

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

CONTENTGUARD HOLDINGS, INC.,
Patent Owner.

Case IPR2015-00441
Patent 6,963,859 B2

Before PATRICK R. SCANLON, KERRY BEGLEY, and
KEVIN W. CHERRY, *Administrative Patent Judges*.

CHERRY, *Administrative Patent Judge*.

DECISION

Denying Institution of *Inter Partes* Review
35 U.S.C. § 314(a) and 37 C.F.R. § 42.108

I. INTRODUCTION

Petitioner, Apple Inc., filed a Petition to institute an *inter partes* review of claims 1, 3, 5, 8, 13, 15, 16, 19–21, 24, 29, 31, 33, 36, 40, 42, 43, 46–48, 51, 58, 60, 62, 65, 69, 71, 72, 75–77, and 81 of U.S. Patent No. 6,963,859 B2 (Ex. 1001, “the ’859 patent”). Paper 1 (“Pet.”). Patent Owner, ContentGuard Holdings, Inc., filed a Preliminary Response pursuant to 35 U.S.C. § 313. Paper 10 (“Prelim. Resp.”).

We have jurisdiction under 35 U.S.C. § 314. Section 314 provides that an *inter partes* review may not be instituted “unless . . . the information presented in the petition . . . shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.”

For the reasons that follow, we deny institution of *inter partes* review.

A. Related Matters

Petitioner indicates that the ’859 patent was asserted against it and other defendants by Patent Owner in several lawsuits pending in various U.S. district courts. See Pet. 2; Paper 9, 3.

Petitioner filed two other petitions seeking *inter partes* review of the ’859 patent: Cases IPR2015-00440 and IPR2015-00442. Petitioner also filed petitions in Cases IPR2015-00351–358, 399, 400, and 443–458, challenging related U.S. Patent Nos. 7,225,160; 7,269,576; 7,523,072; 7,774,280; 8,001,053; 8,370,956; 8,393,007; and 8,583,556. Paper 9, 2–3.

B. The '859 Patent

The subject matter of the '859 patent relates to distribution of and usage rights enforcement for digitally encoded works. Ex. 1001, 1:12–13. According to the '859 patent, an issue facing the publishing and information industries is “how to prevent the unauthorized and unaccounted distribution or usage of electronically published materials.” *Id.* at 1:16–19. In particular, a major concern is “[t]he ease in which electronically published works can be ‘perfectly’ reproduced and distributed.” *Id.* at 1:30–31. One way to curb unaccounted distribution is to prevent unauthorized copying and transmission. *Id.* at 1:49–51. Another way is to distribute software, which requires a “key” to enable its use. *Id.* at 1:65–66. However, the '859 patent discloses that, although such distribution and protection schemes prevent unauthorized distributions, they do so by sacrificing the potential for subsequent revenue bearing uses. *Id.* at 2:61–65. For example, the '859 patent discloses that “it may be desirable to allow the lending of a purchased work to permit exposure of the work to potential buyers,” “permit the creation of a derivative work for a fee,” or “permit copying the work for a fee.” *Id.* at 2:65–3:3.

The '859 patent discloses that it solves these problems by both permanently attaching usage rights to digital works, and by placing elements in repositories, which enforce usage rights and store and control the digital works. *Id.* at 6:11–21. Repositories are trusted systems, which support usage rights. *Id.* at 6:22–44, 11:63–12:63, 49:63–67.

C. Illustrative Claim

Claims 1, 29, and 58 are independent. Claim 1 is reproduced below:

1. A rendering system adapted for use in a distributed system for managing use of content, said rendering system being operative to rendering content in accordance with usage rights associated with the content, said rendering system comprising:

a rendering device configured to render the content; and

a distributed repository coupled to said rendering device and including a requester mode of operation and server mode of operation,

wherein the server mode of operation is operative to enforce usage rights associated with the content and permit the rendering device to render the content in accordance with a manner of use specified by the usage rights,

the requester mode of operation is operative to request access to content from another distributed repository, and

said distributed repository is operative to receive a request to render the content and permit the content to be rendered only if a manner of use specified in the request corresponds to a manner of use specified in the usage rights.

Ex. 1001, 51:16–38.

D. Evidence Relied Upon

Petitioner relies upon the following prior art references:

Kahn	US 6,135,646	Oct. 24, 2000	Ex. 1018 ¹
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¹ Kahn claims priority to U.S. Patent Application No. 08/142,161, filed October 22, 1993. Ex. 1018, at [63].

R.J. Linn, *Copyright and the Information Services in the Context of the National Research and Education Network*, in 1 PROCEEDINGS: TECHNOLOGICAL STRATEGIES FOR PROTECTING INTELLECTUAL PROPERTY IN THE NETWORKED MULTIMEDIA ENVIRONMENT 9–20 (1994) (Ex. 1058, “Linn”); and

J.D. Tygar & Bennet Yee, *Dyad: A System for Using Physically Secure Coprocessors*, in 1 PROCEEDINGS: TECHNOLOGICAL STRATEGIES FOR PROTECTING INTELLECTUAL PROPERTY IN THE NETWORKED MULTIMEDIA ENVIRONMENT 121–52 (1994) (Ex. 1057, “Dyad”).

Petitioner also relies upon the Declaration of Alan Sherman Regarding U.S. Patent Nos. 6,963,859; 7,523,072; 8,370,956; 8,393,007; 7,269,576, dated December 20, 2014 (Ex. 1013, “Sherman Declaration”).

E. Asserted Grounds of Unpatentability

Petitioner asserts the following grounds of unpatentability:

References	Basis	Challenged Claims
Kahn and Linn	§ 103(a)	1, 3, 5, 8, 13, 15, 16, 19–20, 24, 29, 31, 33, 36, 40, 42, 43, 46, 47, 51, 58, 60, 62, 65, 69, 71, 72, 75, 76, and 81
Kahn, Linn, and Dyad	§ 103(a)	1, 3, 5, 8, 13, 15, 16, 19–21, 24, 29, 31, 33, 36, 40, 42, 43, 46–48, 51, 58, 60, 62, 65, 69, 71, 72, 75–77, and 81

II. ANALYSIS

A. Grounds Relying on Kahn and Linn

1. Procedural Defects

As a threshold matter, we note that the Petition has several significant procedural defects. For instance, a petition for *inter partes* review must

“identif[y], in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim.” 35 U.S.C. § 312(a)(3). According to 37 C.F.R. § 42.104(b)(4), a petition for *inter partes* review “must identify how the construed claim is unpatentable under the statutory grounds on which the petitioner challenges the claims, and must specify where each element of the claim is found in the prior art patents or printed publications relied upon,” and 37 C.F.R. § 42.104(b)(5) adds that the Petition must “identify[] specific portions of the evidence that support the challenge,” 37 C.F.R. § 42.104(b)(5). Similarly, 37 C.F.R. § 42.22(a)(2) states that each petition must include “[a] full statement of the reasons for the relief requested, including a detailed explanation of the significance of the evidence including material facts, and the governing law, rules, and precedent.” The Office Patent Trial Practice Guide suggests that parties requesting *inter partes* review should “avoid submitting a repository of all the information that a judge could possibly consider, and instead focus on concise, well-organized, easy-to-follow arguments supported by readily identifiable evidence of record.” 77 Fed. Reg. 48,756, 48,763 (Aug. 14, 2012). For the reasons discussed below, we agree with Patent Owner’s assertions that the Petition fails to comply with each of these requirements in addressing the asserted ground based on Kahn and Linn. See Prelim. Resp. 4–10.

Indeed, the Petition fails to satisfy these fundamental requirements at every level. The clarity problems begin with the labyrinthine-way Petitioner has structured the Petition. A brief description of the structure of the Petition will illustrate this problem. The Petition’s unpatentability analysis is divided into

roughly four sections. First, the Petition presents a synopsis describing what Petitioner contends each of the two principal references relied upon in the Petition generally discloses. *See* Pet. 24–36 (§§ IV.A–IV.B). Although this section quotes heavily from each reference, it also includes extensive citations to the Sherman Declaration and various characterizations of the references. *See, e.g., id.* at 28 (citing “[Ex. 1018,] 9:21–40, 22:33–40, 25:4–5, 25:27–29, 26:1–6, 26:10–27:50; Ex. 1013 at ¶ D22–25, D34–36, D41–46.”). Second, the Petition constructs a hypothetical version of the Kahn system using rendering software taught in a second reference, Linn, which Petitioner contends would be incorporated into Kahn in allegedly at least three ways. *See id.* at 36–41 (§ IV.C). Third, the Petition next discusses how the hypothetical Kahn-Linn system teaches “repositories” and “usage rights,” as Petitioner has construed those terms. *See id.* at 41–48 (§ IV.D). Finally, the Petition maps the hypothetical Kahn-Linn system onto the challenged claims. *See id.* at 48–57 (§ IV.E). This mapping relies on all the previous summaries and descriptions. *Id.* Thus, the unpatentability analysis relies on analysis of the description of a hypothetical system. The result of all these layers of analysis is that the final unpatentability analysis is at least two or three levels removed from the actual disclosure of the references. Petitioner’s approach completely blurs the line between the actual teachings of each asserted reference, Petitioner’s modifications to the teachings, and Petitioner’s characterizations of those teachings. This approach improperly shifts the burden of deciphering Petitioner’s arguments onto Patent Owner and the Board.²

² We also note the record is larded with 69 exhibits submitted by Petitioner

The confused approach reflected in the structure of the Petition continues down to its most basic level: the citations. For example, the Petition contains numerous nested, string citations to broad swaths of the references, the Sherman Declaration, and internal cross-references to whole sections of the Petition. *See, e.g., id.* at 48 (“*See* §§ IV.B, D.1; Ex. 1018 at 3:3–13, 8:27–30, 26:31–38; Ex. 1058 at 13, 15–16; Ex. 1013 at ¶ D104–12, D128”). The analysis of what the Petition identifies as the first of six elements of claim 1 spans less than one page of the Petition, but cites to 34 paragraphs of the Sherman Declaration, 7 different locations and 5 figures in Kahn, 5 pages of the Linn reference, and at least 18 pages of internal sections of the Petition. *See id.* at 48–49. Our count does not include the further internal citations and cross references contained in the cross-cited portions of Petition. There are a number of similarly obscure citations scattered throughout the remainder of the analysis: “*See* § IV.C; Ex. 1058 at 14, 15–16; Ex. 1013 at ¶ D14–21, D179, D183, D104–07, D118” (Pet. 49), “*See* §§ IV.A.1, D.2; Ex. 1013 at ¶ D179, D111–12, D183; Ex. 1058 at 13–14, 15 . . . , 20” (Pet. 49); “*See* § IV.D.2; Ex. 1018 at 3:42–45, 4:7–11, 8:27–29, 10:29–38, 25:26–28, 26:36, 28:18; Ex. 1058 at 13–16; Ex. 1013 at ¶ D180, D145–55, D183” (Pet. 50); “*See* §§ IV.A.1–2; Ex. 1018 at 3:4–13, 3:29–31, 15:8–22; Ex. 1013 at ¶¶ D1–D4, D14–D21, D180, D183.” (Pet. 51). *See* Pet. 48–57.

As one representative example, Petitioner’s analysis of one element of independent claim 1—“distributed repository coupled to said rendering device”—

totaling almost 30,000 pages, most of which are not cited or relied on in the Petition.

and the corresponding limitations in independent claims 29 and 58, includes the following sentence:

In the combined Kahn/Linn system, the Linn rendering software on a user's computer ("coupled to said rendering device") would store content in encrypted form (physical integrity), implement the Kahn secure transaction protocols (communications integrity), be distributed with a digital certificate and signature (behavioral integrity), and use digital certificates to interact with the Kahn repository servers over the network, and thus is a "distributed repository". See § IV.D.2; Ex. 1018 at 3:42–45, 4:7–11, 8:27–29, 10:29–38, 25:26–28, 26:36, 28:18; Ex. 1058 at 13–16; Ex. 1013 at ¶ D180, D145–55, D183.

Pet. 49–50 (emphases omitted). The supporting citation features unexplained citations scattered throughout Kahn, 4 pages of Linn, a 4-page section of the Petition (§ IV.D.2), and 13 paragraphs of the Sherman Declaration (¶¶ D180, D145–55, D183.). The 13 cited paragraphs of the Sherman Declaration include cross-references to more than 80 paragraphs, or nearly 30 pages, of the Declaration. Further, although the cited section of the Petition comprises only 4 pages, it further cites: (1) another 7 sections (§§ III.E.3, IV.A.1, IV.A.3, IV.A.4, IV.C, IV.B, and IV.D.1), or 23 pages, of the Petition, (2) nearly 50 paragraphs, or 20 pages, of the Sherman Declaration, (3) different portions of at least 18 columns of Kahn, and (4) another 3 pages of Linn. See Pet. 44–48. As a result—without considering the additional internal cross-references in these sections of the Petition and paragraphs of the Sherman Declaration—the single sentence of the Petition quoted above cites: (1) 27 pages of the Petition, (2) 4 pages of Linn, (3) portions of over 10 different columns of Kahn, and (4) more than 60 paragraphs, or 40 pages, of the Sherman Declaration.

The pervasive use of internal cross-references within the Petition and the supporting Sherman Declaration obfuscates the evidentiary support for the Petition’s assertions. For example, the 8-page section of the Petition that addresses how the hypothetical Kahn-Linn system would satisfy the challenged claims of the ’859 patent (§ IV.E) features 30 internal cross-references to ten different sections of the Petition, which span 14 pages of the Petition (§§ IV.A.1–4, IV.B.2, IV.C, IV.D.1–2). Further, Dr. Sherman’s supporting testimony—cited extensively in the Petition—is routinely, and often exclusively, supported by internal cross references to other paragraphs of the Declaration. *See, e.g.*, Ex. 1013 ¶ D107 (“*See* ¶¶ D33–49”); *id.* ¶ D117 (“*See* ¶¶ D55–62, D76, *above*”). Petitioner’s claim charts, which appear only in the Sherman Declaration, are supported exclusively by internal cross-references, generally to vast sections of the Declaration. *See id.* ¶¶ D183, D184; *see, e.g., id.* ¶ D183 (claim chart for claim 1 in the ’859 patent, citing 98 paragraphs (¶¶ D1–21, D33–48, D50, D51, D55, D56, D58–62, D70–77, D111–114, D119–129, D131–161) of the Sherman Declaration).

The lack of clarity in the Petition is further compounded by the improper incorporation by reference of the Sherman Declaration. The Petition is full of conclusory statements that cite to broad swathes of the lengthy Sherman Declaration. The Sherman Declaration is about 470 pages long. Although most of the Declaration relates to patents and references not at issue in this proceeding, the portion relating to this proceeding is about 200 pages long. *See* Ex. 1013 §§ I–V.C, V.D.3–5, VII–VII.G.2.g. Indeed, without referring heavily to the Sherman Declaration many sections of the Petition would be unintelligible. Patent Owner properly directs our attention to the Board’s informative decision in *Cisco Systems*,

Inc. v. C-Cation Techs., LLC, Case IPR2014-00454 (PTAB Aug. 29, 2014) (Paper 12) (informative). Prelim. Resp. 7. As explained in *Cisco*, citations to “large portions of another document, without sufficient explanation of those portions, amounts to incorporation by reference.” *Cisco*, Case IPR2014-00454, slip op. at 8. Similarly, *Cisco* explains that the “practice of citing [a] Declaration to support conclusory statements that are not otherwise supported in the Petition also amounts to incorporation by reference.” *Id.* at 9. Such incorporation by reference is improper: “[a]rguments must not be incorporated by reference from one document into another document.” 37 C.F.R. § 42.6(a)(3); *see also DeSilva v. DiLeonardi*, 181 F.3d 865, 866–67 (7th Cir. 1999) (Incorporation by reference “amounts to a self-help increase in the length of the [] brief A brief must make all arguments accessible to the judges, rather than ask them to play archeologist with the record.”).

The Petition regularly cites to large sections of the Sherman Declaration as support for otherwise unexplained statements. For example, one sentence of the Petition states, without explanation: “A person of skill would have considered it obvious to use the complementary features of each of the systems in the way they are taught, subject to minor alterations needed to integrate the two systems. Ex. 1013 at ¶ D105, D95–D118.” Pet. 43–44. The supporting citation to the Sherman Declaration (¶¶ D105, D95–118) covers 25 paragraphs, or more than 9 pages.

More generally, many sections of the Petition feature sparse explanation, and rely heavily on supporting citations to the Sherman Declaration to buttress the conclusory analysis. For example, the nine-page section of the Petition arguing

that the hypothetical Kahn-Linn system meets the limitations of the challenged claims of the '859 patent (§ IV.E) directly cites about 100 paragraphs, or about 37 pages, of the Sherman Declaration. *See* Pet. 48–57. Thus, even without accounting for the additional internal cross-references within these paragraphs of the Declaration, the supporting declaration testimony is *more than four times* the length of the relevant discussion in the Petition.

In sum, the Petition's conclusory analysis with supporting citations to an incomprehensible web of internal cross-references to the Petition and the Sherman Declaration and imprecise citations to Kahn and Linn leaves us "to play archeologist with the record." *Cisco Sys., Inc.*, IPR2014-00454, at 10 (Paper 12) (informative). Based on the deficiencies addressed above, the Petition fails: (1) to specify sufficiently where the limitations of the challenged claims of the '859 patent are taught or suggested by Kahn or Linn; and (2) to provide a sufficiently detailed explanation of the significance of the citations to these references and the Sherman Declaration—as required under 35 U.S.C. § 312(a)(3), 37 C.F.R. § 42.22(a)(2), and 37 C.F.R. § 42.104(b)(4) – (5). We, therefore, deny institution of the asserted ground of obviousness over Kahn and Linn.

2. *Obviousness Analysis*

In addition to these serious procedural defects in the Petition, we also find its analysis to be deficient on the merits. In particular, we determine that the Petition's obviousness analysis suffers two flaws: (1) it fails to provide an adequate explanation of the differences between the prior art and the claimed invention; and (2) it is driven by improper hindsight and lacks sufficient articulated reasons with rational underpinning to support the modifications it proposes.

i. Legal Standards

A patent claim is unpatentable as obvious under 35 U.S.C. § 103(a)³ 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.” 35 U.S.C. § 103(a); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The Supreme Court has explained that:

Under § 103, [(1)] the scope and content of the prior art are to be determined; [(2)] differences between the prior art and the claims at issue are to be ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.

Graham v. John Deere Co., 383 U.S. 1, 17–18 (1966).

In addition, “rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be 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). The reason for this is that, “[w]hile the Supreme Court made clear that a mechanical application of the teaching-

³ The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011), revised 35 U.S.C. § 103, effective March 16, 2013. Because the ’859 patent was filed before March 16, 2013, our references and citations to § 103 in this decision are to the pre-AIA version.

suggestion-motivation test, requiring an explicit teaching in the prior art, is inappropriate, “[w]e must still be careful not to allow hindsight reconstruction of references to reach the claimed invention without any explanation as to how or why the references would be combined to produce the claimed invention.” *Kinetic Concepts, Inc. v. Smith & Nephew, Inc.*, 688 F.3d 1343, 1368 (Fed. Cir. 2012) (quoting *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1374 n.3 (Fed. Cir. 2008)); *see also KSR*, 550 U.S. at 421 (“A factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning.”); *Graham*, 383 U.S. at 36 (warning against a “temptation to read into the prior art the teachings of the invention in issue” and instructing courts to “guard against slipping into use of hindsight” (citation omitted)). Thus, “[c]are must be taken to avoid hindsight reconstruction by using ‘the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve the result of the claims in suit.’” *Grain Processing Corp. v. Am.–Maize Prods. Co.*, 840 F.2d 902, 907 (Fed. Cir. 1988) (quoting *Orthopedic Equip. Co. v. United States*, 702 F.2d 1005, 1012 (Fed. Cir. 1983)).

ii. *Failure to Perform a Graham Analysis*

As Patent Owner points out, the Petition fails to identify sufficiently the differences between any challenged claim of the ’859 patent and the asserted prior art references, Kahn and Linn. *See* Pet. 22–57; Prelim. Resp. 6–7, 41. Rather than address these differences, the Petition creates a hypothetical Kahn-Linn system—based on how a person of ordinary skill in the art allegedly “would” or “could” combine the two references into an integrated system—in an analysis that is

divorced from the language of the challenged claims of the '859 patent. *See, e.g.*, Pet. 40 (“could have configured the Kahn repository servers”); *id.* (“could have readily integrated”); *see also id.* 36–44 (§ IV.C (use of “could” and “would”)). The Petition plucks out certain claim terms “usage rights” and “repositories” and argues that Kahn and Linn teach these concepts. *See id.* at 41–48 (§ IV.D). The Petition then argues, in conclusory fashion, that this hypothetical system “would” meet each of the limitations of the challenged claims. *See id.* at 48–57 (§ IV.E). This analysis—which compares the challenged claims to a hypothetical integrated system that allegedly implements elements of both Kahn and Linn as well as the knowledge of one of ordinary skill in the art—obscures any comparison of the individual prior art references to the claim limitations. It does not explain with any particularity which claim limitations are absent from Kahn or Linn. *See Prelim. Resp.* 6–7, 41. Therefore, the Petition fails to perform an adequate *Graham* analysis, and leaves us unable to conduct a proper *Graham* analysis as required to determine whether the challenged claims are unpatentable.

Accordingly, we determine that the Petition does not show a reasonable likelihood that Petitioner would prevail in showing that the challenged claims of the '859 patent would have been obvious over Kahn and Linn. *See Apple Inc. v. SmartFlash LLC*, Case CBM2015-00029, slip op. at 16–18 (PTAB May 28, 2015) (Paper 11) (denying institution of an asserted obviousness ground based on Petitioner’s failure to explain adequately any differences between the asserted prior art and the claimed invention); *Liberty Mut. Ins. Co. v. Progressive Casualty Ins. Co.*, Case CBM2012-00003, slip op. at 3 (PTAB Oct. 25, 2012) (Paper 7) (representative) (“A petitioner who does not state the differences between a

challenged claim and the prior art, and relies instead on the Patent Owner and the Board to determine those differences . . . risks having the corresponding ground of obviousness not included for trial for failing to adequately state a claim for relief.”).

iii. Lack of Adequate Rationale/Improper Hindsight

We deny institution of the asserted ground based on Kahn and Linn for an additional, independent reason. Specifically, we determine that the obviousness analysis proposed in the Petition does not provide sufficiently articulated reasoning, with rational underpinning, to reach the invention recited in the challenged claims and, instead, is driven by improper hindsight.

The Petition asserts that a person of ordinary skill in the art would have recognized that Kahn and Linn “address complimentary parts of the same problem[,] secure content distribution,” and that “the schemes described in each reference solves the gap of the other.” Pet. 36–37. Such a person, according to the Petition, “would have had a strong motivation to integrate the two schemes to yield a functional end-to-end scheme” in which Kahn’s object management system distributes content, and end-user devices using Linn’s software download that content and render it in accordance with terms and conditions. *Id.* at 37. From this premise, the Petition argues that a person of ordinary skill would integrate Kahn and Linn into a unified system—the hypothetical Kahn-Linn system—by making

at least the following changes,⁴ which the Petition classifies as “only minor, logical modifications.” *Id.*

First, “a person of ordinary skill would have configured the Linn rendering software to interface with the Kahn object management system, such as by using the account creation and purchase transaction protocols described in Kahn.” *Id.* According to the Petition, this would be “logical and natural.” *Id.* Second, to implement the system, a person of ordinary skill would have the entity “operating the Kahn repository system distribute [the Linn] rendering software[,] configured to interact with the repository servers and payment servers”—based on an alleged specific suggestion to do so in Linn. *Id.* at 38. Third, the person of ordinary skill then would have “integrat[ed] the Kahn user registration techniques into the [Linn] rendering software [to] improve the Linn enforcement mechanisms.” *Id.*

Fourth, although Kahn and Linn allegedly teach only the “use of digital certificates and digital signatures to validate the authenticity and integrity of *content* before that content can be stored or used,” the person of ordinary skill would have “logically exten[ded]” this technique to Linn’s rendering *software*, distributing the “software with a digital signature and digital certificate to enable users to validate [its] authenticity and integrity . . . before installing it.” *Id.* at 38—

⁴ We note that the Petition appears to classify the proposed changes to reach the hypothetical Kahn-Linn system as involving only three modifications. *See id.* at 36–41 (labeling certain paragraphs as “[f]irst,” “[s]econd” and “[t]hird”) (emphasis omitted). To the extent the Petition does so, we disagree. Based on our review of the Petition, as well as Kahn and Linn, we find that the proposed implementation of the hypothetical Kahn-Linn system involves several more distinct modifications, which we outline in our discussion below.

39 (emphasis added). Fifth, it also “would have been logical to apply this technique to the software operating the Kahn servers, by requiring software to be signed using a digital certificate.” *Id.* at 39. According to the Petition, using “digital certificates and signatures for this purpose was a conventional technique, and implementing these features would be routine.” *Id.*

Sixth, “the person of skill would have considered known techniques” to enforce “terms and conditions . . . on the user-side, such as those described in Linn” and “[f]or example, . . . could have configured,” “with routine and predictable effort,” “the Kahn repository servers to package digital content and an envelope containing terms and conditions into the information objects described in Linn.” *Id.* at 39–40. Seventh, “a person of ordinary skill also could have . . . add[ed] fields within the Linn envelope to accommodate the various terms and conditions described in Kahn.” *Id.* Eighth, the person of ordinary skill “could” use Standard Generalized Markup Language (“SGML”) “to represent the usage fields . . . to accommodate Kahn’s additional usage rights and to add flexibility to the combined system.” *Id.* at 40. Ninth, “a person of skill could have readily integrated th[e] known technique” of encrypting content, as described in Kahn, “with the Linn envelopes to ensure only the user with the corresponding private key (i.e., the user identified in the digital certificate) could decrypt the symmetric key and access the content.” *Id.* at 41.

As an initial matter, we disagree with Petitioner’s characterization of the proposed modifications to implement the hypothetical Kahn-Linn system as “minor.” Pet. 37. Instead, based on our careful review of the Petition and its supporting evidence, we are persuaded that the numerous proposed modifications

would require significant reworking of the systems disclosed in Kahn and Linn.
See id. at 36–41.

Further, we find the reasons proffered in the Petition for the many proposed modifications to be conclusory and superficial. For example, Petitioner concedes that neither Kahn nor Linn teaches behavioral integrity, i.e., requiring software to include a digital certificate in order to be installed in the repository, which Petitioner acknowledges is a requisite aspect of the “distributed repository” recited in challenged claims of the ’859 patent. *Id.* at 16–20; Ex. 1001, 6:30–44, 7:33–35, 11:62–12:5, 12:24–50, 50:16–19; Ex. 2001, 10–15, 19–21; *see* Prelim. Resp. 29–30; *ZTE Corp. v. ContentGuard Holdings, Inc.*, Case IPR2013-00137, slip op. at 8–9, 11 (PTAB July 1, 2014) (Paper 58). Petitioner, however, argues that both Kahn and Linn teach using digital certificates and digital signatures to validate the authenticity and integrity of the *content* of a digital object before it can be stored or used. Pet. 38–39; *see* Ex. 1018, 24:47–26:38; Ex. 1058, 15–16. The Petition reasons that it would be a “logical extension” of these teachings to modify Linn’s rendering *software* to include a digital signature and digital certificate and to verify the authenticity and integrity of this *software* before installation (change 4 above). Pet. 38–39, 47. In addition, the Petition argues “it would have been logical” to include a digital signature and digital certificate in the *software* that operates Kahn’s repository servers and to have these servers validate the digital signature and digital certificate of the *software* before installing it (change 5 above). Pet. 39, 47. The Petition notes, in conclusory fashion, that “[u]se of digital certificates and signatures for this purpose was a conventional technique” “with known benefits for

improved security.”⁵ *Id.* Yet the Petition does not explain adequately why a person of ordinary skill in the art would have had reason to add any additional authentication and security techniques beyond those already contained in the Kahn and Linn systems—much less the specific technique of modifying both Linn’s rendering software and any software operating Kahn’s repository servers to include digital certificates that are verified before installation.

This proposed change is in addition to the several proposed modifications the Petition asserts one of ordinary skill in the art “could” make to implement the hypothetical Kahn-Linn system, which appear to be directed to ensuring that the system would satisfy “wherein the server mode of operation is operative to enforce usage rights associated with the content and permit the rendering device to render the content in accordance with the manner of use specified by the usage rights,” as recited in the independent claims of the ’859 patent. *Id.* at 39–40; *see id.* at 50–51. These proposed modifications likewise are supported by little to no reasoning as to why one of ordinary skill in the art would have made each particular change. As an example, the Petition’s sixth proposed change states “[f]or example, a person of skill *could* have configured the Kahn repository servers to package digital content and an envelope containing terms and conditions into the information objects described in Linn,” and this “would require only routine and predictable effort.” *Id.* at 40 (first emphasis added); *see supra* Part II.A.1. This change, therefore, is put forward only as an example of a technique a person of ordinary skill could use,

⁵ To the extent the Sherman Declaration provides additional arguments and explanation not mentioned in the Petition, we need not and do not consider this testimony for the reasons stated above in Part II.A.1.

and without adequate explanation as to why such a person would make this specific change.

Particularly when the many proposed changes are considered together, the Petition lacks adequate reasoning, with rational underpinning, to show sufficiently that a person of ordinary skill would have combined the teachings of Kahn and Linn and the knowledge in the art to reach the hypothetical Kahn-Linn system, which the Petition alleges would satisfy each limitation of the challenged claims. In other words, we are not persuaded that the Petition sufficiently explains why a person of ordinary skill would simultaneously make all of the many particular proposed changes and implementation choices to combine Kahn, Linn, and allegedly known techniques.

But even if all these individual modifications, both large and small, and choices that Petitioner contends would be obvious were supported by articulated reasoning with rational underpinning, nowhere in its analysis in the Petition does Petitioner provide any articulated reasoning for making all of these changes at the same time. Petitioner merely claims that these changes would be “logical and natural” and a “routine engineering task.” Pet. 37. We see no difference between conclusory statements that these changes are “logical and routine” and saying that these changes are “common sense,” which alone is insufficient to support an obviousness analysis. *See Mintz v. Dietz & Watson*, 679 F.3d 1372, 1377 (Fed. Cir. 2012) (“The mere recitation of the words ‘common sense’ without any support adds nothing to the obviousness equation.”). The mere fact that individual changes might have been minor or even obvious does not make doing all of the changes at once obvious. *See In re Irani*, 427 F.2d 806, 809 (CCPA 1970) (“Obviousness,

however, must not be judged by hindsight, and a ‘little modification’ can be a most unobvious one.”).

Without some reason why a person of ordinary skill would engage in, what appears to us to be, a nearly wholesale reconstruction of Kahn and Linn, the only conclusion that we can draw is that Petitioner is simply using Patent Owner’s claims as a guide in constructing a system loosely based on Kahn and Linn that resembles the claimed invention. *See Plantronics v. Aliph, Inc.*, 724 F.3d 1343, 1355 (Fed. Cir. 2013) (“Where, as here, the necessary reasoning is absent, we cannot simply assume that ‘an ordinary artisan would be awakened to modify prior art in such a way as to lead to an obviousness rejection.’ It is in such circumstances, moreover, that it is especially important to guard against the dangers of hindsight bias.” (citation omitted)); *see also W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1552 (Fed. Cir. 1983) (“The result is that the claims were used as a frame, and individual, naked parts of separate prior art references were employed as a mosaic to recreate a facsimile of the claimed invention. At no point did the district court, nor does Garlock, explain why that mosaic would have been obvious to one skilled in the art”). This analysis that we determine is infected with impermissible hindsight cannot form the basis of an obviousness finding. *See KSR*, 550 U.S. at 421 (“A factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning.”); *Graham*, 383 U.S. at 36 (warning against a “temptation to read into the prior art the teachings of the invention in issue” and instructing courts to “‘guard against slipping into use of hindsight’” (citation omitted)).

In sum, we are not persuaded that the Petition shows sufficiently why one of ordinary skill in the art—without improper hindsight—would have combined Kahn and Linn to reach the challenged claims. Therefore, we determine that the Petition does not establish a reasonable likelihood that Petitioner would prevail in showing that any of the challenged claims would have been obvious over Kahn and Linn.

B. Additional Ground

In addition to the asserted ground of obviousness over Kahn and Linn, the Petition asserts an obviousness ground that relies on Kahn and Linn, as well as an additional reference, Dyad. Pet. 57–60. Specifically, the Petition asserts that “Patent Owner may contend a ‘repository’ or ‘trusted’ device must include particular hardware components, such as a tamper-resistant module, and that neither Kahn nor Linn explicitly describe[s] use of such hardware components in their disclosures.” *Id.* at 57. The Petition then proceeds to discuss Dyad’s disclosure of tamper-resistant secure coprocessors, and argues that it would have been obvious to one of ordinary skill in the art to use these secure coprocessors in the hypothetical Kahn-Linn system. *Id.* at 57–59; Ex. 1013 ¶¶ D162–66.

This asserted ground is deficient for at least two reasons. First, this ground relies on the Petition’s analysis of the asserted ground based on Kahn and Linn and adds the teachings of Dyad only to address a potential argument of Patent Owner that repositories or “trusted” devices have certain additional requirements. Therefore, the ground suffers from the same deficiencies as the asserted ground based on Kahn and Linn, addressed above. Second, the ground is premised on a potential claim construction argument that Petitioner speculates Patent Owner “may” proffer. Pet. 57; Prelim. Resp. 57. Yet Patent Owner does not make any

such argument. *See* Prelim. Resp. 57. Therefore, Petitioner has not shown that institution of this asserted ground is warranted. Accordingly, we determine that the Petition does not establish a reasonable likelihood that Petitioner would prevail in showing that the challenged claims of the '859 patent would have been obvious over Kahn, Linn, and Dyad.

III. CONCLUSION

We determine that the Petition fails to show there is a reasonable likelihood that Petitioner would prevail with respect to at least one of the claims challenged in the Petition. *See* 35 U.S.C. § 314(a); 37 C.F.R. § 42.108(b)(2).

IV. ORDER

Accordingly, it is

ORDERED that the Petition is denied and no trial is instituted.

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