

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS INC.,
Petitioner,

v.

iMTX STRATEGIC, LLC,
Patent Owner.

Case IPR2015-01061
Patent 7,269,854 B2

Before KEVIN F. TURNER, THOMAS L. GIANNETTI, and
MATTHEW R. CLEMENTS, *Administrative Patent Judges*.

GIANNETTI, *Administrative Patent Judge*.

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

Unified Patents Inc. (“Petitioner”) filed a Petition pursuant to 35 U.S.C. §§ 311–319 to institute an *inter partes* review of claims 1–23 (all claims) of U.S. Patent No 7,269,854 B2 (Ex. 1001, “the ’854 patent”). Paper 1 (“Pet.”). iMTX Strategic, LLC (“Patent Owner”) filed a Preliminary

Response. Paper 6 (“Prelim. Resp.”). Applying the standard set forth in 35 U.S.C. § 314(a), we granted Petitioner’s request and instituted an *inter partes* review of all challenged claims. Paper 9 (“Institution Decision” or “Dec.”).

During the trial, Patent Owner filed a Patent Owner Response (Paper 16, “PO Resp.”), and Petitioner filed a Reply to the Patent Owner Response (Paper 18, “Pet. Reply”). An oral hearing was held on July 11, 2016, and a copy of the transcript has been made part of the record. Paper 21 (“Hearing Tr.”).

We have jurisdiction under 35 U.S.C. § 6(b). This Decision is a Final Written Decision under 35 U.S.C. § 318(a) as to the patentability of the claims on which we instituted trial. Based on the record before us, we determine that Petitioner has shown, by a preponderance of the evidence, that claims 1–23 of the ’854 patent are unpatentable under 35 U.S.C. § 103(a).

I. BACKGROUND

A. *The ’854 patent (Ex. 1001)*

The ’854 patent is titled “Transaction System for Transporting Media Files from Content Provider Sources to Home Entertainment Devices.” The Abstract describes the subject matter as follows:

A system and method for enabling a user to request and download selected media files from distributed content provider sites via the Internet. The system includes a plurality of user sites each including a player/receiver housed in an enclosure having a simple user interface, a plurality of content provider sites, and a transaction server site. The player/receiver enables the user to connect to the transaction server via the Internet to

access a program guide listing available media files. The user is then able to select a desired file and, via the player/receiver and Internet, request the transaction server to authorize download of the selected file. The file request along with file encryption and transfer instructions are sent from the transaction server via the Internet to the content provider site storing the requested file. Requested files are then dynamically encrypted by the content provider site and securely downloaded to the requesting player/receiver. The requesting player/receiver is uniquely capable of decrypting a downloaded file concurrent with playing back the file on a conventional home television set and/or audio system.

Ex. 1001, Abstract. This is illustrated by Figure 1 of the patent, which is reproduced below:

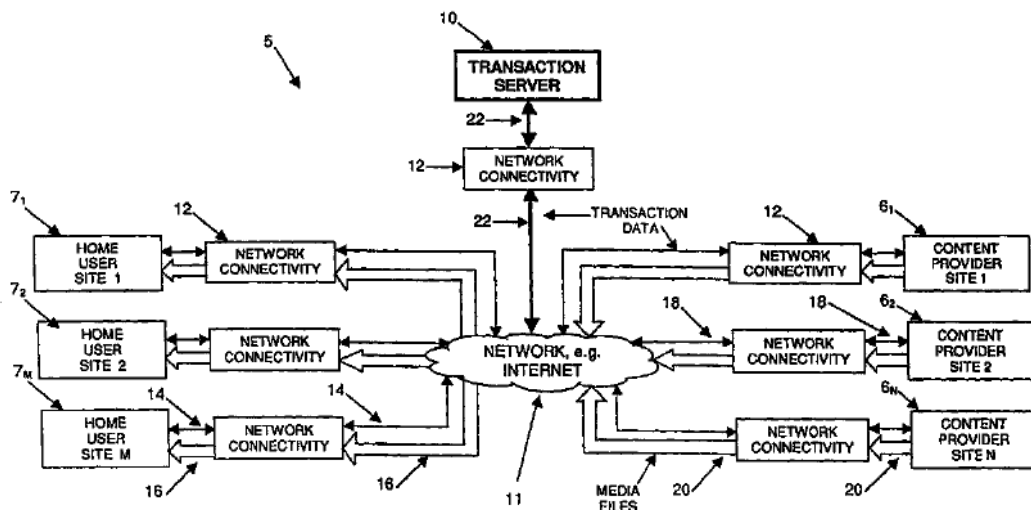


Figure 1 above is a block diagram showing the architecture of a preferred system in accordance with the invention. Ex. 1001, col. 3, ll. 66–67. The system is comprised of a plurality of content provider sites 6₁, 6₂, etc.; a plurality of home user sites 7₁, 7₂, etc.; and transaction server site 10. Each of these is connected to a common communications network 11. *Id.* at col. 4, ll. 31–36. In the preferred embodiment, network 11 is the public

Internet. *Id.* at col. 4, ll. 37–38. In alternative embodiments, however, network 11 could comprise other public or private networks. *Id.* at col. 4, ll. 42–44. According to the Specification, “the invention can operate with various, public and private communications networks.” *Id.* at col. 2, ll. 30–31.

In the preferred embodiment, connections to the Internet are formed by a suitable broadband network connectivity device 12. Examples include cable modems, digital subscriber lines, or very small satellite Internet access systems. *Id.* at col. 4, ll. 38–41.

The specification includes the following statement under the section heading “Summary of the Invention:”

Systems in accordance with the invention are generally characterized by the following features:

1. They are readily scalable and can accommodate a virtually unlimited number of content provider sites and home user sites communicating via the Internet using a standard protocol, *e.g.*, TCP/IP

Id. at col 2, ll. 35–40 (emphasis added). The specification also includes the following statement under the section heading “Description of the Preferred Embodiments”:

The “Internet” refers to a global network that facilitates the connectivity of computer-based systems *typically* using a common communications protocol known as Transmission Control Protocol/Internet Protocol (TCP/IP).

Id. at col. 4, ll. 44–47 (emphasis added). As discussed *infra*, Petitioner and Patent Owner dispute the significance of these statements in the specification.

B. Illustrative Claim

Claims 1 and 14 are independent claims. Claim 1 is illustrative of the claims at issue and is reproduced below:

1. A system for executing user transaction requests for delivering digital media files via the Internet for driving a user site television set and/or audio equipment, said system comprising:

a plurality of user sites, each user site including a player/receiver, a television set and/or audio equipment, and a connectivity device for connecting said player/receiver to the Internet;

a plurality of provider sites, each provider site including a media server comprising a media file storage device and a media file encryptor, and a connectivity device for connecting said provider site media server to the Internet;

a transaction server and a connectivity device for connecting said transaction server to the Internet;

each said player/receiver including a user interface for sending a media file request via the Internet to said transaction server requesting delivery of an identified media file;

said transaction server being responsive to a received media file request for sending an authorization to the provider site storing the requested media file authorizing delivery of the requested media file from said provider site to the requesting player/receiver directly via the Internet;

said authorized provider site being responsive to said transaction server authorization for uniquely encrypting the identified media file and for downloading the encrypted media file directly via the Internet to said requesting player/receiver;

each said player/receiver including a media file decryptor; and wherein

only said requesting player/receiver decryptor is capable of decrypting said encrypted media file downloaded thereto for playback on the television set and/or audio equipment at the same user site.

Claim 14, directed to a method, recites subject matter similar to that of claim 1.

C. Related Proceedings

Petitioner and Patent Owner identify a number of related proceedings in the Northern District of California and the District of Delaware involving the '854 patent. Pet. 2–3; Paper 5, 2–3; Paper 14, 2–3; Paper 17, 2–3. In addition, the '854 patent is the subject of Case CBM2015-00147.

D. Real Party in Interest

Petitioner certified that Unified Patents Inc. is the real party in interest, and “further certifies that no other party exercised control or could exercise control over Unified’s participation in this proceeding, the filing of this petition, or the conduct of any ensuing trial.” Pet. 2. In support of this assertion, Petitioner filed “voluntary interrogatory responses,” signed by its counsel and verified by its CEO. Ex. 1018.

Patent Owner’s Preliminary Response contended that the Petition should be denied for failure to name the real party in interest. Prelim. Resp. 12–16. Patent Owner’s Response, however, does not mention this contention. For this reason, we deem this argument waived. Paper 10, 3 (“The patent owner is cautioned that any arguments for patentability not raised in the response will be deemed waived.”).

E. References

Petitioner relies on the following three references:

1. “Spies,” U.S. Patent No. 6,055,314, Apr. 25, 2000 (Ex. 1006)
2. “Kenner,” U.S. Patent No. 5,956,716, Sept. 21, 1999 (Ex. 1007)
3. “Libman,” Roger E. Libman et al., *The Interactive Video Network: An Overview of the Video Manager and V Protocol*, AT&T Tech. J., Sept./Oct. 1995 (Ex. 1009)

F. Grounds Asserted

Petitioner challenged the patentability of claims 1–23 of the ’854 patent on the following grounds:

1. Obviousness over Libman and Spies under 35 U.S.C. § 103(a)
2. Obviousness over Kenner and Spies under 35 U.S.C. § 103(a)

We instituted trial on both grounds. Dec. 17.

G. Claim Construction

In an *inter partes* review, claim terms in an unexpired patent are construed according to their broadest reasonable interpretation in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *Cuozzo Speed Techs. LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016). Under that standard, claim terms are generally given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

1. Means plus Function

In our Institution Decision, the only means plus function term we construed was a means-plus-function term in dependent claims 9 and 10. Dec. 7. The term we construed was: “means for displaying a program guide listing media files stored by the digital storage device therein.” *Id.* We

determined that, under 35 U.S.C. § 112, ¶ 6, the corresponding structure for this term is a conventional, television/video display. *Id.* Neither party has contested this construction. We have considered the record and determine that this construction should not be changed.

2. “*Internet*”

Patent Owner asserted in the Preliminary Response that as to “Internet,” the “applicant chose to be his own lexicographer and provided an explicit definition.” Prelim. Resp. 24. Patent Owner cited the following language from the ’854 patent specification: “[T]he ‘Internet’ refers to a global network that facilitates the connectivity of computer-based systems typically using a common communications protocol known as Transmission Control Protocol/Internet Protocol (TCP/IP).” *Id.* at 23–24 (citing Ex. 1001, col. 4, ll. 44–47). In our Institution Decision, we concluded no special definition beyond the plain meaning of the term “Internet” was necessary. Dec. 8. In reaching this determination, we relied on the fact that “[t]he ’854 patent Specification . . . specifically refers to the ‘public Internet.’” Dec. 7–8 (citing Ex. 1001, col. 4, ll. 37–38).

Later in our Institution Decision, however, we responded to an argument by Patent Owner that Petitioner’s expert, Dr. Eldering, had analyzed the claims using the incorrect definition for the term “Internet.” Dec. 13. We again concluded that “we do not accept Patent Owner’s argument that the ’854 patent specification provides a special definition for the term ‘Internet’ beyond its plain and ordinary meaning.” *Id.* We further stated, however, that Patent Owner’s description of the Internet and the description in the ’854 patent were “consistent with the plain meaning.” *Id.*

Finally, we cited a dictionary definition that we said was “a relevant definition of the ‘Internet.’” *Id.* Specifically, we cited the *Microsoft Computer Dictionary* 242 (4th ed. 1999), defining Internet as: “[t]he worldwide collection of networks and gateways that use the TCP/IP suite of protocols to communicate with one another.” Ex. 3001.

Patent Owner now has abandoned its argument that the ’854 patent specially defines the term “Internet.” Instead, Patent Owner now “agrees” with the cited definition in the *Microsoft Computer Dictionary*. PO Resp. 19. At oral argument, Patent Owner’s counsel argued that the description of the Internet in the ’854 patent is “incorrect” because it uses the word “typically” in connection with using TCP/IP protocol:

[THE BOARD]: So your position is that this is not a correct statement because it uses the word "typically"? You would say it must use TCP/IP protocol, otherwise it isn't the Internet?

[PATENT OWNER’S COUNSEL]: That's correct, Your Honor.

[THE BOARD]: So was this a typo?

[PATENT OWNER’S COUNSEL]: I didn't write this patent, Your Honor. I would assume that maybe it was a typo.

Hearing Tr. 35:3–7.

We are not persuaded by Patent Owner’s current argument that the description of Internet in the patent specification is necessarily incorrect or resulted from a “typo.” We are not persuaded, either, by Patent Owner’s related argument that claims of the ’854 patent, by referring to “the Internet,” require use of the TCP/IP protocol. PO Resp. 21. As noted *supra*, the ’854 patent states that the patented invention “communicat[es] via the Internet using a standard protocol, *e.g.*, TCP/IP.” Ex. 1001, col. 2, ll. 39–40 (emphasis added). Similarly, the patent defines the Internet as “*typically*

using a common communications protocol known as Transmission Control Protocol/Internet Protocol (TCP/IP).” *Id.* at col. 4, ll. 45–48 (emphasis added). We find, therefore, that the description of the invention in the ’854 patent specification permits the use of protocols other than TCP/IP. This conclusion is reinforced by the fact that, according to the specification, “the invention can operate with various, public and private communications networks.” *Id.* at col. 2, ll. 30–31. Such networks, presumably, could use non-TCP/IP protocols. We conclude, therefore, that the specification of the ’854 patent contradicts Patent Owner’s argument that the claims require the use of TCP/IP.

Patent Owner’s reliance on the *Microsoft Computer Dictionary* definition is misplaced. The *Microsoft Computer Dictionary* describes a “TCP/IP suite of protocols” (Ex. 3001, 242 (emphasis added)), which is broader than just TCP/IP. Moreover, Patent Owner’s counsel misstates the record in arguing that the definition from the *Microsoft Computer Dictionary* is “the Board's proposed definition of the Internet.” Hearing Tr. 33:14–15. The Board concluded that although that definition was “relevant,” the term “Internet” did not require construction. Dec. 13. Nor do we see this claim construction issue as “[p]otentially dispositive” of the case, as Patent Owner suggests. Hearing Tr. 28:1–8. Even applying Patent Owner’s proposed construction, we would reach the same result. *See* discussion *infra* Sections II.A.3 and II.B.2.

3. “*downloading the encrypted media file directly via the Internet to said requesting player/receiver*” [claim 1] / “*causing said identified media server to uniquely encrypt the identified media file and download it directly via the Internet to the requesting user*” [claim 14]

Patent Owner proffers the same construction for these two similar terms (appearing in claims 1 and 14, respectively), as follows:

downloading an encrypted media file from a provider site to a requesting user via the Internet [1] without the media file being stored or processed by the transaction server, and [2] without specifying a particular set of connections from the provider site to the user site.

PO Resp. 27 (reference numbers added).

Patent Owner’s argument for the including the first negative limitation, “without the media file being stored or processed by the transaction server,” is based on the prosecution history. PO Resp. 19–21. Thus, Patent Owner asserts:

During prosecution of the ‘854 patent, applicant consistently defined a direct transfer of a media file as one in which the media file is not stored or processed by the transaction server in order to distinguish the claims from the Toyouchi reference. Thus, this limitation should properly be included in the broadest reasonable interpretation of these phrases for at least the reason that the applicant disclaimed a broader interpretation during prosecution.

Id. at 21.

We considered but did not adopt this proposed construction in our Institution Decision. Dec. 8. We concluded there that the proposed construction would rewrite the claims and was not consistent with the broadest reasonable interpretation. *Id.* For similar reasons, we do not adopt this construction now.

We have also considered Patent Owner's prosecution history argument and conclude it is unavailing. PO Resp. 19–21. The argument focuses on the applicants' successful attempt to overcome the Examiner's rejections of claims 1 and 14 over a Toyouchi reference. *Id.* at 19. But Patent Owner has not adequately explained Toyouchi, or attempted to compare Toyouchi to any of the art relied on by Petitioner, in a way that would be helpful to our analysis or supportive of its argument.

Moreover, we disagree with Patent Owner's argument that the cited responses by the applicants to the Examiner's rejections support the proposed construction. *Id.* at 13–16, 20. In those responses, the applicants argued that “applicant's [sic] system architecture calls for the direct transfer of a media file from a provider site to a user site without the media file being stored or processed by the transaction server.” *Id.* at 20.

The Examiner's May 22, 2007 Reasons for Allowance, however, only partially quoted in Patent Owner's Response,¹ did not adopt applicants' reasoning that “without the media file being stored or processed by the transaction server” distinguishes Toyouchi. Instead, the Examiner focused on the path the media file follows from the transaction server to the client, stating:

[T]he prior art fails to teach the receiving a request for a file at the transaction server and authorizing a provider to send the requested file directly to the client. *The prior art generally teaches all traffic between the client and provider being transmitted through the transaction server.*”

¹ PO Resp. 15–16. Patent Owner's quotation omits the italicized sentence. Also Patent Owner incorrectly identifies August 22, 2007, as the date of the Reasons for Allowance. *Id.* at 15.

Ex. 1003, 221 (emphasis added). The Examiner thus contrasted “directly to the client” in the claims with “being transmitted through a transaction server,” not with whether the media file is “stored or processed by the transaction server.” Thus, we find that the Reasons for Allowance, by not adopting Patent Owner’s “stored or processed” reasoning, do not support, Patent Owner’s argument. “[T]he doctrine of prosecution disclaimer only applies to unambiguous disavowals.” *Grober v. Mako Prods., Inc.*, 686 F.3d 1335, 1341 (Fed. Cir. 2012) (citation omitted). We find that the prosecution record cited by Patent Owner in this case does not meet that test.

The Board “is under no obligation to accept a claim construction proffered as a prosecution history disclaimer, which generally only binds the patent owner.” *Tempo Lighting, Inc. v. Tivoli, LLC*, 742 F.3d 973, 978 (Fed. Cir. 2014). There is no reason to depart from that approach here. As Petitioner points out, unlike in district court, Patent Owner had the opportunity to propose an amendment to the claims to include the limitations it now says are “properly included” in the broadest reasonable interpretation. Pet. Reply 4.

According to Patent Owner, the second negative limitation, “without specifying a particular set of connections from the provider site to the user site,” is “properly included” in the proposed construction because of the reference in the claims to the Internet. PO Resp. 27–28. This argument is tied in with Patent Owner’s proposed construction of the claims as requiring use of TCP/IP. *See supra* Section I.G.2. Thus, Patent Owner asserts:

The language “without specifying a particular set of connections from the provider site to the user site” is properly included in the broadest reasonable interpretation because this language merely states how data is *inherently* transmitted over

the Internet as a result of the standard TCP/IP protocols that are *necessarily* used by the Internet, in the absence of a component that overrides the standard TCP/IP protocols of the Internet.

Id. at 27.

Petitioner responds by asserting that Patent Owner is improperly importing “negative” limitations into the claims. Pet. Reply 4. Petitioner contends that Patent Owner’s argument fails because “[t]he plain and ordinary meaning of ‘Internet’ can include both specified and unspecified paths.” *Id.* at 5.

Petitioner points us to the disclosure in Kenner (Ex. 1007), which we discuss *infra*, as contradicting Patent Owner’s position. Pet. Reply 5. Specifically, Petitioner quotes testimony from Patent Owner’s expert, Mr. Soske, which, Petitioner asserts, “concedes” that Kenner “teaches delivering video clips via the Internet by specifying ‘a connection path between equipment interspersed over the Internet.’” *Id.* (quoting Ex. 2005 ¶ 96).

We find Patent Owner’s proposal—adding the negative limitation related to “specifying a particular set of connections” to the claims—is unavailing for reasons similar to those expressed above and in our Institution Decision. Specifically, we disagree with Patent Owner’s argument that the claims should be read as prohibiting “specifying a particular set of connections” in downloading media files. Patent Owner points us to nothing in the specification that would support that reading of the claims. In fact, as pointed out in Section I.G.2 *supra*, the specification is to the contrary, for example, in its description of the Internet as “typically” (but not necessarily) using TCP/IP, and in its reference to alternative embodiments comprising other public or private networks. Ex. 1001, col. 2, ll. 30–31, col. 4, ll. 42–44. So, too, is the record developed at trial, including credible testimony

from Petitioner’s expert, Dr. Eldering, indicating that TCP/IP transport protocol “could be run over any number of networks at least a decade prior to the filing of the priority application” that led to the ’854 patent. Ex. 1002 (“Eldering Decl.”) ¶ 20.

We conclude that Patent Owner’s arguments in support of including its negative limitations in these claim elements are unavailing. We, therefore, rely on the plain meaning of these terms in the claims, not including the negative limitations proposed by Patent Owner.

4. “*transaction server*” and “*encrypted media file*”

For reasons similar to those stated above, e.g., in connection with the term “Internet,” we are not persuaded that special constructions of “transaction server” and “encrypted media file” are necessary.

II. ANALYSIS

A. *Asserted Ground Based on Libman and Spies*

We instituted trial on the ground that the subject matter of claims 1–23 would have been obvious over Libman and Spies. Dec. 11–14; Pet. 11–42. Having now considered the evidence of record, we are persuaded that, based on this record, Petitioner has demonstrated by a preponderance of the evidence that the claims would have been obvious over those references in combination.

1. Libman Overview

Libman describes a network architecture that allows users to search for and download interactive multimedia services including video. Eldering Decl. ¶ 40. This architecture is illustrated by annotated Figure 2 of Libman, which is reproduced below with red directional arrows provided by Petitioner (*id.* at ¶ 41):

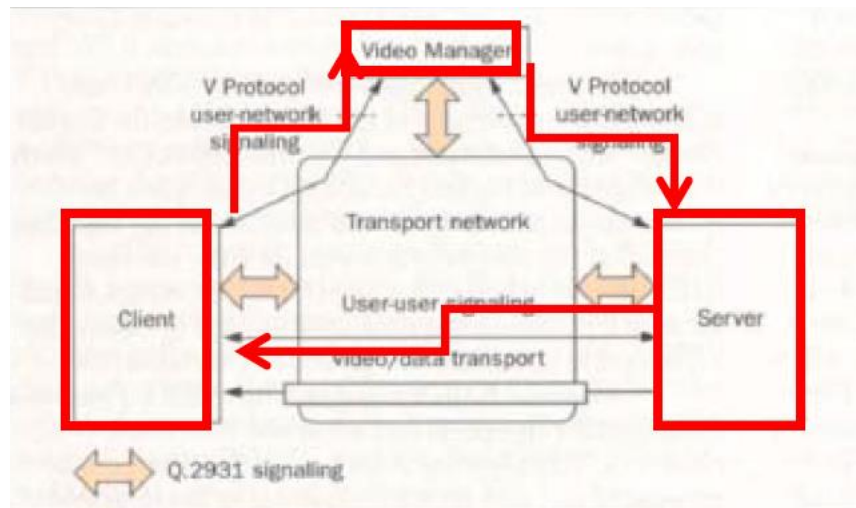


Figure 2 of Libman, reproduced above, shows a triangular network architecture whereby a client, using a V protocol, contacts a video manager through a transportation network. Eldering Decl. ¶ 41. The Video Manager contacts a server hosting content. *Id.* The Video Manager then takes that request, identifies a server where the desired item is stored, and opens a session allowing the server to transport multimedia files directly to the client. *Id.* The Video Manager, thus, contacts the server and authorizes the server to transport multimedia files to the client. Pet. 12. Libman discloses a system architecture where multiple users can use the system to contact multiple content providers through network intermediaries. *Id.* Because the transmission medium is shared, Libman also discloses using encryption to control access and privacy. *Id.* at 14.

Patent Owner distinguishes Libman from claims 1 and 14 on a number of grounds. PO Resp. 33–40. According to Patent Owner, the Video Manager in Libman “establishes, monitors and manages a unique ‘video phone call’ between the set top and media server via a virtual circuit.” *Id.* at 34 (quoting the Declaration of Patent Owner’s expert, Mr. Joshua W. Soske, Ex. 2005). Thus, according to Patent Owner, “[t]he connection (like

a telephone call) includes a predictable if not guaranteed route and performance once it is established between the server and set top for the duration of the ‘call.’” *Id.* Patent Owner further concludes that “the AT&T Interactive Video Network disclosed in Libman is designed for and utilizes a closed, proprietary network that does *not* operate over the Internet, nor does it utilize the TCP/IP protocols of the Internet.” *Id.* at 35. Moreover, Patent Owner asserts that because the Video Manager interacts with clients and servers the scalability of the system “is limited.” According to Patent Owner, scalability is one of the “precise problems” the claimed invention addresses. *Id.* at 40.

2. Spies Overview

Spies discloses a system and method for secure purchase and delivery of video content programs over various distribution media, including distribution networks. Ex. 1006, Abstract, col. 2, ll. 26–29. The system includes an integrated circuit (“IC”) card that is configured to store decryption information for related video programs. *Id.* at Abstract. When a purchaser orders a particular video program, the decryption capabilities for that program are downloaded by the video merchant to the IC card, either at the merchant’s premises or over a distribution network. *Id.* Video content programs are distributed in encrypted format by the distribution medium to the purchaser. The IC card uses the decryption capability to at least partially decrypt video content program. *Id.*

Spies teaches the use of various encryption techniques that allow the video merchant to encrypt a media file. In one embodiment, a secure key is provided from a secure key store. Ex. 1006, Fig. 1, col. 5, ll. 10–53. Spies describes a video purchase and delivery system in which the video content

program is delivered in encrypted format to the purchaser via a distribution medium. *Id.* at Fig. 2, col. 5, l. 56–col. 6, l. 10. The video content is delivered in encrypted format to the purchaser via the distribution medium. The purchaser uses a specially coded IC card to decrypt the video content. *Id.* at Fig. 3, col. 8, l. 60–col. 9, l. 51.

Patent Owner contends that Spies does not “remedy the deficiencies” identified in Libman. PO Resp. 40–46. Specifically, Patent Owner asserts “Spies fails to remedy the fact the Libman fails to teach or suggest the claimed ‘transaction server’ and downloading an encrypted media file from a provider site to a user site via the Internet *without the media file being stored processed by the transaction server.*” *Id.* at 40. Further, Patent Owner contends Spies fails to teach the “functional relationships” “between the transaction server, provider site and player/receiver” recited in the claims. *Id.* at 42.

3. Discussion

At the outset, we consider Patent Owner’s description of the state of the prior art and supporting testimony from co-inventor Selwyn D. Simmons (Ex. 2008) and, to a lesser degree, from Mr. Soske. PO Resp. 2–9. According to Patent Owner, prior to 1998, video downloading was available to home users only on what it terms “closed networks” controlled by large corporations. *Id.* at 2. Patent Owner identifies several “hurdles” to providing video downloading via the Internet, including the fact that high-speed broadband connections were not available, file sizes were large due to the unavailability of appropriate codecs, suitable devices for connecting televisions to the Internet were lacking, downloading times were slow, and

there was no “transaction platform” enabling transactions to purchase online content for download. *Id.* at 5–6. According to Patent Owner:

Mr. Simmons realized that using the Internet as the communications and transport network, with the associated TCP/IP as the communications protocol, would enable the iMTX platform to quickly scale without having to rely on proprietary architectures and technologies, such as the architectures and technologies used by the telephone and cable companies.

Id. at 7.

Petitioner characterizes these topics as “irrelevant” to the issues of what the prior art teaches and the rationale for combining references. Pet. Reply 12. In addition, Petitioner points out that Mr. Simmons has an interest in the outcome of the case. *Id.*

We agree with Petitioner that the relevance of this information is, at best, marginal. Patent Owner has not tied the information to the invention defined by the claims that are being challenged. In fact, the alleged “hurdles” facing Mr. Simmons, such as limited bandwidth, large file sizes, slow download times, etc., are not addressed by the ’854 patent, but were solved by others. *See, e.g., Newell Cos., Inc. v. Kenney Mfg. Co.*, 864 F.2d 757, 768 (Fed. Cir. 1988) (“Like the inventor in *Calmar, Inc. v. Cook Chemical Co.*, part of the *Graham* trilogy, once another supplied the key element, there was no long-felt need or, indeed, a problem to be solved by Ferguson.”). Even Mr. Simmons’s explanation of the importance of the Internet to his invention is unconvincing in light of the statements in the specification that “the invention can operate with various, public and private communications networks.” Ex. 1001, col. 2, ll. 30–31. We therefore give

little weight to Patent Owner's argument based on the state of the art and Mr. Simmons' supporting declaration.

Patent Owner's response to Petitioner's challenge addresses claims 1 and 14 only, and does not argue separately the patentability of the dependent claims. *See, e.g.*, PO Resp. 35 (discussing claims 1 and 14). Furthermore, as discussed *infra*, Patent Owner's response focuses on only one limitation of claim 1 (element [1.10] in Petitioner's claim chart, Pet. 22) and the corresponding limitation in claim 14 (element [14.7], Pet. 38–39). We, therefore, focus our discussion here, and in the discussion of the Kenner-Spies ground of challenge, below, on those claim elements and arguments.

Petitioner's claim charts demonstrate where each element of claims 1 and 14 is found in the Libman-Spies combination. Pet. 18–42. For example, Petitioner identifies the recited “player/receiver” with the disclosure of a personal computer, workstation, or television set top box in Libman. Pet. 19. Petitioner also identifies this element with the set-top box and television disclosed in Spies. *Id.* Petitioner's expert, Dr. Eldering, explains in detail how the Libman-Spies combination meets the elements of the claims. Eldering Decl. ¶¶ 39–48, Exhibit 1. We find this testimony is credible.

Petitioner also provides a persuasive rationale for combining the teachings of Libman and Spies. Pet. 15–17; Eldering Decl. ¶¶ 49–56. Petitioner acknowledges that Libman generally discloses encryption to control access and privacy over a shared transmission medium. *Id.* at 14. But according to Petitioner, a person of ordinary skill would have been motivated to apply the various encryption techniques described in Spies to increase security further. *Id.* at 16–17. Dr. Eldering opines that the

challenged claims would have been obvious over Libman and Spies. Elderling Decl. ¶¶ 57–64.

We have considered Petitioner’s obviousness analysis of claims 1–23 based on the combination of Kenner and Spies in light of the record developed during trial, including credible supporting testimony from a qualified expert, Dr. Elderling. We adopt that analysis and its underlying reasoning. We note, also, that Patent Owner’s challenge to that analysis focuses on a few points which we have considered and will now discuss.

Patent Owner asserts that Petitioner’s challenge based on Libman and Spies is “deficient” in several respects. PO Resp. 33–40. According to Patent Owner and its expert, Mr. Soske, Libman is based on a platform (Video Dialtone) that provides a “predictable if not guaranteed route” once a connection is established by the Video Manager in Libman. PO Resp. 34. As a result, according to Patent Owner, Libman fails to meet the requirement of the claim for “downloading the encrypted media file directly via the Internet to said requesting player/receiver.” *Id.* at 35–36. Patent Owner attributes this difference to the fact that “Libman is designed for and utilizes a closed, proprietary network that does *not* operate over the Internet, nor does it utilize the TCP/IP protocols of the Internet.” *Id.* at 35. As a further result, Patent Owner contends, the “scalability of Libman’s system is limited by the capacity and communications bandwidth of the Video Manager.” *Id.* at 40.

In response, Petitioner points out that none of the claims requires an “open” network. Pet. Reply 9. Petitioner further contends that “[a]dding the ‘Internet’ to the network of *Libman* would have been obvious to one of skill in the art.” *Id.* at 10. Petitioner also points out that the claims do not

exclude “pre-established connections,” referring back to Patent Owner’s attempt to construe the claims to require such through its proposed construction. *Id.* Finally, Petitioner addresses the “scalability” argument by pointing out that none of the claims requires scalability, and that Patent Owner could have sought to add this feature to the claims by requesting an amendment. *Id.* at 10–11.

As noted, Patent Owner asserts that Spies “fails to remedy the deficiencies noted Libman.” PO Resp. 40–46. Principally, Patent Owner repeats its argument from the Preliminary Response that Petitioner fails to show how Libman and Spies disclose certain “functional relationships” recited in the claims. Prelim. Resp. 34; PO Resp. 40–43. As an example, Patent Owner cites the claim language: “for sending an authorization to the provider site storing the requested media file authorizing delivery of the requested media file from said provider site to the requesting player/receiver.” PO Resp. 41. Patent Owner contends that Petitioner has failed adequately to show how this limitation is met by Spies. *Id.* at 42. Patent Owner asserts that we failed to address this in our Institution Decision. *Id.* at 43.

Petitioner replies that by focusing this argument on Spies, Patent Owner fails to address the issue of whether Libman or Libman in view of Spies meet this claim element. Pet. Reply 11–12. Petitioner also asserts that the argument is based on Patent Owner’s “faulty, twice-argued claim constructions.” *Id.* at 12.

We have considered Patent Owner’s arguments distinguishing these references and determine that they are not persuasive. The requirement for an “open” system is not in the claims, and we do not credit Patent Owner’s

argument that the reference to Internet in the claims is sufficient to impose this limitation. As noted in Section I.A *supra*, according to the '854 patent specification, “the invention can operate with various, public and private communications networks.” Ex. 1001, col. 2, ll. 30–31.

Likewise, we are not persuaded by Patent Owner’s argument that the claims exclude “pre-established connections” because they refer to the Internet which uses TCP/IP protocol. PO Resp. 36. We determine that this argument fails for at least the reason that the claims of the '854 patent are not limited to use of the TCP/IP protocol. *See, e.g.*, discussion *supra* in Sections I.G.2 and I.G.3.

Even if there were merit to Patent Owner’s assertion based on the establishment of “guaranteed” routes in Libman, however, its argument would fail because Petitioner’s obviousness analysis relies also on the fact that Spies explicitly discloses use of the Internet. Pet. 23 (quoting Spies, Ex. 1006, col. 14, ll. 17–30 (“Current and proposed technology further permits image transmission from a server over conventional data networks, such as the Internet, to computers or network terminals which display the images.”)). For this reason, among others, Patent Owner’s argument that the claims are limited to use of TCP/IP, even if true, would fail to convince us that the combination of Libman and Spies fails to meet this limitation.

Patent Owner does not challenge the rationale or motivation set forth by Petitioner and its expert, Dr. Eldering, for combining the teachings of Libman and Spies. Nor would such a challenge be supported by the record, especially in light of Libman’s explicit disclosure that the V protocol used by Libman “is not linked to any particular transport network technology” which presumably would include TCP/IP. Ex. 1009, 8. As Dr. Eldering

credibly testified, the TCP/IP protocol “could be run over any number of networks.” Ex. 2004, 57:6–8. We are persuaded, therefore, that the combination of Libman and Spies discloses the “Internet” under the plain meaning of that term. As the Federal Circuit reminded in *Western Union Co. v. MoneyGram Payment Systems, Inc.*, 626 F.3d 1361, 1370 (Fed. Cir. 2010), “[a]pplying modern electronics to older mechanical devices has been commonplace in recent years.” See also *Muniauction, Inc. v. Thompson Corp.*, 532 F.3d 1318, 1326–27 (Fed. Cir. 2008) (concluding a patent was obvious where “adapting existing electronic processes to incorporate modern internet and web browser technology was similarly commonplace” at the time the application was filed, citing *Leapfrog Enterprises, Inc. v. Fisher Price, Inc.*, 485 F.3d 1157 (Fed. Cir. 2007)).

Finally, even if Petitioner were correct that Spies fails to show the “functional relationship” involving sending authorization to the prtovider site, that would be unavailing in light of our finding that “[t]he description of Libman, above, and in Petitioner’s claim charts demonstrate that this element is met by Libman. Pet. 22–23.” Dec. 13.

We have considered Patent Owner’s other arguments regarding this ground of challenge and find them unpersuasive for reasons including those set forth in the Petitioner’s Reply.

We conclude that Petitioner has proved by a preponderance of the evidence that claims 1–23 would have been obvious over Libman and Spies.

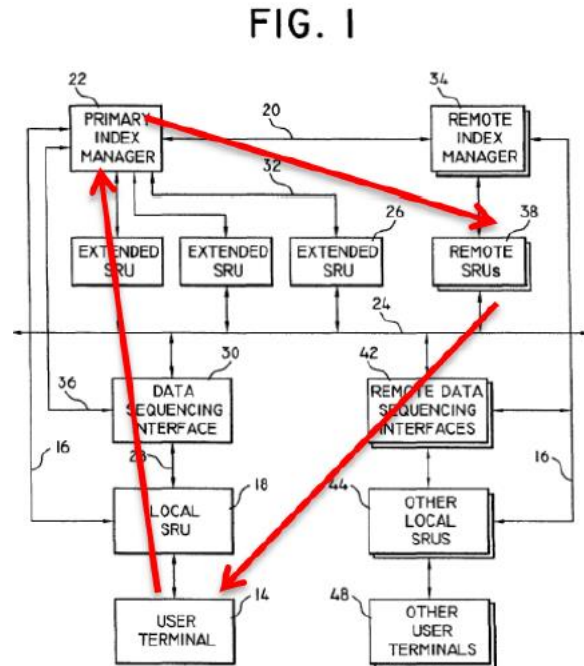
B. Asserted Ground Based on Kenner and Spies

The second ground for trial contends that the subject matter of claims 1–23 would have been obvious over Kenner and Spies. Dec. 14–16; Pet.

42–60. Having now considered the evidence of record, we determine that Petitioner has demonstrated by a preponderance of the evidence that the challenged claims would have been obvious over those references in combination.

1. Kenner Overview

Kenner describes an Internet-based video storage and retrieval system. Pet. 43; Ex. 1007, Abstract, Fig. 1. The system architecture is illustrated by annotated Figure 1 of Kenner, which is reproduced below with red directional arrows provided by Petitioner (Pet. 43):



As shown in Figure 1 of Kenner, reproduced above, video clips are stored on extended storage and retrieval units (“SRUs”). The users obtain videos by contacting the primary index manager (“PIM”) via the local SRU. Ex. 1007, col. 7, ll. 23–27. The PIM locates the video and creates a data sequencing interface (“DSI”) to direct the download to the user terminal. *Id.* at col. 7, ll. 27–29. The DSI supervises communications between the remote SRUs

storing the requested information and the local SRU. *Id.* at col. 12, ll. 5–15. The local SRU downloads the compressed video to the user’s terminal. *Id.* at col. 9, ll. 31–32. Kenner discloses storing the video stream in an encrypted state via known encryption methods, such as DES and RSA. *Id.* at col. 25, ll. 60–62.

Patent Owner contends that Kenner fails to meet the elements of the challenged claims because Kenner fails to teach or suggest the limitation: “for downloading the encrypted media file directly via the Internet to said requesting player/receiver” in claim 1, and the similar recitation “causing said identified media server to uniquely encrypt the identified media file and download it directly via the Internet to the requesting user” in claim 14. PO Resp. 47. Patent Owner asserts that “the PIM in Kenner is intimately involved in *pre-establishing connections* between the extended SRUs.” *Id.*

Patent Owner acknowledges that Kenner teaches that video clips can be delivered via the Internet, but goes on to explain: “the Kenner system overrides the standard TCP/IP addressing protocols and public Internet architecture by utilizing PIMs, which create DSIs that predetermine a connection path between equipment interspersed over the Internet (e.g., the remote SRUs in Kenner) that a requested video clip will take to the user.” *Id.* at 50. Because Kenner’s PIM is “intimately involved” in pre-establishing connections between SRUs on the Internet, and also “stores and/or processes” the requested media file, Patent Owner argues the “scalability” of the system is limited. *Id.* at 50–51.

Patent Owner argues that Spies fails to remedy the alleged deficiencies in Kenner “for at least the reasons” discussed with respect to Libman, namely, “Spies fails to remedy the fact the Kenner fails to teach or

suggest the claimed ‘transaction server’ and downloading an encrypted media file from a provider site to a user site via the Internet *without the media file being stored or processed by the transaction server.*” *Id.* at 51.

2. Discussion

Petitioner’s detailed claim charts demonstrate where each element of claims 1 and 14 and their dependent claims is found in the Kenner-Spies combination. Pet. 47–60. For example, Petitioner identifies the recited “player/receiver” with the disclosure of a personal computer, workstation, or television set top box in Kenner. Pet. 47. Petitioner’s expert, Dr. Eldering, explains in detail how the Kenner-Spies combination meets the elements of the claims. Eldering Decl. ¶¶ 57–64, Exhibit 2. Dr. Eldering opines that the challenged claims would have been obvious. *Id.* at ¶ 65.

Petitioner also provides a persuasive rationale and detailed supporting testimony for combining the teachings of Kenner and Spies. Pet. 44–47; Eldering Decl. ¶¶ 65–85. Petitioner acknowledges that Kenner discloses storing the video stream in an encrypted state via known encryption methods, and even gives as examples DES and RSA. Pet. 44. According to Petitioner, a person of ordinary skill would have had reason to combine the conventional existing encryption algorithms described in Spies to avoid the disadvantages of a “massive parallel system” disclosed in Kenner. *Id.* (citing Eldering Decl. ¶¶ 66–68). Further reasons for combining Kenner and Spies are provided at pages 45–47 of the Petition and paragraphs 69–84 of the Eldering Declaration.

We have considered Petitioner’s obviousness analysis of claims 1–23 based on the combination of Kenner and Spies in light of the record developed during trial, including persuasive supporting testimony from a

qualified expert, Dr. Eldering. We adopt that analysis and its underlying reasoning. We note, also, that Patent Owner’s challenge to that analysis focuses on a few points which we have considered and will now discuss.

As discussed *supra*, Patent Owner challenges Petitioner’s obviousness case based on Kenner and Spies in two respects. Both rely on constructions of claims 1 and 14 incorporating negative limitations that we do not adopt. Thus, Patent Owner’s assertion that Kenner fails to teach “downloading the encrypted media file directly via the Internet to said requesting player/receiver” (PO Resp. 47) is unavailing. This contention is based on (1) Patent Owner’s interpretation of Kenner’s teachings; and (2) its proposed negative limitations including “without the media file being stored or processed by the transaction server.” We discuss these in turn.

As noted *supra*, Patent Owner does not dispute that Kenner’s video and storage system is Internet-based. This illustrated in Figure 4 of Kenner reproduced below:

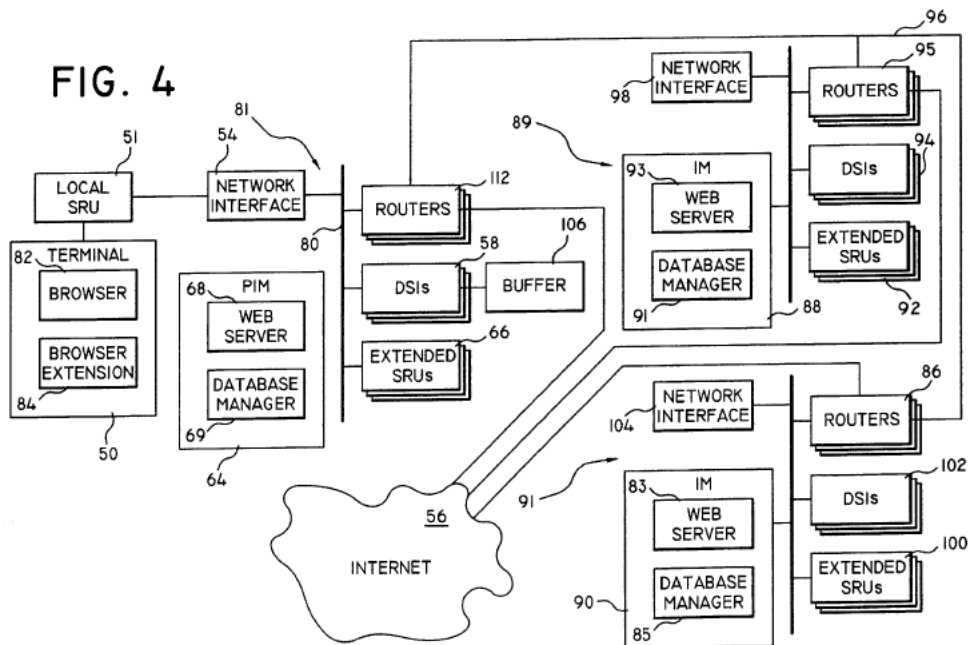


Figure 4 of Kenner shows the system for delivering video clips over Internet 56 described *supra*. As noted, Patent Owner does not dispute that Kenner teaches this delivery of video clips occurs over the Internet. Instead, Patent Owner contends that Kenner “overrides” what Patent Owner refers to as “standard TCP/IP addressing protocols and public Internet architecture.” PO Resp. 50. This is because, according to Patent Owner, the PIM in Kenner “is intimately involved in *pre-establishing connections* between the extended SRUs, distributed within the Internet.” *Id.* at 47. We do not find this argument convincing.

The DSIs in Kenner are described as “a software process which . . . oversees the download process.” Ex. 1007, col. 25, ll. 37–38. Patent Owner does not point us to anything in Kenner indicating that Internet 56 shown in Kenner’s Figure 4 is “overridden” by this operation. Instead, Patent Owner cites several examples of PIM functionality, including checking user’s subscription rights, creating remote DSIs when other DSIs are busy, search engine and data base management, and directing downloads from “extended” SRUs. PO Resp. 48–49. The mere fact that the PIMs are involved in these activities does not “override” the fact that Internet 56 is the vehicle in Kenner for delivering the requested files, as Patent Owner concedes.

As noted *supra* in discussing Libman, we do not agree that the ’854 patent claims prohibit “pre-establishing” connections. But even if they did, we are not convinced by Patent Owner’s argument that because the DSI in Kenner “directs and oversees the download process,” it means that “the video clip will take the same predetermined path through the determined

equipment to the user.” PO Resp. 50. Even assuming that the DSI determines a particular SRU from which the video clip is transmitted, Patent Owner has not cited persuasive evidence that the DSI predetermines the connection path between that SRU and the user terminal. The only support Patent Owner cites for this assertion is the declaration of its expert, Mr. Soske. *Id.* (citing Ex. 2005 ¶¶ 95–96). For several reasons, we do not credit this testimony. First, Mr. Soske concedes that “Kenner teaches that video clips can be delivered via the Internet.” Ex. 2005 ¶ 96. This statement, alone, undercuts Patent Owner’s fundamental criticism of Kenner. Second, Mr. Soske cites no support for his conclusion. Such expert opinions unsupported by facts are entitled to little or no weight. 37 C.F.R. § 42.65(c) (“Expert opinion testimony that does not disclose the underlying facts or data on which the opinion is based are entitled to little or no weight.”). We, therefore, give minimal weight to Mr. Soske’s testimony on this issue.

Patent Owner’s second argument is that Kenner does not meet the asserted requirement of: “transferring [the] media file from a provider site to a user site via the Internet *without the media file being stored or processed by the transaction server.*” PO Resp. 49–50. As we explain above, this proposed construction rewrites the claims and is not consistent with the broadest reasonable interpretation. We, therefore, do not credit Patent Owner’s argument attempting to distinguish Kenner based on this proposed construction. Instead, we credit Petitioner’s analysis and supporting expert testimony demonstrating that the claim 1 limitation “authorizing delivery of the requested media file from said provider site to the requesting player/receiver directly via the Internet” and the corresponding claim 14 limitation are met by the Kenner-Spies combination.

Pet. 49 [1.10], 56–57 [14.5]. We find that for the reasons given by Petitioner, the PIM in Kenner authorizes the SRUs to download video clips directly to users via the Internet.

We have considered Patent Owner’s other arguments regarding this ground of challenge and find them unpersuasive, for reasons including those set forth on Petitioner’s Reply.

We conclude that Petitioner has proved by a preponderance of the evidence that claims 1–23 would have been obvious over Kenner and Spies.

III. SUMMARY

Petitioner has proved by a preponderance of the evidence that claims 1–23 the ’854 patent would have been:

- A. obvious over Libman and Spies; and
- B. obvious over Kenner and Spies.

IV. ORDER

In consideration of the foregoing, it is

ORDERED that, because this is a final written decision of the Board under 35 U.S.C. § 318(a), parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2; and

FURTHER ORDERED that claims 1–23 of U.S. Patent 7,269,854 B2 are unpatentable under 35 U.S.C. § 103(a).

IPR2015-01061
Patent 7,269,854 B2

PETITIONER:

P. Andrew Riley
Linda Thayer
Joshua L. Goldberg
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
andrew.riley@finnegan.com
iMTX_IPR2015-01061@finnegan.com

Jonathan Stroud
UNIFIED PATENTS INC.
jonathan@unifiedpatents.com

PATENT OWNER:

René A. Vazquez
Sinergia Technology Law Group, PLLC
rvazquez@sinergialaw.com