitioner has provided almost no countervailing evidence or analysis, we mention Dr. Kesan’s testimony only to the extent that it reinforces our conclusion that Petitioner has not adequately rebutted the presumption that

“processing circuitry” recites sufficiently definite structure and, thus, does not invoke 35 U.S.C. § 112, sixth paragraph.

C. Conclusion

On this record, Petitioner has demonstrated sufficiently “that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” We, thus, institute a covered business method patent review of claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 of the ’029 patent, but only on the ground of unpatentability based on 35 U.S.C. § 101.

III. ORDER

After due consideration of the record before us, and for the foregoing reasons, it is:

ORDERED that, pursuant to 35 U.S.C. § 324, a covered business method patent review is hereby instituted as to claims 1–4, 6–9, 12–15, 19–22, 25–28, 30–32, 35–39, 41, 46–48, 53, 54, 58, 61, 63–65, 68, 70, 72–76, 78–80, and 82–84 of the ’029 patent as unpatentable under 35 U.S.C. § 101;

FURTHER ORDERED that no other grounds are instituted; and

FURTHER ORDERED that pursuant to 35 U.S.C. § 324(a), a covered business method patent review of the ’029 patent is hereby instituted commencing on the entry date of this Order, and 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.

CBM2017-00031

Patent 8,955,029

For PETITIONER:

Eliot Williams

Hopkins Guy

Ali Dhanani

BAKER BOTTS LLP

eliot.williams@bakerbotts.com

hop.guy@bakerbotts.com

ali.dhanani@bakerbotts.com

For PATENT OWNER:

John Kasha

Kelly Kasha

KASHA LAW LLC

john.kasha@kashalaw.com

kelly.kasha@kashalaw.com