

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

GOOGLE INC.,
Petitioner,

v.

CONTENTGUARD HOLDINGS, INC.,
Patent Owner.

Case CBM2015-00040
Patent 7,774,280 B2

Before MICHAEL R. ZECHER, BENJAMIN D. M. WOOD, and
GEORGIANNA W. BRADEN, *Administrative Patent Judges*.

ZECHER, *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*

Petitioner, Google Inc. (“Google”), filed a Petition (“Pet.”) requesting a review under the transitional program for covered business method patents of claims 1, 5, 11, 12, and 22 of U.S. Patent No. 7,774,280 B2 (“the ’280 patent,” Ex. 1001). Paper 1. Patent Owner, ContentGuard Holdings, Inc. (“ContentGuard”), timely filed a Preliminary Response (“Prelim. Resp.”). Paper 8.

We have jurisdiction under 35 U.S.C. § 324(a),¹ which provides that a covered business method patent review may not be instituted unless the information presented in the Petition demonstrates “that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.” Taking into account the arguments presented in ContentGuard’s Preliminary Response, we determine that the information presented in the Petition establishes that claims 1, 5, and 11 are more likely than not unpatentable under 35 U.S.C. §§ 102(b) and 103(a). We, however, determine that the information presented in the Petition does not establish that claims 12 and 22 are more likely than not unpatentable. Pursuant to 35

¹ See Section 18(a)(1) of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011) (“AIA”), which provides that the transitional program for covered business method patents will be regarded as a post-grant review under Chapter 32 of Title 35 of the United States Code, and will employ the standards and procedures of a post-grant review, subject to certain exceptions.

U.S.C. § 324 and § 18(a) of the AIA, we hereby institute a covered business method patent review only as to claims 1, 5, and 11 of the '280 patent.

B. Related Matters

The parties indicate that the '280 patent has been asserted in the following three district court cases: (1) *ContentGuard Holdings, Inc. v. Google Inc.*, No. 2:14-cv-00061-JRG-RSP (E.D. Tex); (2) *Google Inc. v. ContentGuard Holdings, Inc.*, No. 3:14-cv-00498-WHA (N.D. Cal.); and (3) *ContentGuard Holdings, Inc. v. Amazon.com Inc.*, No. 2:13-cv-01112-JRG (E.D. Tex.). Pet. 6–7; Paper 7, 1–2. In addition to this Petition, Google filed another Petition requesting a review under the transitional program for covered business method patents of a certain subset of claims in U.S. Patent No. 8,001,053 (Case CBM2015-00043). Pet. 7; Paper 7, 1.

C. Standing

Section 18 of the AIA governs the transitional program for covered business method patent reviews. 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. Google asserts that, because it has been sued for infringement of the '280 patent, it has standing to file its Petition. Pet. 8 (citing Ex. 1004). Based on the record before us, we agree.

D. The '280 Patent

The '280 patent, titled “System and Method for Managing Transfer of Rights using Shared State Variables,” issued August 10, 2010, from U.S. Patent Application No. 10/956,121, filed on October 4, 2004. Ex. 1001, at

[54], [45], [21], [22]. The '280 patent is a continuation-in-part of U.S. Patent Application No. 10/162,701, filed on June 6, 2002. *Id.* at [63]. The '280 patent also claims priority to the following provisional applications: (1) U.S. Provisional Application No. 60/331,624, filed on November 20, 2001; (2) U.S. Provisional Application No. 60/331,623, filed on November 20, 2001; (3) U.S. Provisional Application No. 60/331,621, filed on November 20, 2001; (4) U.S. Provisional Application No. 60/296,113, filed June 7, 2001; (5) U.S. Provisional Application No. 60/296,117, filed on June 7, 2001; and (6) U.S. Provisional Application No. 60/296,118, filed on June 7, 2001. *Id.* at [60].

The '280 patent generally relates to a method and system for managing the transfer of rights associated with digital works using shared state variables. Ex. 1001, 1:18–20. According to the '280 patent, one of the most important issues impeding the widespread distribution of digital works is the current lack of ability to enforce the rights of content owners during the distribution and use of their digital works. *Id.* at 1:24–29. In particular, content owners do not have control over downstream parties unless they are privy to transactions with the downstream parties. *Id.* at 2:33–34. Moreover, the concept of content owners simply granting rights to others that are a subset of the possessed rights is not adequate for multi-tier distribution models. *Id.* at 2:45–48.

The '280 patent purportedly addresses these problems by providing a method and system for transferring rights associated with an item—presumably a digital work—from a supplier to a consumer. Ex. 1001, 2:52–

55. The consumer obtains a set of rights associated with the digital work, which includes meta-rights specifying rights that may be derived therefrom. *Id.* at 2:55–57. If the consumer is entitled to the rights derived from the meta-rights, the disclosed invention then derives at least one right from the meta-rights. *Id.* at 2:58–60. The rights that may be derived from the meta-rights include at least one state variable based on the set of rights, which, in turn, may be used to determine a state of the derived right. *Id.* at 2:62–64.

E. Illustrative Claims

Claims 1 and 12 are the only independent claims challenged in this proceeding. Claim 1 is directed to a method for transferring rights associated with an item from a rights supplier to a rights consumer, whereas claim 12 is directed to a system for performing the same. Claims 5 and 11 directly depend from independent claim 1; and claim 22 directly depends from independent claim 12. Independent claims 1 and 12 are illustrative of the challenged claims and are reproduced below:

1. A computer-implemented method for transferring rights adapted to be associated with items from a rights supplier to a rights consumer, the method comprising:

obtaining a set of rights associated with an item, the set of rights including a meta-right specifying a right that can be created when the meta-right is exercised, wherein the meta-right is provided in digital form and is enforceable by a repository;

determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right; and

exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right, wherein the created right includes

at least one state variable based on the set of rights and used for determining a state of the created right.

Ex. 1001, 15:7–22.

12. A system for transferring rights adapted to be associated with items from a rights supplier to a rights consumer, the system comprising:

means for obtaining a set of rights associated with an item, the set of rights including a meta-right specifying a right that can be created when the meta-right is exercised, wherein the meta-right is provided in digital form and is enforceable by a repository;

means for determining whether the rights consumer is entitled to the right specified by the meta-right; and

means for exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right, wherein the created right includes at least one state variable based on the set of rights and used for determining a state of the created right.

Id. at 15:52–67.

F. Covered Business Method Patent

Under § 18(a)(1)(E) of the AIA, we may institute a transitional review proceeding only for a patent that is a covered business method patent. A “covered business method patent” is a patent that “claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” AIA § 18(d)(1); *see* 37 C.F.R. § 42.301(a). For purposes of determining whether a patent is eligible for a covered business method

patent review, the focus is on the claims. *See* Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,736 (Aug. 14, 2012). A patent need have only one claim directed to a covered business method to be eligible for review. *See id.*

1. Financial Product or Service

In promulgating rules for covered business method reviews, the United States Patent and Trademark Office (“Office”) considered the legislative intent and history behind the AIA’s definition of a “covered business method patent.” 77 Fed. Reg. at 48,735–36. The “legislative history explains that the definition of covered business method patent was drafted to encompass patents ‘claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity.’” *Id.* at 48,735 (citing 157 CONG. REC. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer)). The legislative history indicates that “‘financial product or service’ should be interpreted broadly.” *Id.*

Google contends that the challenged claims of the ’280 patent encompass embodiments that are, at the very least, incidental or complementary to a financial activity. Pet. 10. In particular, Google argues that the invention embodied in independent claims 1 and 12 is described using economic terms, such as the transfer of rights between a “supplier” and a “consumer.” *See id.* In addition, Google argues that these independent claims are directed toward “obtaining a set of rights” by a consumer, including “meta-rights” relating to an item such as a digital work.

Id. at 10–11 (citing Ex. 1001, 15:10–11, 15:55–56). Google then asserts that the specification of the '280 patent confirms the financial nature of a consumer acquiring a digital work from a supplier, as required by independent claims 1 and 12. *See id.* at 11–12 (citing Ex. 1001, 4:3–14, 4:39–53, 5:4–11, 5:35–37).

ContentGuard contends that Google has not met its burden of demonstrating that the '280 patent is a covered business method patent because the challenged claims, as a whole, do not recite processes or operations for a financial product or service. Prelim. Resp. 4–7. ContentGuard argues that, when the focus is on the challenged claims as a whole, it is clear that these claims are directed to computer security technology for creating, transferring, managing, and enforcing rights associated with digital works. *Id.* at 8. ContentGuard asserts that such technology has no particular connection to the financial services sector. *Id.* at 9, 13–16. ContentGuard further argues that the challenged claims are not directed to financial concepts that would qualify the '280 patent as a covered business method patent eligible for review. *Id.* at 10–12.

We are not persuaded by ContentGuard's arguments because they narrowly focus on whether the challenged claims explicitly recite financial products or services. As we explained previously, the definition of a covered business method patent should be interpreted broadly to encompass patents claiming activities that are *incidental* or *complementary* to a financial activity. 77 Fed. Reg. at 48,735. ContentGuard does not direct us to a statutory or regulatory provision, much less legislative history, which

would require a covered business method patent to recite explicitly a financial product or service.

Independent claim 1 of the '280 patent recites “[a] computer-implemented method for *transferring rights adapted to be associated with items from a rights supplier to a rights consumer.*” Ex. 1001, 15:7–9 (emphasis added). In our view, the transfer of rights associated with an item from a supplier to a consumer is an activity that, at the very least, is incidental or complementary to a financial activity.

Our determination in this regard is further supported by the description of the invention in the specification of the '280 patent. For example, the specification discloses that the transfer of rights associated with an item from a supplier to a consumer may require the payment of a fee and processing by a clearinghouse. *See, e.g.*, Ex. 1001, 4:3–14 (disclosing how a consumer is permitted to view the digital works it purchased for a fee of \$5 or, alternatively, view and print the digital content for a fee of \$10), 4:39–43 (disclosing how a right specified in a license may include payment of a fee), 5:4–11 (disclosing that, when a consumer wishes to obtain a digital work, the use may go through a series of steps, including paying a fee), 5:35–37 (disclosing the use of a clearinghouse to process payment transactions). These cited disclosures in the specification reinforce that the transfer of rights associated with an item from a supplier to a consumer is, at the very least, incidental or complementary to a financial activity. On this record, therefore, the recited transfer of rights associated with an item from a supplier to a consumer in independent claim 1 satisfies the “financial

product or service” component of the definition for a covered business method patent set forth in § 18(d)(1) of the AIA.

2. *Technological Invention*

The definition of a “covered business method patent” in §18(d)(1) of the AIA does not include patents for “technological inventions.” When determining whether a patent is for a technological invention, we consider the following: “[(1)] whether the claimed subject matter as a whole 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). The following claim drafting techniques typically do not render a patent a “technological invention”:

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

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

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

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

Google contends that the claimed subject matter of independent claim 1, as a whole, does not recite a technological feature that is novel and unobvious. Pet. 16. To support its contention, Google argues that the specification of the ’280 patent discloses that the technology used to

accomplish the method steps recited in independent claim 1 is old and well known. *Id.* at 16–17 (citing Ex.1001, 3:15–16, 3:55–58, 6:27–31, 9:28–31, 14:50–67, Fig. 1). For instance, Google argues that, as evidenced by the asserted prior art, the claimed features such as a “repository” and “rights language” are old and well known. *Id.* at 18–19. Google then asserts that the method steps recited in independent claim 1, either taken individually or collectively, do not recite a novel way of processing or transmitting rights associated with an item from a supplier to a consumer. *See id.* at 19–20.

ContentGuard contends that the ’280 patent is for a technological invention because the challenged claims recite a number of novel and non-obvious technical features. Prelim. Resp. 16 (citing Ex. 1001, 15:6–22). ContentGuard argues that Google once again fails to address the challenged claims as a whole, particularly the concept of meta-rights as implemented in combination with a repository and specific types of state variables. *Id.* at 17–18. ContentGuard further argues that Google ignores that the claimed “repository”—whether prior art or not—presents a concept unique to the computer security environment. *Id.* at 20.

Based on our independent assessment of independent claim 1, the only feature recited in the body of the claim that resembles a technological feature is the claimed “repository.” The claimed “repository,” however, does not direct independent claim 1 to a technological invention because, as evidenced by the asserted prior art, this feature was not novel and unobvious as of the earliest effective filing date of the ’280 patent. In addition, regardless of whether the method steps of “obtaining,” “determining,” and

“exercising” recited in independent claim 1 impart a novel and non-obvious way of processing or transmitting rights associated with an item from a supplier to a consumer, this claim only uses known prior art technology—namely, the claimed “repository”—to accomplish this method. We, therefore, are persuaded by Google’s explanation that the claimed subject matter of independent claim 1, as a whole, does not recite a technological feature that is novel and unobvious over the prior art.

We need only assess whether one of the factors set forth 37 C.F.R. § 42.301(b) is deficient to determine whether independent claim 1 is not for a “technological invention.”² As such, the current situation does not require us to assess whether independent claim 1 solves a technical problem using a technical solution. On this record, because we are persuaded by Google’s explanation that independent claim 1, as a whole, does not recite a technological feature that is novel and unobvious over the prior art, we are satisfied that Google has met its burden of demonstrating that the ’280 patent is a covered business method patent eligible for review.

² Indeed the legislative history of the AIA supports this interpretation of the “technological invention” exception. *See, e.g.*, 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (Sen. Schumer stated the “‘technological invention’ exception *only* excludes those patents whose novelty turns on a technological innovation over the prior art *and* are concerned with a technical problem which is solved by a technical solution”) (emphases added).

G. Prior Art Relied Upon

Google relies upon the following prior art reference:

Stefik US 5,634,012 May 27, 1997 (Ex. 1002)

H. Asserted Grounds of Unpatentability

Google challenges claims 1, 5, 11, 12, and 22 of the '280 patent based on the asserted grounds of unpatentability (“grounds”) set forth in the table below.

Reference	Basis	Challenged Claims
	§ 101	1, 5, 11, 12, and 22
Stefik	§ 102(b)	1, 5, 11, 12, and 22
Stefik and the knowledge of one of ordinary skill in the art	§ 103(a)	1, 5, 11, 12, and 22

II. ANALYSIS

A. Claim Construction

In a covered business method patent review, we interpret claim terms in an unexpired patent according to the broadest reasonable interpretation in light of the specification of the patent in which it appears. 37 C.F.R. § 42.300(b). Under the broadest reasonable interpretation standard, and absent any special definitions, we give claim terms their ordinary and customary meaning, as would be understood by one of ordinary skill in the art, at the time of the invention. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007). Any special definitions for claim terms must be set forth with reasonable clarity, deliberateness, and precision. *In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994).

Google proposes a construction for each of the following claim terms: (1) “meta-right” (all challenged claims); (2) “rights” (all challenged claims); (3) “license” (claims 11 and 22); (4) “state variable” (all challenged claims); and (5) “repository” (all challenged claims). Pet. 27–36. In response, ContentGuard proposes an alternative construction for the following claim terms: (1) “meta-right” (all challenged claims); (2) “usage rights” (no challenged claims); (3) “rights” (all challenged claims); (4) “license” (claims 11 and 22); (5) “state variable” (all challenged claims); and (6) “repository” (all challenged claims). Prelim. Resp. 30–38.

The parties generally agree on the constructions offered for the claim terms “rights” and “license.” *Compare* Pet. 30–31, *with* Prelim Resp. 33–34. ContentGuard also admits that the claim term “usage rights” is not recited explicitly in the challenged claims of the ’280 patent. Prelim. Resp. 32. For purposes of this decision, we need not assess these claim terms further. We need only assess the constructions offered by the parties for the claim terms “meta-rights,” “state variable,” and “repository.” *See, e.g., Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (only those terms that are in controversy need to be construed, and only to the extent necessary to resolve the controversy).

In addition, we note that independent claim 12 recites the following three means-plus-function limitations: (1) “means for obtaining”; (2) “means for determining”; and (3) “means for exercising.” Dependent claim 22 also recites a means-plus-function limitation—namely, “means for generating.” Google does not identify specific portions of the specification

of the '280 patent that describe the structure corresponding to each recited function, as required by 37 C.F.R. § 42.204(b)(3). We also will address these means-plus-functions limitations recited in independent claim 12 and dependent claim 22 below.

1. “*meta-rights*” (*all challenged claims*)

Google contends that the broadest reasonable construction of the claim term “meta-right” is “a right about a right.” Pet. 27. To support its proposed construction, Google directs us to various portions of the specification of the '280 patent, the supporting Declaration of Benjamin Goldberg, Ph.D., the definition of “meta” in a general purpose dictionary, and the special definition of “usage rights” in Stefik, which is incorporated by reference in the '280 patent. *Id.* at 27–30 (citing Ex. 1001, 2:9–16, 2:63–67, 4:8–10, 5:49–67, 6:1–10; Ex. 1014 ¶ 31; Ex. 1002, 51:43–47, 53:48–51; Ex. 1018).

In response, ContentGuard contends that “meta-right” should be construed as “a right that, when exercised, creates or disposes of usage rights (or other meta-rights) but that is not itself a usage right because exercising a meta-right does not result in action to content.” Prelim. Resp. 30. To support its proposed construction, ContentGuard directs us to various portions of the specification of the '280 patent and a district court’s construction of the claim term “meta-right.” *Id.* at 30–32 (citing Ex. 1001, 5:52–60, 7:24–31, Figs. 9–16; Ex. 2001, 102–06). ContentGuard argues that Google’s proposed construction of “meta-right” in this proceeding is contrary to its proposed construction in the related district case where

Google purportedly endorsed the district court’s ruling that a meta-right “is not itself a usage right.” *Id.* at 31 (citing Ex. 2001, 1006).

Upon reviewing the specification of the ’280 patent, we note that it provides an explicit definition for the claim term “meta-rights.” In particular, the specification discloses that “[m]eta-rights are the rights that one has to generate, manipulate, modify, dispose of or otherwise derive other rights.” Ex. 1001, 5:47–49. By using the verb “are” following “meta-rights,” the specification sets forth an explicit definition for this claim term with reasonable clarity, deliberateness, and precision. *See Paulsen*, 30 F.3d at 1480. Although the construction proposed by Google is consistent with this explicit definition, we decline to adopt Google’s construction because it does not use the same terminology the specification uses to define explicitly the claim term “meta-right.”

We also decline to adopt ContentGuard’s proposed construction for the claim term “meta-right” for at least two reasons. First, it is well settled that our reviewing court disfavors any claim interpretation that renders a claim term or phrase superfluous. *Stumbo v. Eastman Outdoors, Inc.*, 508 F.3d 1358, 1362 (Fed. Cir. 2007). If we were to adopt the language in ContentGuard’s proposed construction of “when exercised, creates or disposes of usage rights (or other meta-rights),” it would render the claim phrase “a meta-right specifying a right than can be created when the meta-right is exercised,” explicitly recited in independent claims 1 and 12, superfluous.

Second, we decline to adopt ContentGuard’s proposed construction, particularly the language indicating that a meta-right “is not itself a usage right because exercising a meta-right does not result in action to content,” because it would import extraneous limitations into the claims. If a feature is not necessary to give meaning to what the inventor means by a claim term, it would be “extraneous” and should not be read into the claim. *Renishaw PLC v. Marposs Societa’ per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998); *E.I. du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1433 (Fed. Cir. 1988). ContentGuard’s attempt to describe the claim term “meta-right” by distinguishing it from a usage right is not necessary to give meaning to this claim term, and should not be read into claims that recite this feature.

For purposes of this decision, we construe the claim term “meta-right” as “a right that one has to generate, manipulate, modify, dispose of or otherwise derive another right.”

2. “state variable” (all challenged claims)

Google contends that the specification of the ’280 patent does not provide an explicit definition for the claim term “state variable.” Pet. 31. Instead, Google asserts that the broadest reasonable interpretation of the claim term “state variable” is “a variable that tracks a changing condition of a right.” *Id.* at 32. To support its proposed construction, Google directs us to various portions of the specification of the ’280 patent, the definition of the term “variable” in a general purpose dictionary, and the supporting

Declaration of Dr. Goldberg. *Id.* (citing Ex. 1001, 7:66–8:16; Ex. 1020; Ex. 1014 ¶ 34).

In response, ContentGuard contends that Google’s construction of the claim term “state variable” does not reflect the broadest reasonable interpretation in light of the specification of the ’280 patent, because Google’s construction does not take into account that a state variable may represent the status of an item, usage rights, license, or other potentially dynamic conditions. Prelim. Resp. 34 (citing Ex. 1001, 7:66–8:1). Instead, ContentGuard argues that the broadest reasonable interpretation of the claim term “state variable” is “a variable having a value, or identifying a location at which a value is stored, that represents status of an item, rights, license, or other potentially dynamic conditions.” *Id.* at 35. To support its proposed construction, ContentGuard directs us to various portions of the specification of the ’280 patent and a district court’s construction of the claim term “state variable.” *Id.* at 34–35 (citing Ex. 1001, 7:66–8:1; 11:29–43, 12:19–21, Figs. 11, 17; Ex. 2001, 111, 114).

Contrary to Google’s assertion, we note that the specification of the ’280 patent does provide an explicit definition for the claim term “state variable.” In particular, the specification discloses that “[s]tate variables are variables having values that represent status of rights, or other dynamic conditions.” Ex. 1001, 7:67–8:1. By using the verb “are” following “state variables,” the specification sets forth an explicit definition for this claim term with reasonable clarity, deliberateness, and precision. *See Paulsen*, 30 F.3d at 1480. Although the construction proposed by ContentGuard

incorporates certain aspects of this explicit definition, we decline to adopt ContentGuard’s construction, in whole, because it also incorporates extraneous features, e.g., the language “a variable . . . identifying a location at which a value is stored,” that should not be read into the claims. *See Renishaw*, 158 F.3d at 1249.

For purposes of this decision, we construe the claim term “state variable” as “a variable having a value that represents status of rights, or other dynamic conditions.”

3. “*repository*” (*all challenged claims*)

Google contends that the specification of the ’280 patent does not provide an explicit definition for the claim term “repository.” Pet. 33. Google, however, argues that the ’280 patent incorporates by reference Stefik, which provides an explicit definition for the claim term “repository.” *Id.* at 33–34 (citing Ex. 1001, 2:9–12; Ex. 1002, 53:23–27).

In addition, Google directs us to a series of *inter partes* reviews brought against three ContentGuard patents that share a similar disclosure with Stefik. Pet. 34. Google argues that the Board panel in those proceedings construed the term “repository” as “a trusted system which maintains physical, communications, and behavioral integrity, *and supports usage rights.*” *Id.* at 34 (citing Ex. 1021, 10) (emphasis added). Google also argues that the Board panel further defined “physical integrity” as “preventing access to information by a non-trusted system”; “communications integrity” as “only communicates with other devices that are able to present proof that they are trusted systems, e.g., by using security

measures such as encryption, exchange of digital certificates, and nonces”; and “behavioral integrity” as “requiring software to include a digital certificate in order to be installed in the repository.” *Id.* (citing Ex. 1021, 11–13). Google asserts that, although a Board panel is not bound by a decision from other Board panel, unless the decision has been designated as precedential, we should adopt this construction for the claim term “repository” as the broadest reasonable interpretation. *See id.* at 34–35.

With one exception, ContentGuard generally agrees with Google’s proposed construction for the claim term “repository,” including its definition of “physical integrity,” “communications integrity,” and “behavioral integrity.” Prelim. Resp. 35–38. ContentGuard argues that the claim term “repository” should be construed as “a trusted system *in that it* maintains physical, communications, and behavioral integrity *in the support of usage rights.*” *Id.* at 35 (emphases added). ContentGuard argues that the district court considered the Board’s construction of the claim term “repository” in the previous *inter partes* reviews involving the ContentGuard patents referenced above, but rejected the Board’s wording in favor of the words emphasized above. *Id.* at 35–36 (citing Ex. 2001, 13–15). ContentGuard then urges us to adopt the district court’s construction of the claim term “repository” in this proceeding. *Id.* at 36.

After reviewing the constructions offered by both parties, we discern little, if any, difference between a “repository” that is “a trusted system *which* maintains physical, communications, and behavioral integrity, *and supports usage rights,*” and one that is “a trusted system *in that it* maintains

physical, communications, and behavioral integrity *in the support of usage rights.*” Pet. 34; Prelim. Resp. 35 (emphases added). We agree with Google that, although we are not bound by a decision of another Board panel, unless it is designated as precedential, the Board panel’s construction of the claim term “repository” in three previous *inter partes* reviews, brought against ContentGuard patents that share a similar disclosure with the Stefik reference incorporated by reference in the ’280 patent, is informative. We give more weight to the Board panel’s construction of the claim term “repository” in those proceedings than the district court’s construction of the same claim term primarily because *inter partes* review proceedings and covered business method patent review proceedings both apply the broadest reasonable interpretation standard to claims of an unexpired patent. 37 C.F.R. § 42.100(b); 37 C.F.R. § 300(b).

For purposes of this proceeding, we construe the claim term “repository” as “a trusted system which maintains physical, communications, and behavioral integrity, and supports usage rights.” We further define “physical integrity” as “preventing access to information by a non-trusted system”; “communications integrity” as “only communicates with other devices that are able to present proof that they are trusted systems, e.g., by using security measures such as encryption, exchange of digital certificates, and nonces”; and “behavioral integrity” as “requiring software to include a digital certificate in order to be installed in the repository.”

4. *Means-Plus-Function Limitations (claims 12 and 22)*

Independent claim 12 recites, in relevant part, “means for obtaining,” “means for determining,” and “means for exercising.” Ex. 1001, 15:55, 60–65. Dependent claim 22 recites, in relevant part, “means for generating.” *Id.* at 16: 26–27. As an initial matter, these are means-plus-function limitations that presumptively are governed by 35 U.S.C. § 112 ¶ 6³ because they each use the term “means for,” the term “means for” is modified by functional language, and the term “means for” is not modified by sufficient structure recited in the claim to perform the recited function. *See Inventio AG v. ThyssenKrupp Elevator Americas Corp.*, 649 F.3d 1350, 1356 (Fed. Cir. 2011) (“The use of the term ‘means’ triggers a rebuttable presumption that § 112, ¶ 6 governs the construction of the claim term.”).

When construing a means-plus-function limitation under § 112 ¶ 6, we first must identify the claimed function, and then we look to the specification to identify the corresponding structure that actually performs the claimed function. *Med. Instrumentation & Diagnostics Corp. v. Elekta AB*, 344 F.3d 1205, 1210 (Fed. Cir. 2003); *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 296 F.3d 1106, 1119 (Fed. Cir. 2002). The corresponding structure of a means-plus-function limitation, however, must be more than simply a general-purpose computer or microprocessor, to avoid

³ Section 4(c) of the AIA re-designated 35 U.S.C. § 112 ¶ 6 as 35 U.S.C. § 112(f). Because the ’280 patent has a filing date before September 16, 2012 (the effective date of AIA § 4(c)), we will refer to the pre-AIA version of 35 U.S.C. § 112.

impermissible functional claiming. *Aristocrat Techs. Austl. Pty Ltd. v. Int’l Game Tech.*, 521 F.3d 1328, 1333 (Fed. Cir. 2008). That is, the specification must disclose “enough of an algorithm to provide the necessary structure under § 112, ¶ 6,” or a disclosure that can be expressed in any understandable terms, e.g., a mathematical formula, in prose, or as a flowchart. *Finisar Corp. v. The DirectTV Group*, 523 F.3d 1323, 1340 (Fed. Cir. 2008). If the specification fails to provide sufficient structure, the means-plus-function limitation is indefinite under 35 U.S.C. § 112 ¶ 2. *Aristocrat*, 521 F.3d at 1333.

In its Petition, Google does not identify the corresponding structure for the means-plus-function limitations recited in independent claim 12 and dependent claim 22, as required by 37 C.F.R. § 42.204(b)(3), nor does it attempt to rebut the presumption that § 112 ¶ 6 governs their construction. *See generally* Pet. 26–36, 71–74. If anything, the corresponding structure would be a special purpose computer programmed to perform a disclosed algorithm, unless certain narrow exceptions concerning generic computer functions apply. *See In re Katz*, 639 F.3d 1303, 1316 (Fed. Cir. 2011).

Given that Google does not identify the portions of the specification of the ’280 patent that describe the structure corresponding to each recited function, Google essentially has placed the burden on us to construe the means-plus-function limitations recited in independent claim 12 and dependent claim 22 of the ’280 patent *sua sponte*, and then apply the asserted prior art. It is Google, however, who bears the burden to provide constructions for these means-plus-function limitations so that it can

demonstrate that the asserted prior art renders independent claim 12 and dependent claim 22 of the '280 patent more likely than not unpatentable. We decline to shoulder Google's burden and, as a consequence, we will not attempt to construe the means-plus-function limitations recited in independent claim 12 and dependent claim 22 of the '280 patent.

B. § 101 Ground

Google contends that claims 1, 5, 11, 12, and 22 of the '280 patent are directed to patent-ineligible subject matter under § 101. Pet. 36–55. In particular, Google argues that the challenged claims are directed to an abstract idea, and there are no other features recited in these claims that would transform the patent-ineligible concept to a patent-eligible application. *Id.* at 39–52.

We begin our analysis with the principles of law that generally apply to a ground based on § 101, and then we turn to the arguments presented by the parties.

1. Principles of Law

A patent may be obtained for “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The Supreme Court has held that this statutory provision contains an important implicit exception: laws of nature, natural phenomena, and abstract ideas are not patentable. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are

the basic tools of scientific and technological work.”). Notwithstanding that a law of nature or an abstract idea, by itself, is not patentable, the practical application of these concepts may be deserving of patent protection. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293–94 (2012).

In *Alice*, the Supreme Court reaffirmed the framework set forth previously in *Mayo* “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355. The first step in the analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are directed to a patent-ineligible concept, the second step in the analysis is to consider the elements of the claims “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1298, 1297). In other words, the second step is to “search for an ‘inventive concept’—i.e., an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (quoting *Mayo*, 132 S. Ct. at 1294) (brackets in original). The prohibition against patenting an abstract idea “cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant post-solution activity.” *Bilski v. Kappos*, 561 U.S. 593, 610–11 (2010) (citation and internal quotation marks omitted).

1. Whether the Challenged Claims are Directed to an Abstract Idea

In the first step of our analysis, we determine whether the challenged claims are directed to a patent-ineligible concept, such as an abstract idea. *See Alice*, 134 S. Ct. at 2355. Google contends that the challenged claims recite steps and elements that implement the abstract idea of “providing consumers with rights to an item, such as a movie or book.” Pet. 39. Google asserts that, of particular importance in this case, is that the challenged claims do not purport to disclose a new approach or method of licensing or sub-licensing content. *Id.* at 39–40. Google argues that the claimed method and system of independent claims 1 and 12 do not complete a task or transaction that could not have been performed by a human being in a traditional licensing setting. *Id.* at 40. Google further argues that, similar to the risk hedging in *Bilski*, the idea of granting and sharing rights to use content is an “economic practice long prevalent in our system of commerce.” *Id.* (citing *Bilski*, 561 U.S. at 611).

In response, ContentGuard relies upon the United States Court of Appeals for the Federal Circuit’s decision in *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014),⁴ to support its position

⁴ We note the Federal Circuit’s decision in *DDR Holding* was released on December 5, 2014, which was four days before Google filed its Petition in this proceeding on December 9, 2014. Presumably, Google was aware of the factors the Federal Circuit considered when determining that the invention at issue in *DDR Holdings* was a patent-eligible application, and yet chose not to address these factors in its Petition. In any event, Google could have requested additional briefing regarding the Federal Circuit’s

that the challenged claims are not directed to an abstract idea. Prelim. Resp. 44; *see also id.* at 47–48, 52–54 (comparing the factors discussed in *DDR Holdings* with the challenged claims of the '280 patent). Taking claim 1 as an example, ContentGuard argues that this claim specifies rights associated with an “item” of digital content, and includes “at least one usage right,” “at least one meta-right,” and a “repository” that enforces the “meta-rights” using certain specific security and rights enforcement “integrities.” *Id.* at 51. ContentGuard argues that these features collectively represent computer security concepts having no corollary outside the realm of computer security. *Id.* at 51–52.

We agree with ContentGuard that the invention embodied in the challenged claims of the '280 patent is similar to the invention determined to be a patent-eligible application in *DDR Holdings*. In *DDR Holdings*, the Federal Circuit determined that, although the patent claims at issue there involved conventional computers and the Internet, the claims addressed the problem of retaining website visitors who, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be transported instantly away from a hosts website after “clicking” on an advertisement and activating a hyperlink. *DDR Holdings*, 773 F.3d at 1257. The Federal Circuit held that “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.” *Id.*

decision in *DDR Holdings*, particularly after ContentGuard relied upon *DDR Holdings* in its Preliminary Response.

Google’s arguments that the challenged claims of the ’280 patent are directed to a patent-ineligible abstract idea are predicated on the notion that they recite a fundamental economic or longstanding commercial practice. Contrary to Google’s arguments, the challenged claims are not directed merely to “providing consumers with rights to an item, such as a movie or book,” nor can the features recited in the challenged claims be stripped away so that these claims simply are directed to a traditional approach or method of licensing or sub-licensing content. Indeed, the challenged claims require much more.

For instance, independent claims 1 and 12 require obtaining “rights associated with an item”—namely, a digital work—wherein the set of rights includes a “meta-right” specifying a “right” that may be created. Ex. 1001, 15:10–12, 15:55–57. These claims further require providing the “meta-right in digital form” and indicate that the “meta-right” is enforceable by a “repository,” which, based on our claim construction above, constitutes “a trusted system” that enforces the “meta-rights” using very specific computer security and rights enforcement “integrities.” *Id.* at 15:13–16, 15:15–61; *see supra* Section II(A)(3). In addition, these claims further require “at least one state variable” used to determine the state of the “right” created by the “meta-right.” Ex. 1001, 15:19–22, 15:64–67. By virtue of their dependency, each of challenged claims 5, 11, and 22 incorporate all the limitations of independent claims 1 and 12 discussed above.

Based on our independent assessment of these challenged claims, we agree with ContentGuard that these claims do not recite merely a

fundamental economic or longstanding commercial practice, but instead are directed to a particular way of creating and enforcing rights associated with digital works that is “necessarily rooted in computer technology” and “specifically arises in the realm of computer networks.” *See* Prelim. Resp. 44, 47, 53–54 (citing *DDR Holdings*, 773 F.3d at 1257). We also agree with ContentGuard that implementation of digital rights management required by the challenged claims, particularly through the use of the claimed “repository,” is specific enough such that it does not preempt all other ways of ensuring that an owner of a digital work can enforce the rights associated therewith. *See id.* at 53–54.

In view of the foregoing, we are not persuaded that Google has demonstrated that the challenged claims of the ’280 patent are directed to a patent-ineligible abstract idea.

*2. Whether the Challenged Claims Include Limitations
That Represent Inventive Concepts*

The second step in our analysis requires us to determine whether the challenged claims include an “inventive concept,” i.e., an element or combination of elements sufficient to ensure that the patent in practice amounts to significantly more than a patent on the abstract idea, itself. *Alice*, 134 S. Ct. at 2355. Because we are not persuaded that Google has demonstrated that the challenged claims of the ’280 patent are directed to a patent-ineligible abstract idea, we need not, and, therefore, do not, assess whether Google has demonstrated that these claims satisfy the second step in the § 101 analysis under *Alice*.

3. *Summary*

In summary, we determine that Google has not shown that it is more likely than not that claims 1, 5, 11, 12, and 22 are directed to patent-ineligible subject matter under § 101.

C. Anticipation by Stefik

Google contends that claims 1, 5, 11, 12, and 22 are anticipated under § 102(b) by Stefik. Pet. 56–74. In particular, Google explains how Stefik describes the claimed subject matter of each challenged claim, and relies upon the Declaration of Dr. Goldberg to support its positions. *Id.* (citing Ex. 1014 ¶¶ 58–94). We are persuaded by Google’s analysis and supporting evidence as to claims 1, 5, and 11, but we are not persuaded that Google has shown that claims 12 and 22 are more likely than not anticipated by Stefik because Google fails to account properly for the means-plus-functions limitations recited in these claims.

We begin our analysis with the principles of law that generally apply to a ground based on anticipation, followed by a brief discussion of Stefik, and then we turn to the arguments presented by the parties.

1. Principles of Law

To establish anticipation under § 102(b), “all of the elements and limitations of the claim must be shown in a single prior reference, arranged as in the claim.” *Karsten Mfg. Corp. v. Cleveland Golf Co.*, 242 F.3d 1376, 1383 (Fed. Cir. 2001). “A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union*

Oil Co. of California, 814 F.2d 628, 631 (Fed. Cir. 1987). We analyze this asserted ground based on anticipation with the principles stated above in mind.

2. *Stefik*

The invention disclosed in *Stefik* generally relates to distributing and enforcing usage rights for digital works. Ex. 1002, 1:24–25. A digital work refers to any work that has been reduced to a digital representation, including any audio, video, text, or multimedia work, and any accompanying interpreter, e.g., software, which may be required to recreate or render the content of the digital work. *Id.* at 6:35–37. Usage rights refer to rights granted to a recipient of a digital work that define the manner in which a digital work may be used and distributed. *Id.* at 4:6–8, 6:41–45. According to *Stefik*, objectives of the disclosed invention include the following: (1) providing the owner of a digital work the flexibility to distribute the digital work as desired; and (2) a distribution system that transports a means for billing with the digital work. *Id.* at 3:15–17, 3:65–67.

Stefik discloses permanently attaching usage rights to the digital work. Ex. 1002, 6:50–51. Copies of the digital work also will have the usage rights attached thereto. *Id.* at 6:51–52. Hence, any usage rights and associated fees assigned by the creator and subsequent distributor of the digital work always will remain with the digital work. *Id.* at 6:52–55. *Stefik* further discloses that repositories enforce the usage rights of digital works. *Id.* at 6:56–57. In particular, repositories store digital works, control access

to digital works, bill for access to digital works, and maintain the security and integrity of the digital works stored therein. *Id.* at 6:57–60.

Figure 1 of Stefik, reproduced below, illustrates the basic operations of the disclosed invention. Ex. 1002, 4:35–37, 7:5–7.

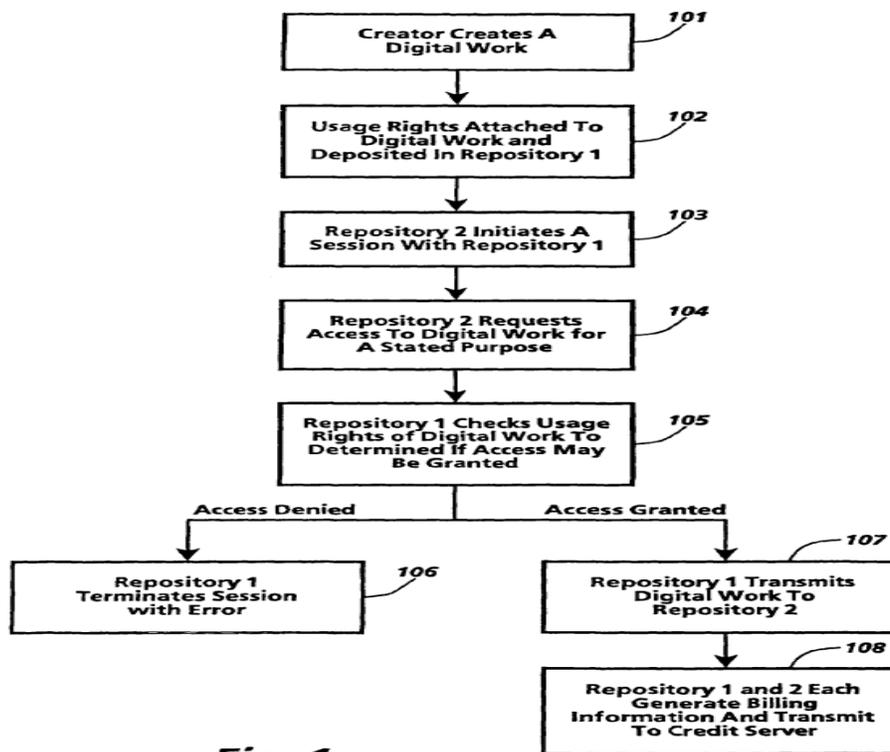


Fig. 1

As shown in step 101 of Figure 1, a creator creates a digital work. Ex. 1002, 7:7–8. At step 102, the creator determines the appropriate usage rights and fees, attaches them to the digital work, and stores the digital work with the associated usage rights and fees in repository 1. *Id.* at 7:8–10. At step 103, repository 1 receives a request to access the digital work from repository 2. *Id.* at 7:15–16. Such a request, or session initiation, includes steps that help ensure that repository 1 and repository 2 are trustworthy. *Id.*

at 7:16–18. At step 104, repository 2 requests access to the digital work stored in repository 1 for a stated purpose, e.g., to print the digital work or obtain a copy of the digital work. *Id.* at 7:18–21. At step 105, repository 1 checks the usage rights associated with the digital work stored therein to determine if access to the digital work may be granted. Ex. 1002, 7:21–25. At step 106, if access is denied, repository 1 terminates the session with repository 2 by transmitting an error message. *Id.* at 7:29–30. At step 107, if access is granted, repository 1 transmits the digital work to repository 2. *Id.* at 7:30–32. At step 108, both repositories 1 and 2 generate billing information prior to transmitting the billing information to a credit server. *Id.* at 7:33–35. The use of both repositories 1 and 2 for billing prevents attempts to circumvent the billing process. *Id.* at 7:35–36.

Figure 15 of Stefik, the relevant portion of which is reproduced below, lists the usage rights grammar elements used by the disclosed invention. Ex. 1002, 5:10–11, 19:66–67.

1509 ~Next-Set-of-Rights := {(Add: Set-Of-Rights)}{(Delete:
Set-Of-Rights)}{(Replace: Set-Of-Rights)}{(Keep: Set-Of-Rights)}

This portion of Figure 15 illustrates grammar element 1509 “Next-Set-of-Rights,” which defines how rights are carried forward for a copy of a digital work. Ex. 1002, 21:47–50. If the Next-Copy-Rights are not specified, the rights for the next copy are same as those of the current copy. *Id.* at 21:50–52. Otherwise, the set of rights for the next copy may be specified. *Id.* at 21:52–53. Versions of rights after the “Add:” field may be added to the current set of rights, whereas version of rights after the “Delete:” field may

be deleted from the current set of rights. *Id.* at 21:52–55. Versions of rights after the “Replace:” field subsume all versions of rights of the same type in the current set of rights. *Id.* at 21:57–59.

3. Claims 1, 5, and 11

Google contends that Stefik describes all the limitations recited in independent claim 1. Pet. 65–70. In particular, based on its proposed construction of “meta-right” as “a right about a right,” Google argues that Stefik’s “Next-Set-of-Rights” amount to “a meta-right specifying a right that can be created when the meta-right is exercised,” as recited in independent claim 1. *Id.* at 64–65 (citing Ex. 1002, 20:46–62, 26:67–27, 36:54–37:49, Fig. 15). Google asserts that, similar to the claimed “meta-right,” Stefik’s “Next-Set-of-Rights” determines the rights associated with a copied digital work after it has been transported or, if no such rights are specified, ensures that the rights on the transported copy are the same as the original copy. *Id.* at 64 (citing Ex. 1002, 20:51–54).

Google further argues that Stefik’s disclosure of repository 1 determining whether repository 2 should be granted access to a digital work describes “determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right,” as recited in independent claim 1. Pet. 65–66 (citing Ex. 1002, 7:5–7, 7:23–29). Google argues that, before Stefik’s repository 1 transmits the digital work to repository 2, it performs a number of general tests to confirm that the requirements imposed on the digital work are met. *Id.* at 68 (citing Ex. 1002, 32:22–24). If those tests are met, Google argues that Stefik’s repository 1 exercises the meta-

right by transmitting a copy of the digital work with rights as specified by the “Next-Set-of-Rights” to repository 2. *Id.* at 68 (citing Ex. 1002, 21:47–59, 36:9–13, 36:38–41, 37:5–9). Based on these cited disclosures, Google asserts that Stefik describes “exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right,” as recited in independent claim 1. *See id.*

ContentGuard presents two arguments attacking Google’s position that Stefik anticipates all the limitations recited in independent claim 1. First, ContentGuard contends that Stefik’s “Next-Set-of-Rights” do not describe the claimed “meta-right” because the “Next-Set-of-Rights” are not actually rights, but instead define how rights are carried forward when one of the usage rights is exercised. Prelim. Resp. 71–72. In other words, ContentGuard argues that, rather than specify a new right that can be created when the meta-right is exercised, as required by independent claim 1, Stefik’s “Next-Set-of-Rights” pre-establish rights that must remain when a usage right, e.g., a loan, is exercised. *Id.* at 72 (emphasis omitted.).

We are not persuaded by ContentGuard’s argument because it is predicated on us adopting its construction of a “meta-right” as “a right that, when exercised, creates or disposes of usage rights (or other meta-rights) but that is not itself a usage right because exercising a meta-right does not result in action to content.” As we explained in the claim construction section, we did not adopt ContentGuard’s proposed construction for the claim term “meta-right.” *See supra* Section II(A)(1). Instead, for purposes of this decision, we construe the claim term “meta-right” as “a right that one has to

generate, manipulate, modify, dispose of or otherwise derive another right.”

Id. With this construction in mind, we are persuaded that Google has presented sufficient evidence to support a finding at this stage of the proceeding that Stefik’s “Next-Set-of-Rights” amount to “a meta-right specifying a right that can be created when the meta-right is exercised,” as recited in independent claim 1.

Second, ContentGuard contends that Stefik’s disclosure of repository 1 checking whether all conditions of the right are satisfied before permitting repository 2 to access the digital content associated therewith does not describe determining whether a rights consumer is entitled to “rights specified by the meta-right” before exercising the meta-right to create the right, as required by independent claim 1. Prelim. Resp. 73. ContentGuard argues that Stefik is silent with respect to a system checking whether a consumer is entitled to receive a right before creating the right. *Id.* at 73–74. Instead, ContentGuard asserts that Stefik teaches directly away from such an approach by disclosing that its “Next-Set-of-Rights” functions to automatically establish the rights for the receiving repository or repository 2. *Id.* at 74 (citing Ex. 1002, 11:52–55).

We understand ContentGuard to argue that Stefik teaches away from “determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right,” and “exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right,” as recited in independent claim 1. We are not persuaded by ContentGuard’s argument because Google’s asserted

ground of unpatentability is based on anticipation by Stefik. It is well settled that “[t]eaching away is irrelevant to anticipation.” *Seachange Int’l, Inc., v. C-Cor, Inc.*, 413 F.3d 1361, 1380 (Fed. Cir. 2005).

In any event, on this record, we are persuaded by Google’s position that Stefik’s repository 1 determines whether repository 2 should be granted access to a digital work and, if access is granted, repository 1 exercises the meta-right by transmitting a copy of the digital work with rights as specified by the “Next-Set-of-Rights” to repository 2. *See* Pet. 65–68 (citing Ex. 1002, 7:5–7, 7:23–29, 21:47–59, 32:22–24, 36:9–13, 36:38–41, 37:5–9). Based on these cited disclosures, Google has presented sufficient evidence to support a finding at this stage of the proceeding that Stefik describes “determining, by a repository, whether the rights consumer is entitled to the right specified by the meta-right,” and “exercising the meta-right to create the right specified by the meta-right if the rights consumer is entitled to the right specified by the meta-right,” as recited in independent claim 1.

Based on the record before us, Google has demonstrated that independent claim 1 is more likely than not anticipated under 35 U.S.C. § 102(b) by Stefik. In addition, we are persuaded at this juncture in the proceeding that explanations and supporting evidence presented by Google sufficiently explain how Stefik describes the claimed subject matter of dependent claims 5 and 11. *See* Pet. 70–71. Therefore, on this record, Google also has demonstrated that dependent claims 5 and 11 are more likely than not anticipated under § 102(b) by Stefik.

4. *Claims 12 and 22*

Independent claim 12 recites, in relevant part, “means for obtaining,” “means for determining,” and “means for exercising.” Ex. 1001, 15:55, 60–65. Dependent claim 22 recites, in relevant part, “means for generating.” *Id.* at 16: 26–27. As we explained previously, these are means-plus-function limitations. Google does not identify sufficient structure corresponding to each recited function—namely, a microprocessor programmed to perform a specific algorithm—as required by our rules. That is, to the extent such an algorithm exists, Google has not “identif[ied] the specific portions of the specification that describe the structure . . . corresponding to each claimed function.” 37 C.F.R. § 42.204(b)(3). Moreover, because Google does not identify sufficient structure corresponding to each claimed function, Google has failed to specify where that structure is described in *Stefik*. *See* 37 C.F.R. § 42.204(b)(4) (“Where the grounds of unpatentability are based on prior art, the petition must specify where each element of the claim is found in the prior art.”). We, therefore, decline to institute a covered business method patent review as to claims 12 and 22 because the Petition is defective as to the means-plus-function limitations recited in these claims.

D. Obviousness Over Stefik and the Knowledge of One of Ordinary Skill in the Art

Google contends that claims 1, 5, 11, 12, and 22 are unpatentable under § 103(a) over the combination of *Stefik* and the knowledge of person of ordinary skill in the art. Pet. 74–76; *see also id.* at 63–74 (disclosing an element by element analysis of how *Stefik* teaches the claimed subject

matter of each challenged claim). In particular, Google explains how the proffered combination collectively teaches the claimed subject matter of each challenged claim, and relies upon the Declaration of Dr. Goldberg to support its positions. *Id.* (citing Ex. 1014 ¶¶ 69–98). We are persuaded by Google’s analysis and supporting evidence as to claims 1, 5, and 11, but we are not persuaded that Google has shown that claims 12 and 22 are more likely than not unpatentable over the proffered combination because Google fails to account properly for the means-plus-functions limitation recited in these claims.

We begin our analysis with the principles of law that generally apply to a ground based on obviousness, and then we turn to the arguments presented by the parties.

1. Principles of Law

A claim is unpatentable under § 103(a) if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including: (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in the art; and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). We analyze this

asserted ground based on obviousness with the principles identified above in mind.

2. *Claims 1, 5, and 11*

Google contends that Stefik teaches all the limitations recited in independent claim 1. *See* Pet. 63–70. Google then argues that, to the extent the challenged claims require that a meta-right must be exercisable or transferable without simultaneously copying or transferring the digital work associated therewith, it would have been obvious to one of ordinary skill in the art to permit the exercise or transfer of Stefik’s “Next-Set-of-Rights” separately from any copying or transferring of the underlying digital work. *Id.* at 75. Google further argues that a person of ordinary skill in the art would have understood that there are only two ways for exercising and transferring meta-rights and the digital works associated therewith: (1) at the same time; and (2) at a different time or, alternatively, in a different action. *Id.* at 75–76. Google asserts that one of ordinary skill in the art, who possesses experience in digital data transfer and communications, and who is able to write source code, would have been able to write code to require the meta-right transfer to occur at the same time or at a different time from copying or transfer of the underlying digital work. *Id.* at 76 (citing Ex. 1014 ¶¶ 96–99).

In response, ContentGuard contents that Google’s asserted ground based on obviousness does not address the limitations missing from Stefik that were discussed above in the context of Google’s asserted ground based on anticipation. Prelim. Resp. 76–78. As we explained previously, on this

record, we are persuaded that Google presents sufficient evidence to support a finding at this stage of the proceeding that Stefik describes these disputed limitations. Therefore, for essentially the same reasons discussed above, we are not persuaded by ContentGuard's arguments.

Next, ContentGuard contends that Google's suggestion to use the knowledge of one of ordinary skill in the art to modify Stefik (1) would not result in the subject matter of the challenged claims, (2) is based entirely on impermissible hindsight, (3) is conclusory in nature, and (4) is not supported by sufficient evidence. Prelim. 78–79. At this juncture, we are not persuaded by ContentGuard's arguments.

The Supreme Court has held that an obviousness evaluation “cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents.” *KSR*, 550 U.S. at 419. Instead, the relevant inquiry is whether Google has set forth “some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006), *cited with approval in KSR*, 550 U.S. at 418.

On the current record, we are persuaded that Google's rationale for combining the teachings of Stefik with knowledge of one of ordinary skill in the art suffices as an articulated reasoning with a rational underpinning to justify the legal conclusion of obviousness. In this case, even if the challenged claims require that a meta-right be exercisable or transferable without simultaneously copying or transferring the digital work associated

therewith, we credit the testimony of Google’s declarant, Dr. Goldberg, that one of ordinary skill would of had a reason to pursue known options within his or her technical grasp when contemplating ways to exercise the meta-right independently of the usage right(s) associated with the underlying digital work. *See* Pet. 75–76; Ex. 1014 ¶¶ 96–99; *see also* *KSR*, 550 U.S. at 421 (“When there is a design need or market pressure to solve a problem and there are a finite number of identified, predictable solutions, a person of ordinary skill has good reason to pursue the known options within his or her technical grasp.”).

Based on the record before us, Google has demonstrated that independent claim 1 is more likely than not unpatentable under § 103(a) over the combination of Stefik and the knowledge of one ordinary skill in the art. In addition, we are persuaded at this juncture in the proceeding that the explanations and supporting evidence presented by Google sufficiently explain how the combination of Stefik and the knowledge of one ordinary skill in the art teach the claimed subject matter of dependent claims 5 and 11. *See* Pet. 70–71. Therefore, on this record, Google has demonstrated that dependent claims 5 and 11 are more likely than not unpatentable under § 103(a) over the combination of Stefik and the knowledge of one ordinary skill in the art.

3. Claims 12 and 22

As we explained previously, claims 12 and 22 recites means-plus-function limitations. With respect to these means-plus-function limitations, Google has failed to satisfy its burden of providing sufficient structure

corresponding to each recited function. *See* 37 C.F.R. § 42.204(b)(3). We, therefore, decline to institute a covered business method patent review as to claims 12 and 22 because the Petition is defective as to the means-plus-function limitations recited in these claims.

III. CONCLUSIONS

For the foregoing reasons, we determine that the information presented in the Petition establishes that claims 1, 5, and 11 of the '280 patent are more likely than not unpatentable under §§ 102(b) and 103(a). We, however, determine that the information presented in the Petition does not establish that claims 12 and 22 of the '280 patent are more likely than not unpatentable. At this stage of the proceeding, we have not made a final determination with respect to the patentability of the instituted claims.

IV. ORDER

Accordingly, it is:

ORDERED that pursuant to 35 U.S.C. § 324 and § 18(a) of the AIA, a covered business method patent review is hereby instituted only as to claims 1, 5, and 11 based on the following grounds:

- A. Claims 1, 5, and 11 as being anticipated under § 102(b) by Stefik;
and
- B. Claims 1, 5, and 11 as being unpatentable under § 103(a) over the combination of Stefik and the knowledge of one of ordinary skill in the art;

CBM2015-00040
Patent 7,774,280 B2

FURTHER ORDERED that no other grounds asserted in the Petition are authorized for this covered business method patent review other than those specifically identified above; and

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

CBM2015-00040
Patent 7,774,280 B2

For PETITIONER:

Robert R. Laurenzi
Nisha Agarwal
Kaye Scholer LLP
robert.laurenzi@kayescholer.com
nisha.agarwal@kayescholer.com

For PATENT OWNER:

Timothy P. Maloney
Nicholas T. Peters
Fitch Even Tabin & Flannery LLP
tpmalo@fitcheven.com
ntpete@fitcheven.com

Robert A. Cote
McKool Smith, P.C.
rcote@mckoolsmith.com