

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC.,
Petitioner,

v.

CONTENTGUARD HOLDINGS, LLC,
Patent Owner.

Case IPR2015-00448
Patent 8,370,956 B2

Before KARL D. EASTHOM, GLENN J. PERRY, and
PATRICK R. SCANLON, *Administrative Patent Judges*.

EASTHOM, *Administrative Patent Judge*.

DECISION
Denying *Inter Partes* Review
37 C.F.R. § 42.108

I. INTRODUCTION

Petitioner, Apple Inc., filed a Petition requesting *inter partes* review of claims 1–18 of U.S. Patent No. 8,370,956 B2 (“the ’956 patent,” Ex. 1005). Paper 1 (“Pet.”). Patent Owner, ContentGuard Holdings Inc., responded with a Preliminary Response. Paper 8 (“Prelim. Resp.”). We have jurisdiction under 35 U.S.C. § 314, which provides that an *inter partes* review may not be instituted “unless . . . there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” *Id.* at § 314(a).

For the reasons set forth below, we determine that Petitioner does not demonstrate a reasonable likelihood of prevailing in showing the unpatentability of claims 1–18 of the ’956 patent. Accordingly, we deny institution of *inter partes* review.

A. Related Matters

Petitioner indicates that the ’956 patent was asserted against it by Patent Owner in several lawsuits in U.S. district courts. *See* Pet. 2.

Petitioner filed two other petitions seeking *inter partes* review of the ’956 patent: Cases IPR2015-00446 and IPR2015-00447. Petitioner also filed petitions in Cases IPR2015-00351–358, 399, 400, and 440–458, challenging related U.S. Patent Nos. 6,963,859; 7,225,160; 7,269,576; 7,523,072; 7,774,280; 8,001,053; 8,393,007; and 8,583,556.

B. The ’956 Patent (Ex. 1005)

The ’956 patent describes a system for curbing unauthorized copying and transmission of electronic publications, which it describes as distributing

and enforcing usage rights for digital works. *See* Ex. 1005, 1:24–60. “[T]he terms ‘digital work,’ ‘work,’ and ‘content’ refer to any work that has been reduced to a digital representation. . . . includ[ing] any audio, video, text, or multimedia work and any accompanying interpreter (e.g. software) that may be required for recreating the work.” *Id.* at 6:11–15. 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 6:17–20. The disclosed invention provides the owner of a digital work the flexibility to distribute the digital work as desired. *Id.* at 3:66–4:15.

The system attaches usage rights to the digital work, including copies thereof, and stores them in repositories. *Id.* at 6:24–44. A “repository” device, described as being “trusted,” not only stores the digital works, but enforces the usage rights of the digital works, controls access to digital works, bills for access to digital works, and maintains the security and integrity of the digital works stored therein. *Id.* at 6:30–44.

Independent claims 1, 7, and 13 require that a recipient device be “determined to be trusted.” The Specification discloses using an “identification certificate” and a “registration transaction” to determine if a device is trusted: “Identification certificates are the means by which a repository is identified as ‘trustworthy.’ The use of identification certificates is described below with respect to the registration transaction.” *Id.* at 7:44–48. According to a Glossary in the Specification, an “Identification (Digital) Certificate” is “a signed digital message that attests to the identity of a possessor. Typically, digital certificates are encrypted in the private key of a

well-known master repository.” *Id.* at 49:55–59. The Specification also discloses that “[a]s a prerequisite to operation, a repository will require possession of an identification certificate,” and that “identification certificates 1306 are required to enable the use of the repository.” *Id.* at 13:14–15, 14:27–29.

According to the Specification, a “Registration Transaction[]” is “[t]he protocol used between repositories to establish a trusted session.” *Id.* at 50:5–7. The Specification describes registration transactions further as follows:

The registration transaction between two repositories is described with respect to FIGS. 16 and 17. The steps described are from the perspective of a “repository-1” registering its identity with a “repository-2.” The registration must be symmetrical so the same set of steps will be repeated for repository-2 registering its identity with repository-1. Referring to FIG. 16, repository-1 first generates an encrypted registration identifier, step 1601 and then generates a registration message, step 1602. A registration message is comprised of an identifier of a master repository, the identification certificate for the repository-1 and an encrypted random registration identifier. **The identification certificate is encrypted by the master repository in its private key and attests to the fact that the repository (here repository-1) is a bona fide repository. The identification certificate** also contains a public key for the repository, **the repository security level** and a timestamp (indicating a time after which the certificate is no longer valid.) The registration identifier is a number generated by the repository for this registration. The registration identifier is unique to the session and is encrypted in repository-1’s private key. The registration identifier is used to improve security of authentication by detecting certain kinds of

communications based attacks. Repository-1 then transmits the registration message to repository-2, step 1603.

Id. at 26:46–27:2 (emphases added).

As this passage shows, one of the ways that the system determines, or “attests to the fact that the repository . . . is a bona fide repository,” is to include “the repository security level” in the identification certificate. Table 2 in the ’956 patent Specification lists different security levels for repositories. *Id.* at 15:1–50.

C. Illustrative Claim

Claims 1, 7, and 13 are independent. Claim 1 is illustrative of the challenged claims:

1. A computer-implemented method of rendering digital content by at least one recipient computing device in accordance with usage rights information, the method comprising:

receiving the digital content by the at least one recipient computing device from at least one sending computing device only if the at least one recipient computing device has been **determined to be trusted** to receive the digital content from the at least one sending computing device;

receiving, by the at least one recipient computing device, a request to render the digital content;

determining, based on the usage rights information, whether the digital content may be rendered by the at least one recipient computing device;

and rendering the digital content, by the at least one recipient computing device, only if it is determined that the content may be rendered by the at least one recipient computing device.

Ex. 1001, 50:55–51:4 (emphasis added).

D. Asserted Grounds of Unpatentability

Petitioner contends that claims 1–18 of the ’956 patent are unpatentable under 35 U.S.C. § 103 based on the combination of U.S. Patent No. 5,557,518 (Ex. 1020, “Rosen”) and EP0567 800 A1 (Ex. 1021, “Hartrick”).¹ See Pet. 3, 54; Prelim. Resp. 12, 33. 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. Ex. 1013 (“Sherman Declaration”).

II. CLAIM CONSTRUCTION

The ’956 patent, effectively filed on November 23, 1994, expired on November 23, 2014. See Pet. 8; Prelim. Resp. 26. Accordingly, the claims must be construed using their ordinary and customary meaning, as would be understood by a person of ordinary skill in the art, at the time of the invention, in light of the language of the claims, the specification, and the prosecution history of record. See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313–17 (Fed. Cir. 2005) (en banc)); *In re Rambus*, 694 F.3d 42, 46 (Fed. Cir. 2012) (“[T]he Board’s review of the claims of an expired patent is similar to that of a district court’s review.”).

As noted above, the ’956 patent’s Appendix provides a “Glossary” defining many of the claim terms. Ex. 1005 at 49:1–50:52. These explicit

¹ 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 ’956 patent was filed before March 16, 2013, our references and citations to § 103 in this decision are to the pre-AIA version.

definitions, and other explicit definitions in the Specification, largely control the construction of many claim terms. The Board previously construed the meaning of certain terms in proceedings involving related patents (Cases IPR2013-00133, -00134, -00137, and -00138). According to Patent Owner and Petitioner, the District Court for the Eastern District Court of Texas issued similar claim constructions to the Board's prior constructions.

Prelim. Resp. 30 (citing Ex. 2001). The parties largely agree that the Board's and the District Court's similar claim constructions should control, with some exceptions that do not appear to be material to a dispute here. *See* Pet. 7–21; Prelim. Resp. 29–36; *Vivid Techs., Inc. v. Am. Sci. & Eng'g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (only terms in controversy need to be construed and only to the extent necessary to resolve the controversy).

Considering the parties' positions, the '956 patent Specification, and the record, we adopt the following constructions for purposes of this Decision only.

A. "Trusted" (Claims 1, 7, 13)

According to the Glossary, a "repository is a trusted system in that it maintains physical, communications and behavioral integrity." Ex. 1005 at 50:20–22. Accordingly, the Specification indicates, and the parties agree, that the term "trusted" means "maintains physical, communications, and behavioral integrity, and supports usage rights." *See* Ex. 1005, 6:42–44, 50:20–22; Prelim. Resp. 29–30; Pet. 15–17; Ex. 2001, 13, 15.

B. Physical, Communications, and Behavioral Integrity –Trusted

These terms are not in material dispute, but beg interpretation because they serve to define the claim term “trusted.” The term “physical integrity” refers to the “integrity of the physical devices themselves. . . . [and] applies both to the repositories and to the protected digital works.” Ex. 1005, 12:8–10. Higher security classes may include sensors to preclude tampering on secure cases. See Ex. 1005, 12:10–13. The term “physical integrity” means “preventing access to information by a non-trusted system.” See *id.* at 12:17–18; Pet. 18; Prelim. Resp. 27. The term “communications integrity” means “only communicates with other devices that are able to present proof that they are trusted systems, for example, by using security measures such as encryption, exchange of digital certificates, and nonces.” See Ex. 1005, 12:34–46; Pet. 18; Prelim. Resp. 27. The term “behavioral integrity” means “requiring software to include a digital certificate in order to be installed in a trusted device.” See Ex. 1005, 12:47–63; Pet. 18; Prelim. Resp. 28.

C. “Recipient . . . Determined to be Trusted” (Claims 1, 7, 13)

Claim 1 recites “receiving the digital content by the at least one recipient computing device from at least one sending computing device only if the at least one recipient computing device has been *determined to be trusted* to receive the digital content from the at least one sending computing device.” Claims 7 and 13 recite similar phrases.

Without explicitly setting forth a claim construction for “determined to be trusted,” Petitioner contends that “the sending computing device

determines whether the recipient device or apparatus is ‘trusted’ by validating the recipient’s digital certificate.” See Pet. 16 (citing Ex. 1013 ¶¶ B101–03); see also Pet. 17 (similar contention). Petitioner essentially equates the terms “digital certificate” and “identification certificate” and contends that they are “certified by a master device.” See Pet. 15. The Glossary supports equating the two by using the terms interchangeably. See Ex. 1005, 49:55–56 (defining “Identification (Digital) Certificate”).

According to the ’956 patent, “[i]dentification certificates are the means by which a repository is identified as ‘trustworthy.’” Ex. 1005, 7:44–46. As discussed above, the Specification states that the “identification certificate . . . attests to the fact that the repository . . . is a bona fide repository.” *Id.* at 26:57–60.

Therefore, on this record, we construe “determined to be trusted” to mean “using an identification or digital certificate to attest to the fact that a recipient is a trusted device.”

III. ANALYSIS

A. Rosen’s Teachings

Rosen discloses an electronic commerce system for securely exchanging electronic merchandise and payments. Ex. 1020, Abstract. The system includes a customer trusted agent communicating with a money module, a merchant trusted agent communicating with another money module, and the two trusted agents communicating with each other. *Id.* at Abstract, Fig. 1.

Figure 1 of Rosen follows:

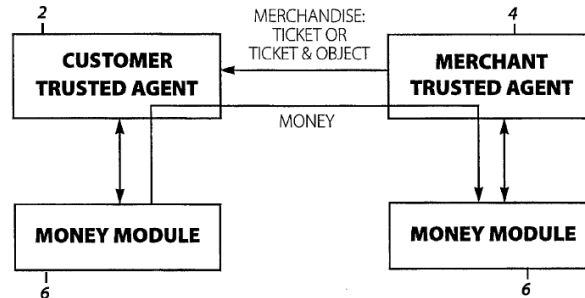


Figure 1 depicts a block diagram of Rosen’s system, which includes customer trusted agent (CTA) 2, merchant trusted agent (MTA) 4, and money modules 6. MTA 4 transfers electronic merchandise to CTA 2, and in response, first money module 6 transfers electronic money to second money module 6. *See id.* at Abstract, Fig. 1, 4:33–38. Transactions are encrypted. *Id.* at Abstract.

According to Rosen, “[e]lectronic merchandise is any goods that can be represented in electronic form, and in the preferred embodiment . . . consists of either a ticket or an encrypted electronic object (EO) and its associated decryption ticket.” *Id.* at 4:41–45. “Together, the encrypted electronic object and its decryption ticket comprise the electronic merchandise transferred by the merchant.” *Id.* at 4:62–64. Any third party or receiving customer must have access to the decryption ticket to access the encrypted electronic object. *Id.* at 4:65–5:1. “[T]he decryption ticket, . . . is the ‘property’ of the CTA and may only be used upon successful completion of the purchase transaction.” *Id.* at 5:1–3.

B. Hartrick's Teachings

Hartrick discloses a data processing system that enforces payments of royalties when copying an electronic book. *See* Ex. 1021, Abstract. A publisher includes royalty payment information either in the structured text of the book or in a file that accompanies the book. The publisher stores the book in a storage medium using compacted, tokenized text. *Id.* at 5:48–57. To read the book from the storage medium, a user employs a special reading book program and a royalty payment program at his workstation. The reading program converts the text into source text capable of being displayed on a display screen. If a user attempts to copy the book or transmit it over a modem, the royalty payment program forces the user to pay a royalty. *See id.* at 6:1–22. The system employs structured document tags within a structure document to implement the royalty payments. *See id.* at 10:1–18.

C. Procedural Defects

As a threshold matter, the Petition includes several significant procedural defects. 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 . . . [h]ow 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.” Rule 42.104(b)(5) adds that the Petition

must “identify[] specific portions of the evidence that support the challenge.” 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).

We agree with the Patent Owner that the Petition fails to satisfy at least these rule requirements. See Prelim. Resp. 4–10. The Petition comprises vague, 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., Pet. 50–51 (discussing the preamble of claim 1, and citing *inter alia*, Pet. §§ IV.A.1–3, A.5, B3; Ex. 1013 ¶¶ E20, E53–E65, E117, E118, E142, E194). Without counting internal cross-citations within the cited sections of the Petition and Sherman Declaration, this citation to the Petition spans 11 pages of the Petition and 18 paragraphs of the Sherman Declaration.

Similarly, the analysis of (what the Petition identifies as) element c of claim 1 spans less than about one page of the Petition, but cites to 14 paragraphs of the Sherman Declaration and six pages of internal sections of the Petition. See Pet. 51–52 (citing Pet. §§ III.D.4, IV.A.5; Ex. 1013

¶¶ E53–65, E196). Again, this count does not include the further internal citations and cross-references contained in the cross-cited portions of the Petition and the Sherman Declaration. The same problem continues for the remaining claim elements. For example, although the unpatentability analysis of the last claim 1 element, element e, involves about thirteen lines in the Petition, it cites 32 paragraphs of the Sherman Declaration and about ten pages of the Petition. *See* Pet. 52–53 (citing Pet. §§ 1V.B.3, IV.C, IV.D.1, Ex. 1013 ¶¶ E74–E98, E115–E118, E142, E199–E200). These nested citations to so much of the record obscure what exactly Petitioner relies upon as teaching or suggesting the claim elements.

The Petition’s labyrinthine structure exacerbates the clarity problems caused by the nested citations. The Petition’s unpatentability analysis begins with a general discussion of each reference. Pet. 23–38. Although this first section quotes heavily from each reference, it also includes extensive citations to the Sherman Declaration and various characterizations of the references. *See id.* Next, the Petition describes a hypothetical, integrated system that purports to combine Rosen’s “scheme” using Hartrick’s “techniques.” *Id.* at 38–44. The Petition then explains that a person of ordinary skill would have recognized that the hypothetical Rosen-Hartrick system would have suggested the claim terms “usage rights,” “repositories,” and “digital documents.” *Id.* at 44–51. Finally, the Petition maps the claims onto this hypothetical combined system. *See id.* at 51–60. This mapping relies on all the previous summaries and descriptions. *Id.* Thus, the unpatentability analysis relies on Petitioner’s characterization and

description of a hypothetical operation of a hypothetical implementation of the combined system. The result of all these layers of abstraction 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 claims, the actual teachings, 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, which, as discussed above, is counter to the statutory and regulatory provisions governing *inter partes* review proceedings, and the best practices outlined in the Office Patent Trial Practice Guide.

The lack of clarity in the Petition is further compounded by the improper incorporation by reference of the Sherman Declaration. As discussed above, the Petition's conclusory statements cite to broad swaths of the lengthy Sherman Declaration. Without referring to the Sherman Declaration, many sections of the Petition would be unclear. The Petition's practice of citing multiple pages of the Sherman Declaration to support conclusory statements and, more generally, using the Sherman Declaration to vastly expand its analysis and reasoning, violates our rules in two respects.

First, this practice amounts to incorporation by reference—which is impermissible under our rules. *See* 37 C.F.R. § 42.6(a)(3) (“Arguments must not be incorporated by reference from one document into another document.”); *Cisco Sys., Inc. v. C-Cation Techs., LLC*, Case IPR2014-

00454, slip op. at 7–10 (PTAB Aug. 29, 2014) (Paper 12) (informative). This incorporation by reference from the 474-page Sherman Declaration into the Petition “serves to circumvent the [60-]page limit[] imposed on petitions for *inter partes* review, while imposing on our time by asking us to sift through [hundreds of] pages of [the] Declaration (including numerous pages of claim charts) to locate the specific [relevant] arguments.” *Cisco Sys., Inc.*, IPR2014-00454, at 10 (Paper 12) (informative); see 37 C.F.R. § 42.24(a)(1)(i). Arguments and information that are not presented and developed in the Petition, and instead are incorporated by reference to the Sherman Declaration, are not entitled to consideration.

Second, the Petition’s consistent citation to voluminous portions of the Sherman Declaration, which generally include additional internal cross-references, runs afoul of the particularity and specificity required of supporting evidence under the Board’s governing rules. See 37 C.F.R. §§ 42.22(a)(2), 42.104(b)(4)–(5).

The Petition also includes 63 exhibits totaling over 14,000 pages. Petitioner asserts that all exhibits are relied upon in the Petition. See Pet. 3 (“The evidence relied upon in support of this petition is listed in **Attachment B**.”). Many of the exhibits, however, are not cited in the Petition for support. Petitioner filed the Sherman Declaration in at least seven other IPR petitions, challenging a different patent and/or asserting a different set of prior art. As noted above, the Office Patent Trial Practice Guide cautions that petitioners 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. at 48,763. The Petition widely misses that mark.

Based on the deficiencies addressed above, the Petition fails to (1) specify sufficiently where the limitations of the challenged claims are taught or suggested by Rosen or Hartrick, and (2) provide a sufficiently detailed explanation of the significance of the citations to these references and the Sherman Declaration—as required under 37 C.F.R. § 42.22(a)(2) and 37 C.F.R. § 42.104(b)(4)–(5).

D. Defects in the Proffered Obviousness Analysis

In addition to the procedural deficiencies, Petitioner’s analysis of the asserted ground of obviousness over Rosen and Hartrick is deficient. Petitioner’s obviousness analysis does not provide a proper *Graham* analysis, and lacks sufficient articulated reasons with rational underpinning to support the proposed modifications, thereby showing it relies upon improper hindsight.

1. Insufficient Information for Graham Analysis

A patent claim is unpatentable as obvious under 35 U.S.C. § 103(a) if “the differences between the subject matter sought to be patented 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). Resolving the legal conclusion of obviousness requires resolving the following underlying factual determinations: (1) “the

scope and content of the prior art,” (2) “differences between the prior art and the claims at issue,” (3) “the level of ordinary skill in the pertinent art,” and (4) any “secondary considerations,” or objective indicia, of nonobviousness. *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 17–18 (1966). In other words, these underlying factual determinations “must be considered by the trier of fact” in an obviousness analysis. *ATD Corp. v. Lydall, Inc.*, 159 F.3d 534, 546 (Fed. Cir. 1998).

As Patent Owner contends, the Petition fails to identify sufficiently the differences between any claim of the ’956 patent and the asserted prior art references, Rosen and Hartrick. See Prelim. Resp. 6–7, 42; Pet. 22–60. Rather than addressing these differences, the Petition creates a hypothetical Rosen-Hartrick system—based on how a person of ordinary skill in the art allegedly “would” or “could” combine the two references to create an integrated system—in an analysis largely divorced from specific claim limitations. See Pet. 38–44. The Petition then argues, in conclusory fashion, that this hypothetical system “would” meet each of the limitations of the claims. See *id.* at 50–60. This analysis—which compares the challenged claims to a hypothetical integrated system that allegedly implements aspects of Rosen and Hartrick and the knowledge of one of ordinary skill in the art—obscures a meaningful comparison of the claim limitations to the individual prior art references. As Patent Owner contends, the analysis fails to explain with requisite particularity which claim limitations are absent from Rosen or Hartrick. See Prelim. Resp. 6–7, 42. Therefore, the Petition

fails to provide sufficient information regarding its proffered ground of unpatentability.

Accordingly, for the reasons discussed above, we determine that the Petition does not show a reasonable likelihood that Petitioner would prevail in showing that the challenged claims would have been obvious over Rosen and Hartrick. *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.”).

2. Lack of Rationale to Combine, Improper Hindsight, and Failure to Address Specific Claim Elements Clearly

The Petition is defective for other, independent reasons. “[R]ejections 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-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 1342, 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)).

As discussed above, Petitioner reads the claims onto a hypothetical Rosen-Hartrick implementation. See Pet. 38–60. Petitioner appears to suggest making four changes to Rosen’s system to achieve this hypothetical implementation. See *id.* at 38–44 (generally discussing “**First**,” “**Second**,” “**Third**,” and “**Finally**” modifications). The Petition characterizes the third modification as being “an inconsequential variation” of the disclosed

process. *Id.* at 43. Specifically, the Petition states that “a person of skill would have adjusted Rosen’s cryptographic protocols to accommodate any particular implementation that was desired.” However, the Petition does not set forth a sufficient reason why a person of skill would have “desired” (or implemented) the modification proposed—i.e., configuring Rosen’s “purchase protocol such that the MTA initiated the Establish Session protocol by sending the CTA its digital certificate.” *Id.* (citing Ex. 1013 ¶¶ E122, E123 (largely restating, word for word, the statements of the brief)).

Moreover, although Petitioner frames the hypothetical Rosen-Hartrick scheme as created by four primary modifications, these primary modifications include additional modifications unsupported by sufficient rationale. For example, in the first modification Petitioner proposes, i.e., storing security and royalty markup statements of Hartrick in the “Usage” field of Rosen (Pet. 39), Petitioner asserts that a person of ordinary skill also “would have considered it an obvious implementation choice to have the security tags [of Hartrick] . . . grant affirmative rights—e.g., a ‘Display’ tag (instead of ‘Do Not Copy’), or a ‘Print’ tag and ‘Display’ tag (instead of ‘Do Not Distribute’)” (Pet. 40). Further, according to the Petition, a person of ordinary skill would have recognized that Hartrick could be applied beyond the context of softcopy books, and “[the person would simply] modify the tags accordingly to reflect the actions associated with other types of content.” *Id.* at 41. Beyond explaining that each of these many changes to Hartrick (made in the process of modifying Rosen) would be a routine

change, Petitioner does not provide an adequate rationale as to why a person of ordinary skill would actually make the myriad group of changes.

Similarly deficient are the modifications contained in the following section of the Petition—“Rosen in View of Hartrick Suggest a System Using ‘Usage Rights,’ ‘Trusted’ ‘Repositories’ and ‘Digital Documents.’” Pet. 44–49. It is unclear whether the alterations described in this section constitute additional changes to the changes described in the previous section (IV. C)—“A Person of Ordinary Skill Would Have Found It Obvious to Implement Rosen’s Scheme Using Hartrick’s Techniques”—or if they simply provide more detail to the modifications of the previous section. See Pet. 38. Ultimately, it is unclear what, precisely, are the modifications that need to be made to Rosen and/or Hartrick to result in reading the claims onto the hypothetical Rosen-Hartrick system.

For instance, the Petition appears to use Rosen’s transaction device and Rosen’s trusted agent interchangeably as representing the claimed “recipient computing device . . . determined to be trusted.” *Id.* at 47–49. For example, the Petition explains that “a *trusted agent* . . . is a physically secure module [of a transaction device]. . . . [t]hus, each *transaction device* in a combined Rosen/Hartrick scheme would have physical integrity.” *Id.* at 48 (emphases added). Rosen, however, describes trusted agents and trusted devices as distinct devices. Ex. 1020, 2:50, 7:65–8:3, Fig. 3 (describing the components of transaction device 122, which includes host processor 124, trusted agent 120, and money module 6 connected by bus 126). Petitioner, thus, does not explain clearly what modifications Rosen’s devices require in

order to suggest the claimed “recipient computing device”—as required to reach the claims.

Further, the Petition fails to address, in more than a conclusory fashion, how the hypothetical “recipient computing device has been determined to be trusted” as the independent claims require—i.e., “has been determined” to have, for example, behavioral integrity. See Pet. 18–19 (discussing the integrity requirements for trusted devices, including behavioral integrity); *supra* Section II (Claim Construction). The Petition alleges that

[t]he MTA authenticates the CTA by validating its digital certificate (“*determining if the . . . recipient computing device is trusted to receive the digital content*”). See § IV.A.5; Ex. 1020 at 37:50–38:12. If the CTA has a valid certificate and payment credential, the merchant will transfer an electronic object containing the content and a decryption ticket to the CTA (“*receiving the digital content*”).

Pet. 52.

Assuming for the sake of argument that the Petition sufficiently shows the obviousness of Rosen’s hypothetically modified MTA validating the particular CTA digital certificate as alleged, the Petition fails to show, or even discuss, how that particular certificate also validates, or “attests to the fact,” that the CTA also would require “software to include a[nother] digital certificate in order to be installed in the repository.” See Pet. 18–19

(discussing the requirements for trusted devices and behavioral integrity); *supra* Section II (Claim Construction).²

Therefore, the Petition lacks adequate reasoning, with rational underpinning, to show sufficiently that a person of ordinary skill would have had a valid reason to combine the teachings of Rosen and Hartrick to arrive at claims that read on the hypothetical Rosen-Hartrick system. The Petition does not explain sufficiently why a person of ordinary skill would combine Rosen and Hartrick to make the myriad proposed changes to Rosen's system simultaneously. Unsupported conclusory arguments are insufficient to support an obviousness analysis. *See Mintz v. Dietz & Watson, Inc.*, 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."); *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.").

The Petition fails to address clearly the differences between the claimed subject matter and Rosen, and fails to present a clear rationale why modifying Rosen's system, viewed through claim elements missing from Rosen, would have been obvious. This failure indicates that the Petition relies on impermissible hindsight and improperly uses the challenged claims of the '956 patent as a guide in constructing a system loosely based on

² Setting aside the failure to discuss "determining," this particular analysis also does not even allege that the "electronic object," or software sent to the CTA, includes a digital certificate.

Rosen and Hartrick. *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)); *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)); *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 . . .”).

Therefore, in addition to the procedural defects outlined in Section II.C *supra*, the Petition is defective for the reasons discussed in the instant section, Section II.D. In sum, the Petition does not show why one of ordinary skill in the art—without improper hindsight—would have combined Rosen and Hartrick to account for all the features of the challenged claims. Accordingly, 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 Rosen and Hartrick.

IV. CONCLUSION

For all the reasons discussed above, 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. § 42.8(b)(2).

V. ORDER

Accordingly, it is

ORDERED that pursuant to 35 U.S.C. § 314 (a), the Petition is *denied*.

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Patent 8,370,956 B2

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