UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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UNIFIED PATENTS, LLC,
Petitioner,

v.

GODO KAISHA IP BRIDGE 1,
Patent Owner.

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IPR2020-01433
Patent 7,817,868 B2

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Before SCOTT C. WEIDENFELLER, *Vice Chief Administrative Patent Judge*, LINDA E. HORNER, and KALYAN K. DESHPANDE, *Administrative Patent Judges.*

DESHPANDE, *Administrative Patent Judge.*

DECISION
Denying Institution of *Inter Partes* Review
35 U.S.C. § 314

I.   INTRODUCTION

Unified Patents, LLC ("Petitioner") filed a Petition requesting *inter partes* review of claim 1 of U.S. Patent No. 7,817,868 B2 (Ex. 1001, "the '868 patent"). Paper 2 ("Pet."). Godo Kaisha IP Bridge 1 ("Patent Owner") filed a Preliminary Response. Paper 6 ("Prelim. Resp."). With our authorization, Petitioner thereafter filed a Reply (Paper 8 ("Pet. Reply")) and Patent Owner filed a Sur-reply (Paper 9 ("PO Sur-reply")) to address the Applicant-Admitted Prior Art ("AAPA") and 35 U.S.C. § 325(d) issues raised in Patent Owner's Preliminary Response.

We have authority under 35 U.S.C. § 314(a), 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." After considering the Petition, Patent Owner's Preliminary Response, Petitioner's Reply, Patent Owner's Sur-reply, and all associated evidence, we conclude that Petitioner has not demonstrated a reasonable likelihood that it would prevail in showing the unpatentability of claim 1 of the '868 patent. Accordingly, we deny institution of *inter partes* review.

A.   Related Matters

Petitioner and Patent Owner indicate that the '868 patent "has not been involved in any litigation" and "is not the subject of any related administrative or judicial proceedings." Pet. 1; Paper 5, 2.

B. The '868 Patent

The '868 patent relates to "a coding method and a decoding method using inter-picture prediction with reference to previously coded pictures." Ex. 1001, 1:14–18. Because "digitized images have an enormous amount of data, image information compression techniques are absolutely essential for storage and transmission of such information." *Id.* at 1:24–29. As background, the '868 patent explains:

> In coding of moving pictures, in general, information amount is compressed by reducing redundancies in both temporal and spatial directions. Therefore, in inter-picture prediction coding, which aims at reducing the temporal redundancy, motion of a current picture is estimated on a block-by-block basis with reference to preceding or subsequent pictures so as to create a predictive image, and then differential values between the obtained predictive images and the current picture are coded.

Id. at 1:39–47. The '868 patent explains that a "'picture' represents a single sheet of an image, and it represents a frame when used in a context of a progressive image, whereas it represents a frame or a field in a context of an interlaced image." *Id.* at 1:48–51. An "I-picture" is an intra-picture prediction coded without reference to any other pictures. *Id.* at 1:63–65. A "P-picture" is an inter-picture prediction coded with reference to only one picture. *Id.* at 1:65–67. A "B-picture" is an inter-picture prediction coded with reference to two pictures at the same time. *Id.* at 1:67–2:2.

The '868 patent discloses a picture coding method that includes

> a reference picture storage step of storing a coded picture identified by a picture number, as a reference picture, into a storage unit; a command generation step of generating commands indicating correspondence between reference indices and picture numbers, said reference indices designating reference pictures and coefficients used for generation of

predictive images; a reference picture designation step of designating a reference picture by a reference index, said reference picture being used when motion compensation is performed on a current block in a current picture to be coded; a predictive image generation step of generating a predictive image by performing linear prediction on a block by use of a coefficient corresponding to the reference index, said block being obtained by motion estimation within the reference picture designated in the reference picture designation step; and a coded signal output step of outputting a coded image signal including a coded signal obtained by coding a prediction error, the commands, the reference index and the coefficient, said prediction error being a difference between the current block in the current picture to be coded and the predictive image, wherein in the coded signal output step, information indicating a maximum reference index value is coded and placed into the coded image signal.

Id. at 4:53–5:8.

C. Claim 1 of the '868 Patent

Petitioner challenges claim 1 of the '868 patent. Pet. 36–84.

Independent claim 1 is reproduced below, along with identifiers provided by Petitioner:

[1.0] A picture decoding method comprising:
[1.1] decoding a coded image signal to obtain:
    [1.1.1] a reference index that identifies a reference picture for a current block to be decoded;
    [1.1.2] commands that indicate correspondence between reference indices and reference pictures;
    [1.1.3] information that indicates a maximum reference index value;
    [1.1.4] sets of weighting coefficients used for generating a predictive image; and
    [1.1.5] a prediction error;
[1.2] designating, based on the commands and the reference index, a reference picture which is referred to when the current block is decoded through motion compensation;

[1.3] specifying a set of weighting coefficients that corresponds to the reference index from among the sets of weighting coefficients;

[1.4] generating the predictive image by performing linear prediction, using the specified set of weighting coefficients, on pixel values of a reference block obtained from the reference picture designated in said designating; and

[1.5] generating a reconstructed image from the predictive image and the prediction error.

Ex. 1001, 59:5–24; *see* Pet. 26–27.

D. The Alleged Ground of Unpatentability and Evidence of Record

The information presented in the Petition sets forth a ground of unpatentability of claim 1 of the '868 patent under 35 U.S.C. § 103(a) as follows (*see* Pet. 29–84):[1]

Claim Challenged	35 U.S.C. §	References
1	103(a)	AAPA,[2] H.263,[3] and H.263U[4]

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[1] Petitioner also relies on the Declaration of Lina Karam, Ph.D. Ex. 1007.

[2] Petitioner relies on portions of the '868 patent described as "Background Art," as the AAPA. *See* Pet. 4 (citing Ex. 1001, 1:20–4:38, 22:59–64, Figs. 31A–38).

[3] "Video coding for low bit rate communication", Telecommunication Standardization Sector of International Telecommunication Union (ITU-T) Recommendation H.263, Feb. 1998 ("H.263," Ex. 1005).

[4] "Annex U: Enhanced reference picture selection mode", ITU-T Recommendation H.263, Annex U, Nov. 2000 ("H.263U," Ex. 1006).

II. ANALYSIS[5]

A. Applicant Admitted Prior Art

Petitioner asserts that claim 1 is unpatentable as obvious over AAPA, H.263, and H.263U. Pet. 5. On August 18, 2020, shortly after Petitioner filed its Petition, the Director of the United States Patent and Trademark Office (USPTO) issued a memorandum that sets forth the USPTO's interpretation of § 311(b) in relation to statements of the applicant. *See* USPTO Memorandum on the Treatment of Statements of the Applicant in the Challenged Patent in Inter Partes Reviews under § 311[6] ("AAPA Memo").

Petitioner argues that "[m]any Board panels have held that a petitioner may rely on AAPA as 'prior art' in an IPR petition under 35 U.S.C. § 311(b)." Pet. 5 (citing Board decisions that pre-date the AAPA Memo). Petitioner further argues that the "Federal Circuit has explained that 'it is appropriate to rely on admissions in a patent's specification when assessing whether that patent's claims would have been obvious.'" *Id.* at 6 (quoting *Koninklijke Philips N.V. v. Google LLC*, 948 F.3d 1330, 1339 (Fed. Cir. 2020)). In its additional briefing, Petitioner adds that "[t]he Petition's reliance on *AAPA* is consistent with Federal Circuit precedent and the AAPA Memo" because "[t]he Petition does not rely solely on *AAPA* to challenge claim 1." Pet. Reply 1–2.

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[5] Although Patent Owner presents arguments that we should exercise discretion to deny institution of *inter partes* review under 35 U.S.C. § 325(d), we do not reach this issue because we do not institute *inter partes* review based on Petitioner's impermissible reliance on AAPA. *See* Prelim. Resp. 10–16; PO Sur-reply 7–9; Pet. 84–85; Pet. Reply 9–10.

[6] Available at https://go.usa.gov/xAEdJ.

Patent Owner argues that the Petition's reliance on AAPA as the "foundation or starting point" of the sole ground in the Petition is "wholly impermissible" under the AAPA Memo, which explains that "the challenged patent itself, or any statements contained therein, cannot be the 'basis' of an IPR." Prelim. Resp. 5, 8 (citing AAPA Memo 3–4); *see also* PO Sur-Reply, 2.

We review the guidance set forth in the AAPA Memo and apply its guidance to the Petition's reliance on AAPA in challenging claim 1 as unpatentable as obvious over AAPA, H.264, and H.263U.

1. AAPA Memo

"A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications." 35 U.S.C. § 311(b). The AAPA Memo sets forth the "USPTO's interpretation of § 311(b) in relation to statements of the applicant" and whether a petitioner may raise a ground on the basis of statements of the applicant, *i.e.*, AAPA. AAPA Memo 1.

The AAPA Memo sets forth that the "basis" of every *inter partes* review ("IPR") must be "prior art consisting of patents or printed publications." *Id.* (quoting 35 U.S.C. § 311(b)). "[S]tatements of the applicant in the challenged patent do not qualify as 'prior art consisting of patents or printed publications.'" *Id.* at 2. The AAPA Memo explains that "[a] patent cannot be prior art to itself . . . [and, therefore,] the challenged patent itself, or any statements therein, cannot be the 'basis' of an IPR." *Id.* at 3–4. "[A]dmissions by the applicant in the specification of the challenged patent standing alone cannot be used as the basis for instituting an IPR

. . . because, under § 311(b), 'the basis' for institution must be at least one prior art 'patent[] or printed publication[].'" *Id.* at 4.

Rather, statements of the applicant may be considered only for more limited purposes. *Id.* at 2. For example, statements in a challenged patent may "evidence the general knowledge possessed by someone of ordinary skill in the art." *Id.* at 4; *see also Koninklijke Philips*, 948 F.3d at 1337 ("Although the prior art that can be considered in inter partes reviews is limited to patents and printed publications, it does not follow that we ignore the skilled artisan's knowledge when determining whether it would have been obvious to modify the prior art."). The AAPA Memo acknowledges that sometimes patents include "statements such as 'It is well known that . . .', 'It is well understood that . . .', 'One of skill in the art would readily understand that . . .'; or [patents] may describe technology as 'conventional,' or 'well-known.'" AAPA Memo 6. Such statements typically evidence the general knowledge possessed by a person with ordinary skill in the art. *Id.* at 6. As such, use of such statements as evidence of general knowledge possessed by a person with ordinary skill in the art is consistent with § 311(b), when such statements are combined with one or more prior art patents or printed publications, where those prior art patents or printed publications form the "basis" of a ground raised in the petition. *Id.* (explaining, "The generally-understood meaning of 'basis' supports reading § 311(b) to require that at least one prior-art patent or printed publication form the 'foundation or starting point' of the IPR, but not to foreclose consideration of other pertinent patentability information.").

2. *Petitioner's Reliance on AAPA*

Petitioner contends that claim 1 is unpatentable as obvious over AAPA, H.263, and H.263U. Pet. 5. Petitioner contends that AAPA discloses all of the limitations of claim 1, except for the limitations [1.1.5] and [1.5], which recite obtaining a prediction error and generating a reconstructed image based in part on the obtained prediction error, respectively. *Id.* at 31, 36–81. Petitioner argues that AAPA discloses limitation [1.1.2], but alternatively argues that H.263U discloses this limitation if we were to "incorrectly" construe limitation [1.1.2] such that the recited "correspondence" requires "multiple reference indices assigned to one reference picture." *Id.* at 31–34, 43–44.

Patent Owner argues that the Petition relies on AAPA as the "basis" of Petitioner's sole challenge. Prelim. Resp. 8. Patent Owner argues that because the Petition relies on AAPA to disclose "each and every limitation in claim 1" and further relies exclusively on AAPA to disclose some limitations, AAPA forms the "basis" of, i.e., the "foundation or starting point" for Petitioner's challenge. *Id.* at 7–8; *see* PO Sur-reply 2–3. Patent Owner further argues that "Petitioner does not use the purported AAPA as evidence of the general knowledge of one skilled in the art, nor to supply generally known missing claim limitations, but as its *lead* reference." *Id.* at 9 (bolding and underlining omitted) (emphasis added).

Petitioner responds that the AAPA Memo permits reliance on AAPA to "(1) supply missing claim limitations that were generally known in the art, or (2) demonstrate the knowledge of the ordinary-skilled artisan." Pet. Reply 2 (citing AAPA Memo 4–5, 9). Petitioner argues that the "AAPA Memo merely prevents a petitioner from relying solely on AAPA to

challenge a claim" and "the Petition cites AAPA in combination with two other references," thereby complying with the AAPA Memo. *Id.* at 2–3 (emphasis omitted). Petitioner argues that "the Petition uses AAPA as evidence of 'the general knowledge possessed by' a [person with ordinary skill in the art] 'in conjunction with' *H.263* and *H.263U*, which are printed publications." *Id.* at 3 (emphasis omitted). Petitioner argues that the AAPA Memo permits the Board to rely on the "general knowledge of a person with ordinary skill in the art in assessing the patentability of the claims at issue." *Id.* at 7 (citing AAPA Memo 9).

Petitioner additionally argues that Patent Owner incorrectly argues that Petitioner's reliance on AAPA is impermissible because it relies on AAPA as its "lead reference" because the AAPA Memo does not include any restriction on relying on AAPA as the "lead reference." *Id.* at 7–8. Rather, Petitioner argues that the "AAPA Memo only limits petitioners from pursuing unpatentability challenges *solely* on the basis of AAPA." *Id.* at 8 (citing AAPA Memo 4, 9).

Although we agree with Petitioner that the AAPA Memo does not prohibit reliance on AAPA as the "lead reference," we disagree with Petitioner that the AAPA Memo *only* precludes reliance on AAPA as the sole evidence. Nor does the AAPA Memo permit reliance on AAPA "in conjunction with" with one or more prior art patents or publications without any further considerations. Rather, the AAPA Memo requires further inquiry as to whether the AAPA is the "basis" of the ground challenging the claim. AAPA Memo 2, 4, 9. The AAPA Memo expressly guides that AAPA "cannot be the 'basis' of an IPR." *Id.* Accordingly, we must evaluate whether AAPA is the "basis" of the challenge presented in a

petition, or whether the "one or more prior art patents or printed publications" form the "basis" of the challenge, and whether the AAPA is used as evidence of the general knowledge possessed by someone of ordinary skill in the art, in conjunction with the "one or more prior art patents or printed publications forming 'the basis' of the proceeding under § 311." *Id.* The AAPA Memo indicates that the "basis" is generally the "foundation or starting point" of a challenge, which is distinct from the "ground" of unpatentability in a petition. *Id.* at 6 (indicating that § 311(b) requires that "at least one prior-art patent or printed publication form the 'foundation or starting point' of the IPR," but AAPA "can supply legally relevant information, while not constituting *the 'basis' of the obviousness ground*" (emphasis added)). Accordingly, we are not persuaded by Petitioner's argument that AAPA "in conjunction with" one or more prior art patents or publications is necessarily permitted by the AAPA Memo because the AAPA Memo requires that we determine whether the AAPA or prior art permitted by 35 U.S.C. § 311(b) is the "basis" of the ground set forth in the petition.

We agree with Patent Owner that Petitioner's reliance on AAPA in its challenge of claim 1 of the '868 patent is impermissible here because AAPA is the "basis" of the challenge. Petitioner explains that claim 1 only "differs from *AAPA* by reciting prediction error features (limitations [1.1.5] and [1.5])." Pet. 31 (arguing that these missing features "were well-known features for prediction in video coding"); *see also* Pet. Reply 3 ("[Claim 1] differs from *AAPA* in only few respects. First, the claim recites prediction error features (limitations [1.1.5] and [1.5]), but these were well-known in the art, as disclosed by *H.263*. . . . Second, the Petition relies on *H.263U* for

limitation [1.1.2] to the extent the claim is interpreted to require an unrecited feature disclosed in a preferred embodiment."). That is, under Petitioner's proffered claim construction, AAPA is relied on for disclosing all of the limitations of claim 1, except for obtaining a prediction error (limitation [1.1.5]) and generating a reconstructed image from the predictive image and the prediction error (limitation [1.5]).

We determine that AAPA is the "basis" of Petitioner's challenge because we determine that Petitioner relied on AAPA as disclosing the limitations that are the "foundation or starting point" of the challenge. Indeed, Petitioner relies on AAPA for nearly all of the steps for the method of claim 1. The Petition relies on AAPA as the "foundation or starting point" of the challenge by relying on AAPA to disclose: decoding of a coded signal to obtain all values except the prediction error; designating a reference picture, based on the obtained values; specifying a set of weighting coefficients; generating a predictive image by performing linear prediction; and generating a reconstructed image from the predictive image. *See* Pet. 36–81. The limitations that are based on "a prediction error," for which Petitioner relies on the disclosure of H.263, are not sufficiently fundamental such that they would be considered to be the "foundation or starting point" of claim 1, the only claim challenged in the Petition. AAPA Memo 6 n.4. In fact, Petitioner asserts that these prediction error limitations were "well-known features for prediction in video coding" to one having ordinary skill in the art. Pet. 31.

Similarly, even if we were to construe limitation [1.1.2] in a manner that would rely on Petitioner's mapping to H.263U as disclosing this limitation, which we understand impacts several other limitations, we would

not consider this limitation sufficiently fundamental such that Petitioner's reliance on H.263 and H.263U would be considered the "basis" of Petitioner's challenge. We are not persuaded by Petitioner's argument that "nine of the eleven limitations of claim 1 addressed in the Petition reference the teachings of *H.263* and *H.263U*." Pet. Reply 8. Rather, as discussed above, Petitioner acknowledges that "[c]laim 1 differs from *AAPA* by reciting prediction error features (limitations [1.1.5] and [1.5]) . . . as disclosed by *H.263*." Pet. 31. As such, Petitioner relies on AAPA as disclosing the limitations that are the "foundation or starting point" of claim 1, the only claim challenged in the Petition. *See also MED-EL Elektromedizinische Geräte Ges.m.b.H v. Advanced Bionics AG*, IPR2020-01016, Paper 13 at 38–39 (PTAB Dec. 8, 2020) (determining that Petitioner's reliance on AAPA as disclosing several structural and functional limitations of a cochlear implant system, and relying on a prior art printed publication to disclose an additional electrical system, renders AAPA as the "basis" for that ground).

We are also not persuaded by Petitioner that its reliance on AAPA is appropriate because it demonstrates the general knowledge of a skilled artisan. Pet. Reply 3, 6–7. As discussed above, we determine that Petitioner relies on AAPA as the "basis" of its challenge to the patentability of claim 1 of the '868 patent, and relies instead on H.263 as evidence of a "well-known" missing limitation. It, therefore, does not matter here whether Petitioner also uses AAPA to show the general knowledge of one skilled in the art. As such, we determine that Petitioner's reliance on AAPA is impermissible under 35 U.S.C. § 311(b). AAPA Memo, 2–3.

B. *Alleged Obviousness of Claim 1 over AAPA, H.263, and H.263U*

Petitioner contends that claim 1 of the '868 patent is unpatentable under 35 U.S.C. § 103(a) as obvious over AAPA, H.263, and H.263U. Pet. 36–84. For the reasons discussed above, we determine that Petitioner's reliance on AAPA is the "basis" of the ground presented in the Petition, and, therefore, the ground is not "on the basis of prior art consisting of patents or printed publications," as required by 35 U.S.C. § 311(b). As such, we determine that Petitioner has not set forth a ground that can be instituted in an *inter partes* review under 35 U.S.C. § 311(b). Accordingly, we do not institute *inter partes* review of claim 1 of the '868 patent.

III. CONCLUSION

Based on the foregoing, we do not institute an *inter partes* review in this proceeding.

IV. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is denied and no *inter partes* review is instituted in this proceeding.

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