

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

UNIFIED PATENTS, LLC,

Petitioner,

v.

B# ON DEMAND, LLC,

Patent Owner.

IPR2020-00995
Patent 9,553,880 B2

Before JONI Y. CHANG, GEORGIANNA W. BRADEN, and
ARTHUR M. PESLAK, *Administrative Patent Judges*.

PESLAK, *Administrative Patent Judge*

JUDGMENT
Final Written Decision
Determining All Challenged Claims Unpatentable
35 U.S.C. § 318(a)

I. INTRODUCTION

Petitioner, Unified Patents, LLC, filed a Petition (Paper 1, “Pet.”) requesting an *inter partes* review of claims 1–10, 13–22, and 25–34 (the “challenged claims”) of U.S. Patent No. 9,553,880 B2 (Ex. 1001, “the ’880 patent”). Petitioner submitted the Declaration of Andrew Wolfe, Ph.D. in support of the Petition. Ex. 1005. Patent Owner, B# On Demand, LLC, timely filed a Preliminary Response (Paper 6, “Prelim. Resp.”). Patent Owner submitted the Declaration of Petr Peterka in support of the Preliminary Response. Ex. 2024. Taking into account the evidence and arguments presented in Patent Owner’s Preliminary Response, we determined there was a reasonable likelihood Petitioner would prevail in its contention that at least one of the challenged claims of the ’880 patent is unpatentable under 35 U.S.C. § 103(a). On December 8, 2020, we instituted this *inter partes* review as to the challenged claims and all grounds presented in the Petition. Paper 20. (“Dec.”).

During the course of trial, Patent Owner timely filed a Patent Owner Response. Paper 23 (“PO Resp.”). Patent Owner also filed a Second Declaration of Petr Peterka in support of its Response. Ex. 2047. Petitioner filed a Reply to Patent Owner’s Response. Paper 28 (“Pet. Reply”). Petitioner filed a Second Declaration of Dr. Wolfe. Ex. 1065. Patent Owner filed a Sur-reply. Paper 30 (“Sur-reply”). An oral hearing was held on September 10, 2021, and a transcript of the hearing has been entered into the record. Paper 38 (“Tr.”).

We have jurisdiction under 35 U.S.C. § 6. This is a Final Written Decision under 35 U.S.C. § 318(a) as to the patentability of the challenged claims of the ’880 patent. For the reasons discussed below, we determine

Petitioner establishes by a preponderance of the evidence that each of the challenged claims is unpatentable.

A. Related Matters

The parties state that the '880 patent is asserted in *B# On Demand LLC v. Spotify Technology SA et al.*, Case No. 1:19-cv-02077 (D. Del. Nov. 1, 2019) (“the Delaware Litigation”). Pet. 1; Paper 4, 1.¹

B. Real Parties in Interest

Petitioner identifies itself as the only real party in interest. Pet. 1. Patent Owner identifies itself as the only real party in interest. Paper 4, 1.

C. The '880 Patent (Ex. 1001)

The '880 patent issued on January 24, 2017, and is entitled “Subscription Media on Demand VII.” Ex. 1001, codes (45), (54). The '880 patent relates generally to “electronic media players, and more particularly to media that is downloadable over a communication network.” Ex. 1001, 1:29–31. The '880 patent describes “a rechargeable media distribution and play system that . . . includes a service facility having an electronically accessible catalog of electronic files, and an interface to a communications network.” *Id.* at 2:13–17. According to the '880 patent, the system transmits a catalog to a requesting user, sets up customer accounts, processes customer payments for establishing file access authorizations, and enables transmission of user-selected files to customers. *Id.* at 2:18–22. The system provides a player program to each customer for metering access to received data files based on the authorization, such that selected files may be transmitted to the customer only when the

¹ Patent Owner indicates that it “voluntarily dismissed” this case without prejudice. PO Resp. 4 n.2.

Figure 1 is a block diagram depicting the components of “an electronic media distribution system,” according to an embodiment of the ’880 patent. Ex. 1001, 3:45–46. As shown in Figure 1, distribution system 10 includes a service facility 11, implemented as a server computer 12, and user facilities 15, each connected to a network 14. *Id.* at 4:2–7. Users communicate with the distribution system 10 via a network web page. *Id.* at 5:42–44. One of the user facilities 15 designated as customer facility 15C is implemented on customer computer 16. *Id.* at 4:7–8. Memory 24 of server computer 12 includes a web server program 28 and a library server program 30 with access to the mass data storage 32. *Id.* at 4:23–26. Mass data storage 32 contains a library of data files loaded by an accession program 34, which generates a catalog 35 of data files, that may be periodically updated and saved in mass data storage 32. *Id.* at 4:26–30. Web browser 38 in customer computer 16 accesses data files available at the service facility 11 and saves them to a mass storage device 40. *Id.* at 4:39–43. Memory 24 also receives a media player program 42 for conditionally accessing received data files. *Id.* at 4:43–47.

Figure 3 of the '880 patent is reproduced below.

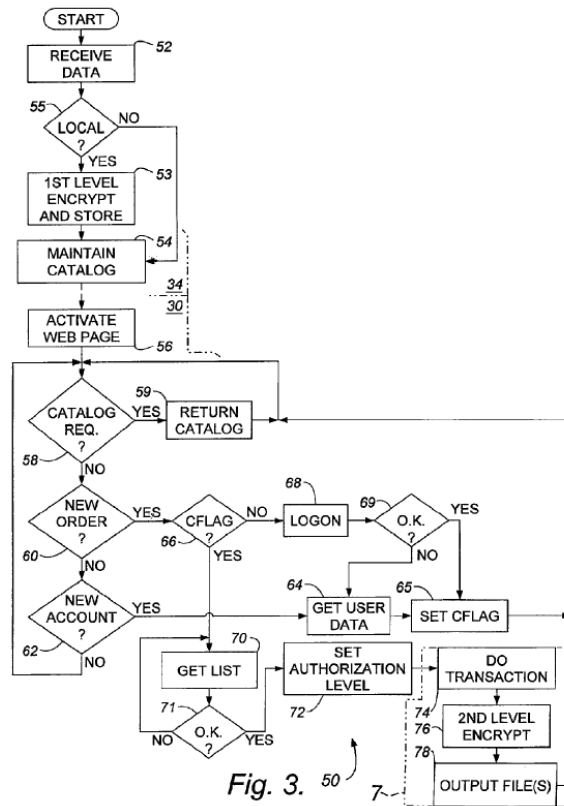


Figure 3 of the '880 patent is a computer flow chart depicting a distribution process 50 in which accession program 34 maintains a library of recordings and a user of the customer computer 16 interacts with library server program 30 of server computer 12 over network 14. Ex. 1001, 3:47–51, 5:10–14.

As shown in Figure 3, after data has been received (step 52) and encrypted (step 53), and the catalog 35 has been updated (step 54), in step 56, the network web page is activated by library server program 30. *Id.* at 5:17–22, 5:25–29, 5:41–45. A user who has accessed the web page receives a listing of the catalog 35 (step 58), and in response, the catalog is provided (step 59). *Id.* at 5:50–54. A user then may place a new order (step 60) or open a new account (step 62). *Id.* at 6:4–7. When opening a

new account, the user provides identification data, payment authorization, and a desired authorization level that can define a number of plays, a period of time, and premium options (such as whether play of “new releases” is authorized). *Id.* at 6:13–20. Once the user’s account is established, a customer flag for that user is set (step 65) and control is passed to the catalog request step 58. *Id.* at 6:22–24. When a customer places a new order, the server checks whether the customer flag is set (step 66). *Id.* at 6:36–37. Once the flag is set, the user selects items from the catalog 35 for downloading to the mass storage device of the customer computer 16 (step 70). *Id.* at 6:51–60. Files selected by the user may be encrypted (step 76) before being transmitted to the customer computer 16 (step 78). *Id.* at 7:26–35.

According to the ’880 patent, the customer receives appropriate codes or software (the player program 42) for enabling playback of the works. Ex. 1001, 7:35–37. The ’880 patent also describes that new codes or a new player program 42 may be downloaded to the customer computer 16 when a user’s authorization has been recharged. *Id.* at 8:50–53. In addition, once the user selects a file to play, a meter may be set by transferring “the number of minutes of play authorization currently available to the user” to a clock register maintained by the player program 42. *Id.* at 9:49–57. The selected file may then be accessed and played with decryption, and a timer may be activated. *Id.* at 9:57–59. In an alternative embodiment, instead of a predetermined play time, a predetermined number of plays may be provided and metered. *Id.* at 10:35–54.

D. Challenged Claims

Claims 1, 13, and 25 are independent. Ex. 1001, 14:32–15:15, 15:54–14:37, 17:9–18:6. Claim 1 is illustrative and reproduced below:

1. A system for on-demand distribution of works over a communications network, comprising:

a memory;

a processor in data communication with the memory;

a network interface in data communication with the processor;

at least one catalog stored in the memory;

wherein the at least one catalog is configured to reference at least a first work and a second work, wherein the first work is different from the second work, wherein each of the first work and the second work is selectable by a user from the at least one catalog, wherein a first data file comprises at least a portion of the first work, wherein a second data file comprises at least a portion of the second work, wherein the first data file is different from the second data file, wherein each of the first data file and the second data file is capable of transmission to a user device over the communications network, wherein each of the first data file and the second data file is capable of play on a software player associated with the user device, wherein each of the first data file and the second data file is encrypted prior to play, wherein at least a portion of the first data file is configured to reside in main memory on the user device at the time of play of the first data file, wherein at least a portion of the second data file is configured to reside in main memory on the user device at the time of play of the second data file, and wherein either:

the first data file and the second data file each comprises at least one musical recording, or

the first data file and the second data file each comprises at least one moving image; and

wherein the processor is configured to

require a first authorization, which first authorization is configured to enable at least one of transmission or play of at least a portion of each of the first data file and the second data file, wherein the first authorization is configured to expire with respect to both the first data file and the second data file if at least one predetermined act is not performed by or on behalf of the user within a predetermined period of time, wherein the at least one predetermined act and the predetermined period of time are the same for both the first data file and the second data file, wherein the first authorization is usable across at least two logon sessions within the predetermined period of time, and wherein the at least one of transmission or play of at least a portion of each of the first data file and the second data file is configured to be at least one of limited or inhibited after the expiration of the first authorization.

Id. at 14:32–15:15.

E. Asserted Challenges to Patentability

Petitioner challenges claims 1–10, 13–22, and 25–34 of the '880 patent as set forth below (Pet. 12–64):

Claims Challenged	35 U.S.C. §	Reference
1–10, 13–22, and 25–34	103(a) ²	Schmeidler ³ alone or in combination with Jaisimha, ⁴ and Wiser ⁵

II. ANALYSIS

A. Overview

Petitioner bears the burden of establishing the unpatentability of any claim by a preponderance of the evidence. 35 U.S.C. § 316(e); 37 C.F.R. § 42.1(d). This burden of persuasion never shifts to the patent owner.

Dynamic Drinkware, LLC v. Nat’l Graphics, Inc., 800 F.3d 1375, 1378 (Fed. Cir. 2015).

A claim is unpatentable under § 103(a) if the differences between the claimed subject matter and the prior art are such that the subject matter, as a whole, would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations, including (1) the scope and content of the prior art; (2) any differences between the claimed subject matter and the prior art; (3) the level of skill in

² The Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284, 287–88 (2011), amended 35 U.S.C. § 103. Because the ’880 patent claims priority to applications filed before the effective date of the relevant amendment, the pre-AIA version of § 103 applies.

³ U.S. Patent No. 6,763,370 B1, issued July 13, 2004 (Ex. 1002), (“Schmeidler”).

⁴ U.S. Patent No. 6,487,663 B1, issued Nov. 26, 2002 (Ex. 1003), (“Jaisimha”).

⁵ U.S. Patent No. 6,385,596 B1, issued May 7, 2002 (Ex. 1004), (“Wiser”).

the art; and (4) when in evidence, objective indicia of non-obviousness (i.e., secondary considerations).⁶ *Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966).

We analyze the asserted ground with these principles in mind.

B. Level of Ordinary Skill in the Art

Petitioner contends that a person of ordinary skill in the art would have “at least a Bachelor’s Degree in computer science, electrical engineering, or a related subject, and two years of experience working with electronic devices, computer networks, and related technologies.” Pet. 8 (citing Ex. 1005 ¶ 48). Patent Owner does not address the level of skill in the art in the Patent Owner Response. *See generally* PO Resp. We agree with Petitioner’s proposed level of ordinary skill in the art because it comports with the level of skill reflected in the ’880 patent and the prior art of record. *See, e.g.*, Ex. 1001, 1:28–2:8.

C. Claim Construction

We apply the same claim construction standard used by Article III federal courts and the International Trade Commission, both of which follow *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), and its progeny. 37 C.F.R. § 42.100(b) (2019). Accordingly, we construe each challenged claim of the ’880 patent to generally be “the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” *Id.*

“Petitioner submits that all terms of the Challenged Claims should be interpreted according to their plain and ordinary meaning.” Pet. 11. Patent

⁶ Neither party has offered evidence concerning objective indicia of non-obviousness.

Owner does not address the question of claim construction in the Patent Owner Response. *See generally* PO Resp. Upon review of the parties' arguments and based on the record before us, we determine that no claim terms require express construction for purposes of this Decision. *See Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (noting that “we need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy’”) (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)). We do discuss the plain and ordinary meaning of the claim term “associated with” in connection with element g of claim 1 in the context of analyzing the asserted prior art below.

D. Alleged Obviousness over Schmeidler alone, or alternatively, in view of Jaisimha and Wiser

Petitioner contends that claims 1–10, 13–22, and 25–34 would have been obvious over Schmeidler alone, or, alternatively, in combination with Jaisimha and Wiser. Pet. 12–64. In support thereof, Petitioner identifies the disclosures in Schmeidler, Jaisimha, and Wiser alleged to describe the subject matter in the challenged claims. *Id.* Additionally, Petitioner offers declaration testimony from Dr. Wolfe (“Wolfe Declaration”) in support of the Petition. Ex. 1005 ¶¶ 72–166.

In the Patent Owner Response, Patent Owner disputes only Petitioner’s proposed motivation to combine the teachings of Schmeidler and Jaisimha. PO Resp. 15–24. Petitioner relies on Jaisimha only as an alternative basis to establish element g of claim 1 which recites “wherein each of the first data file and the second data file is capable of play on a software player associated with the user device.” As discussed below, we

find Schmeidler alone discloses or renders obvious all of the limitations of the challenged claims, including this limitation recited in claim 1. Thus, like *Realtime Data* where “the Board was not required to make any finding regarding a motivation to combine given its reliance on [a single reference] alone,” we need not and do not reach Petitioner’s alternate basis or Patent Owner’s arguments as to the proposed motivation to combine Schmeidler and Jaisimha. *See Realtime Data, LLC v. Iancu*, 912 F.3d 1368, 1372–73 (Fed. Cir. 2019) (affirming the Board’s obviousness finding based on a single reference where the petitioner’s primary argument was that all of the elements were disclosed in a single reference, and the petitioner also argued, in the alternative, that some of the elements were disclosed by a second reference); *see also Polygroup Limited MCO v. Willis Electric Co.*, 759 F. App’x 934, 934 n.3 (Fed. Cir. 2019) (Recognizing, as “in *Realtime Data*, that when a petition sets forth a ground with multiple references, but the petitioner’s primary arguments rely on a single reference, the Board should consider those arguments irrespective of a motivation to combine references.”).

We begin our analysis with brief overviews of Schmeidler, Jaisimha, and Wisser. We then address the parties’ respective contentions with respect to the challenged claims.⁷

1. Overview of Schmeidler — Ex. 1002

Schmeidler is a United States Patent issued on July 13, 2004. Ex. 1002, code (45). Schmeidler is titled “Method and Apparatus for

⁷ Petitioner argues most of the limitations of claim 1, 13, and 25 together and separately argues additional limitations in claims 13 and 25 that are not present in claim 1. Pet. 12–57.

Content Protection in a Secure Content Delivery System.” *Id.* at code (54). Schmeidler describes a secure content delivery platform (SCDP) that delivers high-bandwidth executable content on-demand over broadband access networks. *Id.* at 2:29–32. Using the SCDP, broadband subscribers may access titles (such as movie or audio clips) across the broadband networks. *Id.* at 2:32–34, 28:65–66.

Figure 2A of Schmeidler is reproduced below.

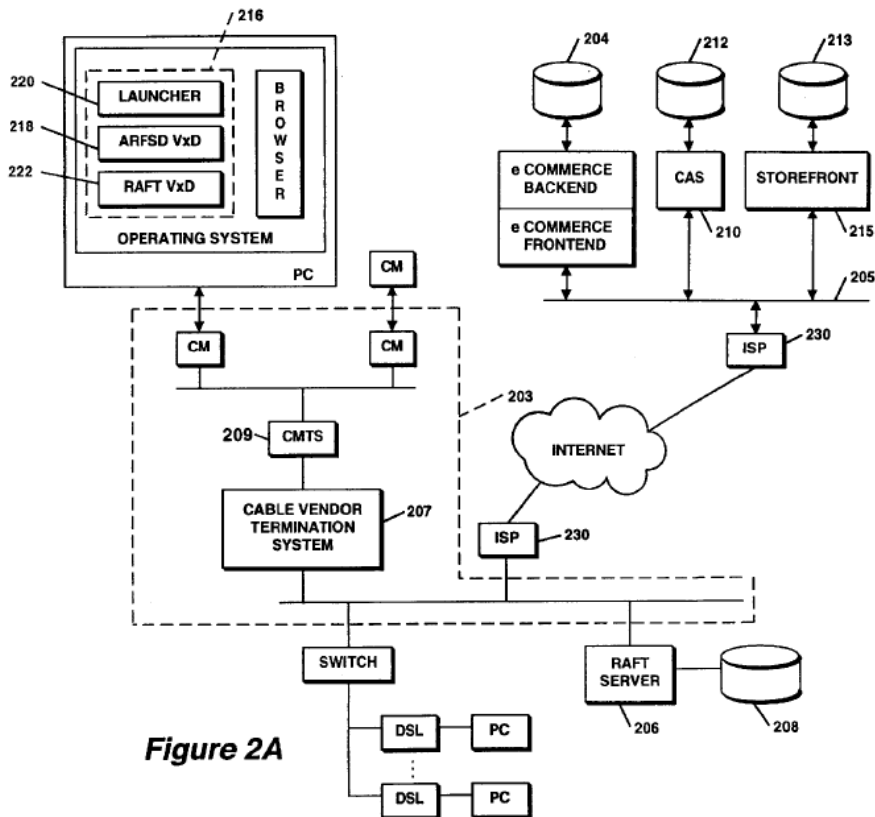


Figure 2A of Schmeidler is a block diagram depicting the main components of SCDP system 200, as well as other elements in a broadband network environment. Ex. 1002, 7:53–58. As shown in Figure 2A, SCDP system 200 includes Conditional Access Server (CAS) 200, CAS

database 212, Random Access File Transfer Server (RAFT) 206, and RAFT database 216. *Id.* at 7:62–65. Each of these elements may be connected over a network (for example, Internet 240) to SCDP client software 216 running on a user’s personal computer (PC). *Id.* at 8:3–16. The SCDP client 216 includes Launcher 220, Arepa File System Driver VxD (ARFSD VxD) 218, and RAFT Client VxD 222. *Id.* at 10:19–21.

A title for downloading by the user is formatted into an electronic package containing the title’s files in a compressed and encrypted form called a “briq.” Ex. 1002, 2:57–60. The briq is a portable, self-contained file system containing all the files necessary to run a particular title. *Id.* at 2:60–62. Briqs are stored in RAFT server 206 and are accessible across the network 240. *Id.* at 2:62–64. SCDP client 216 treats the briq as a local file system on the user’s PC. *Id.* at 2:64–65. When running a title, the PC’s operating system makes read requests to this local file system, and SCDP client 216 services these requests by retrieving requested blocks of briq data from the RAFT server. *Id.* at 2:65–3:3. After retrieving the requested blocks of data, the SCDP client 216 decompresses and decrypts the briq data, and passes it onto the operating system on the user’s PC. *Id.* at 3:3–6. SCDP client 216 “creates an installation abstraction, maintaining the illusion for the operating system that the title currently executing is installed on the host PC.” *Id.* at 3:8–10.

Figure 2B of Schmeidler is reproduced below.

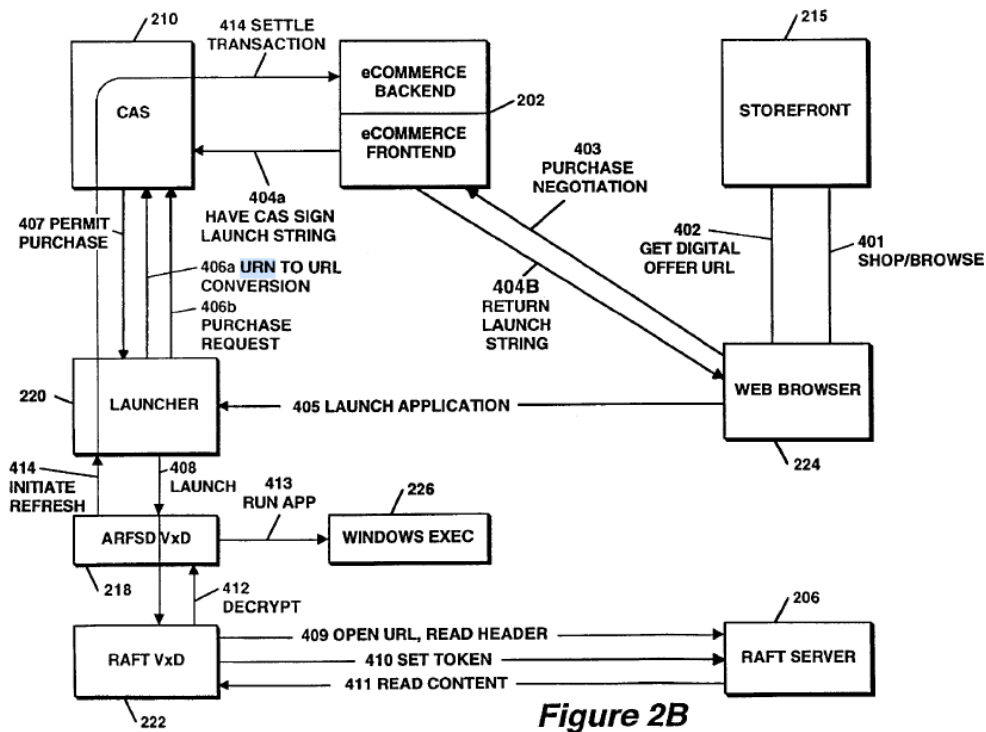


Figure 2B of Schmeidler is a block diagram depicting an example of how components may interact within the SCDP system. Ex. 1002, 6:6–9. In particular, a user equipped with SCDP client 216 running on web browser 224 may select a title to run from the virtual storefront 215 (step 401). *Id.* at 2:35–37, 9:5–8. Upon selection, the virtual storefront directs the user’s browser to HTTP front-end 202A of the eCommerce server (step 402). *Id.* at 9:12–14, 29:5–9. The user then negotiates the purchase of the title, which may involve user registration, providing billing information, and selecting the type of purchase (step 403). *Id.* at 2:37–42, 9:13–19. Purchase types include a subscription for unlimited use of a title or set of titles for a specified period of time. *Id.* at 26:40–42.

Once the purchase has been negotiated, eCommerce server 202 generates a launch string that contains information identifying and

authorizing the purchase, including a Universal Resource Name (URN) that uniquely identifies the desired content (step 404A). Ex. 1002, 9:20–24. The launch string is digitally signed by CAS 210 and provided to eCommerce Server 202 for delivery to SCDP client 216 (step 404B). *Id.* at 9:25–28. Once received at SCDP client 216, launcher 220 requests CAS 210 to convert the specified URN to a URL that identifies the location of the corresponding briq data for the title (steps 405, 406A). *Id.* at 9:33–39. Once launcher 220 identifies the briq data’s location, it sends a purchase request to CAS 210 including the launch string (step 406B). *Id.* at 9:41–45. The CAS verifies the launch string and returns a RAFT authorization token and activator to launcher 220 (step 407). *Id.* at 9:46–49; *see also id.* at 2:47–50. An authorization token authorizes the user’s PC to run the briq data (i.e., the selected title) from the RAFT server 206 over the network for a length of time spelled out in the negotiated payment type. *Id.* at 2:50–52, 3:47–51.

Launcher 220 then launches the title by passing the activator to ARFSD VxD 218 (step 208). Ex. 1002, 9:51–53. ARFSD VxD 218 runs the activator, which passes the authorization token to RAFT VxD 222. *Id.* at 9:53–54. RAFT VxD 222 opens the URL, reads the header, and sends the authorization token to RAFT server 206 (steps 409–10). *Id.* at 9:55–57. RAFT VxD 222 then starts reading content from RAFT server 206 and passes the content back to ARFSD VxD 218 (step 411). *Id.* at 9:58–60. ARFSD VxD 218 uses the activator to decrypt and decompress the encrypted briq data (step 412), and the operating system then executes the title (step 413). *Id.* at 9:65–67; *see also id.* at 2:52–55.

2. Overview of Jaisimha — Ex. 1003

Jaisimha is a United States Patent issued on November 26, 2002. Ex. 1003, code (45). Jaisimha is titled “System and Method For Regulating The Transmission of Media Data.” *Id.* at code (54). Jaisimha identifies as prior art an existing media distribution system for accessing media data from storage and transmitting the media data to media receiving devices via a network. *Id.* at 4:37–42. Figure 1 of Jaisimha is reproduced below.

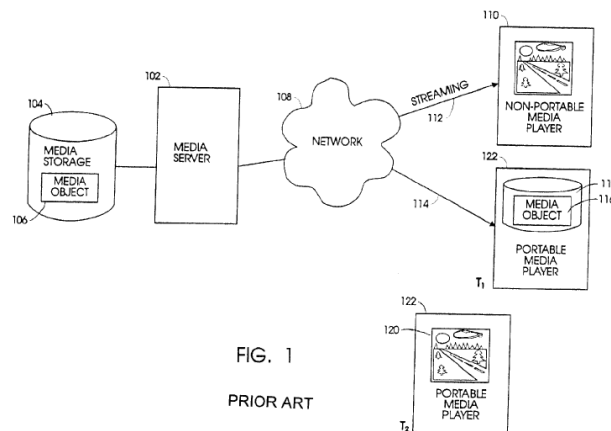


Figure 1 is a block diagram depicting an existing media distribution system including media server 102, media storage 104, network 108, non-portable media player 110, and portable media player 122. *Id.* at 4:37–43, 4:66–5:20. Jaisimha describes that media server 102 accesses media storage 104 to obtain media object 106 (such as a video clip, audio clip, or graphical image). *Id.* at 4:38–42. Media server 201 then transmits the media data to a media receiving device over network 108.

The media receiving device may comprise, for example, non-portable media player 100 that receives media object 106 using a streaming transmission protocol. *Id.* at 4:66–5:1. While the media data is being transmitted, the non-portable media player receives and plays the media

data—for example, it “decodes and renders audio and video information to produce video image frames as pixels on a computer screen and to produce audible sound of an accompanying soundtrack from a speaker connected to the computer.” *Id.* at 4:43–51, 5:3–6. Although the media data may be buffered temporarily by the media receiving device, it is never stored permanently on the computer (such as in non-volatile memory), and, generally, the media data is discarded immediately after it has been interpreted. *Id.* at 4:51–56, 5:6–10. Jaisimha describes further that a computer may execute media player software as a plug-in or helper application of a web browser, such that the computer operates as a non-portable media player. *Id.* at 5:42–47.

3. *Overview of Wiser — Ex. 1004*

Wiser is a United States Patent issued on May 7, 2002. Ex. 1004, code (45). Wiser is titled “Secure Online Music Distribution System.” *Id.* at code (54). Wiser describes a system for the secure distribution of music and related media over a public telecommunications network, such as the internet. *Id.* at 5:43–46. Wiser describes its computer-implemented online music distribution system as a client-server system including a content manager, a delivery server, a media data file system and media information database, and an HTTP server for communicating with a client system that has a Web browser and a media player. *Id.* at 3:11–19.

4. Claim 1

Patent Owner does not directly address Petitioner’s proposed findings based on Schmeidler. *See generally* PO Resp.⁸ Nonetheless, Petitioner bears the burden to prove by a preponderance of the evidence that Schmeidler teaches or suggests each claim limitation. *See Dynamic Drinkware*, 800 F.3d at 1378. Therefore, we analyze Petitioner’s contentions and evidence with this standard in mind.

a. *Preamble: A system for on-demand distribution of works over a communications network*⁹

Petitioner contends, to the extent the preamble is limiting, Schmeidler discloses or renders obvious the subject matter of the preamble. Pet. 18. Petitioner contends that Schmeidler “discloses a system and method ‘for secure delivery of on-demand content over . . . networks.’” *Id.* (citing Ex. 1002, Abstr., 8:65–10:7, Figs. 4A, 4B). Petitioner further contends that “[w]hen a user purchases access to a selected title, the user’s client computer obtains an authorization token and keying material from a . . . server” and the “token authorizes the client to retrieve the title.” *Id.* (citing Ex. 1002, 2:47–3:3).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

⁸ Any arguments not presented in the Patent Owner Response are deemed waived. Paper 21, 8; *In re NuVasive, Inc.*, 842 F.3d 1376, 1379–82 (Fed. Cir. 2016) (holding that a patent owner waived an argument addressed in a Preliminary Response by not raising the same argument in the Patent Owner Response).

⁹ We use claim annotations such as “a.” for ease of reference. The annotations do not affect our analysis.

Based on the evidence discussed above, Schmeidler discloses the subject matter of the preamble regardless of whether the preamble is limiting. *See* Ex. 1002, Abstr., 2:47–3:3, 8:65–10:7, Figs. 4A, 4B.

b. a memory, a processor in data communication with the memory, and a network interface in data communication with the processor

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 19. Petitioner specifically contends Schmeidler discloses a system comprising servers designated as CAS, RAFT, eCommerce, and virtual storefront servers. *Id.* (citing Ex. 1002, 7:61–8:3, 28:53–55, Fig. 2A). Petitioner further contends that Schmeidler’s servers each include “a processor and a memory coupled to the processor and can operate on a computer architecture similar to that illustrated in Figure 1 of” Schmeidler. *Id.* (citing Ex. 1002, 4:34–44, 17:36–47, 23:18–28, 23:59–63, 28:65–29:1, 27:7–13, 28:51–60, 32:56–57, Figs. 1, 2A). Petitioner also contends that “[a] network interface allows a server to connect to a network” and that the “[p]rocessors and memories of servers are also connected to each other over the network.” *Id.* (citing Ex. 1002, 7:26–30, Figs. 1, 2A).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 4:34–44, 7:26–30, 7:61–8:3, 17:36–47, 23:18–28, 23:59–63, 27:7–13, 28:51–29:1, 32:56–57, Figs. 1, 2A.

c. at least one catalog stored in the memory

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 20. Petitioner specifically contends that Schmeidler’s “virtual storefront stores a catalog of available titles . . . which a user can browse with a web browser.” *Id.* at 20–21 (citing Ex. 1002, 2:35–46, 13:50–

14:2, 27:49–54, 28:52–29:27, Fig. 2A). Petitioner further contends that a skilled artisan “would have understood that a server, such as the virtual storefront server of *Schmeidler*, would typically store data in mass storage memory for long-term storage, and then also in RAM memory when that data is being used by a processor of the server.” *Id.* (citing Ex. 1005 ¶¶ 88–90).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, *Schmeidler* discloses this claim limitation. *See* Ex. 1002, 2:35–46, 13:50–14:2, 27:49–54, 28:52:29–27, Fig. 2A. Additionally, we credit the testimony of Dr. Wolfe and determine that a person of ordinary skill in the art at the time of the invention would have understood that *Schmeidler*’s virtual storefront server would typically store data in mass storage memory for long-term storage, but also would store data in RAM memory when that data is being used by a server processor. *See* Ex. 1005 ¶¶ 88–90.

d. wherein the at least one catalog is configured to reference at least a first work and a second work, wherein the first work is different from the second work, wherein each of the first work and the second work is selectable by a user from the at least one catalog

Petitioner contends that *Schmeidler* discloses or renders obvious this claim limitation. Pet. 23. Petitioner specifically contends that *Schmeidler* discloses that a user can select a title from a catalog with a large number of titles. *Id.* (citing Ex. 1002, 2:35–37, 9:5–12, 14:7–10, 28:60–66, 29:1–5; Ex. 1005 ¶ 97). Petitioner further contends that each title in the catalog “is associated with a URN” and “[a]fter a user selects a title and negotiates its purchase, a launch string is generated containing information identifying and

authorizing the purchase, including the URN that uniquely identifies the content.” *Id.* (citing Ex. 1002, 9:14–24, 14:19–27, 28:66–29:9; Ex. 1005 ¶ 98).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 2:35–37, 9:5–24, 14:7–27, 28:60–66, 29:1–9.

e. wherein a first data file comprises at least a portion of the first work, wherein a second data file comprises at least a portion of the second work, wherein the first data file is different from the second data file

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 24. Petitioner further contends that Schmeidler’s titles are “formatted into an electronic package containing the title’s files in a compressed and encrypted form, referred to as a ‘briq.’” *Id.* (citing Ex. 1002, 2:57–62, 15:61–64, 29:44–46). Petitioner specifically contends that the briqs “can also include one or more titles, and each title can include one or more files.” *Id.* (citing Ex. 1002, 15:54–56, 29:33–50; Ex. 1005 ¶¶ 101–102). Petitioner also contends that Schmeidler discloses or renders obvious this limitation in two ways. *Id.* First, Petitioner contends that

where a first title is stored as a first briq with a first file and a second file is stored as a second briq with a second file, the first file is “a first data file [that] comprises at least a portion of the first work” and the second file is “a second data file [that] comprises at least a portion of the second work.”

Id. (citing Ex. 1005 ¶ 104). Second, Petitioner contends that

where a first title is stored in a first briq with a first file, and a second title is stored in the first briq with a second file, the first file is “a first data file [that] comprises at least a portion of the first work” and the

second file is “a second data file [that] comprises at least a portion of the second work.”

Id. at 25 (citing Ex. 1005 ¶ 105).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation under both of Petitioner’s cited disclosures. *See* Ex. 1002, 2:57–62, 15:54–64, 29:33–50.

f. wherein each of the first data file and the second data file is capable of transmission to a user device over the communications network

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 25. Petitioner contends that in Schmeidler, “when a user wishes to run a title, the client computer requests datablocks of the briq storing that title from a RAFT server and then decompresses and decrypts the datablocks as they are received.” *Id.* (citing Ex. 1002, 2:55–3:6, 9:60–64, 13:26–32, 14:62–15:8, 16:8–21). The RAFT Server 206 and SCDP client 216 are connected by an Internet service provider 230. *See* Ex. 1002, 7:66–8:9.

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 2:55–3:6, 7:66–8:9, 9:60–64, 13:26–32, 14:62–15:8, 16:8–21.

g. wherein each of the first data file and the second data file is capable of play on a software player associated with the user device

Petitioner contends that Schmeidler alone or, alternately, Schmeidler in combination with Jaisimha, discloses or renders obvious this claim limitation. Pet. 26–28.

Petitioner contends “that components of [Schmeidler’s] SCDP client software application are involved in execution of a title on the client computer.” *Id.* at 26 (Ex. 1002, Abstract, 2:47–57, 2:67–3:6, 10:15–30). Petitioner further contends that “control module 310 of the ARFSD VxD of the SCDP client software ‘includes the necessary program logic or code to carry out the algorithm necessary to . . . execute a title.’” *Id.* (citing Ex. 1002, 2:65–3:6, 10:19–24, 11:31–43, 13:8-12, Figs. 2A, 3A, 3C). Petitioner further contends “that SCDP client software performs the process steps of Figure 6, which includes decrypting the datablocks from the briq and executing them as an operating system file system.” *Id.* (citing Ex. 1002, 16:1–57, Fig. 6; Ex. 1005 ¶ 110). Petitioner further contends that the operating system of Schmeidler’s “client computer is involved in execution of the title.” *Id.* at 26–27 (citing Ex. 1002, 3:7–11, 9:65–67, 11:11–23, 15:16–19, 15:35–44, 16:4–57). Petitioner further contends that a skilled artisan would have understood that, in executing files associated with a media title (e.g., movie, audio clip, video game), the SCDP client application and/or operating system of *Schmeidler* ‘plays’ the files.” *Id.* (citing Ex. 1002, 3:16–20, 26:44–48, 28:34–42, 28:65–66). Based on this evidence, we find that, in Schmeidler, data files are capable of play on the user device.¹⁰ The next question is whether the files play “on a software player associated with the user device” as required by this limitation.

¹⁰ Petitioner contends that this claim limitation only requires that the first and second data files be capable of play on a software player but does not “affirmatively require a software player.” Pet. Reply 11. Petitioner did not make this argument in the Petition. *See* Pet. 26–27 (arguing that “Schmeidler discloses, or at least renders obvious, a ‘software player’ on the customer computer”). This contention appears to be a new argument not

In our Decision on Institution, we provided our preliminary views on the plain and ordinary meaning of the claim terms “player program” and “associated with” in the context of analyzing Patent Owner’s arguments in the Preliminary Response concerning why, according to Patent Owner, Schmeidler did not disclose this claim limitation. Paper 20, 26–27. Patent Owner did not reiterate those arguments from the Preliminary Response in the Patent Owner Response. *See generally* PO Resp. Consequently, those arguments from the Preliminary Response regarding the disclosure of Schmeidler have been waived. *See* Paper 21, 8 (Scheduling Order) (stating that “Patent Owner is cautioned that any arguments not raised in the response may be deemed waived”); *In re NuVasive, Inc.*, 842 F.3d at 1379–82. *see also* 37 C.F.R. § 42.5(a)(3) (stating that “[a]rguments must not be incorporated by reference from one document into another document”).

In order to provide a complete analysis of Petitioner’s contentions, we again look to the disclosure in the ’880 patent for the meaning of “player program” and “associated with.” The ’880 patent discloses that:

[T]he term “player program 42” is inclusive of stand-alone file access software, software patches including portions of the exemplary player program 42 as described below in connection with FIG. 4 and variant counterparts thereof as further described in connection with FIGS. 5 and 6 to be used in conjunction with a conventional media player or other file access software to be run by the customer computer 16C, or otherwise operated by the customer. The term is further inclusive of any hardware and/or software device or appliance that the customer may use to access encrypted files having been delivered as facilitated by operation of the system 10 of the present invention.

interposed in response to a Patent Owner argument and thus beyond the proper scope of a reply. Consol. Trial Practice Guide (“Consol. TPG”), 73–74 (Nov. 2019).

Ex. 1001, 7:50–62. This description of a player program is broad and the last quoted sentence indicates that the term is meant to encompass more than the player programs described in the embodiments shown in Figures 4–6 of the '880 patent and includes “any hardware and/or software device that the customer may use to access encrypted files.” This last quoted sentence suggests that the meaning of “associated with” is that the player program provides access to encrypted files. *See* Tr. 8:20–9:20 (Petitioner arguing “associated with” encompasses “software that is accessible on the user device.”); *see contra id.* at 26:3–18 (Patent Owner arguing based on Preliminary Response that “associated with” should be construed as “a player program installed on a user device.”)

Schmeidler’s SCDP client 216 comprises launcher 220, ARFSD VxD 218, and RAFT VxD 222. Ex, 1002, 10:19–20, Fig. 2A. Schmeidler’s SCDP client 216 runs on the user’s personal computer. *Id.* at 2:53–56; 7:62–65, 10:16–19, Figs. 2B (step 413). In particular, “SCDP client 216 may be implemented as an application executable on operating system 219.” *Id.* at 10:22–23, Fig. 2A, 2B (block 226). Schmeidler’s “briqs” contain compressed and encrypted files. *Id.* at 2:57–60. Schmeidler’s SCDP client 216 retrieves the briqs from RAFT server 206 and then AFRSD VxD 304 decompresses and decrypts the data. *Id.* at 2:65–3:6; 11:37–38, Figs. 3A, 3C. Schmeidler discloses that “a graphic user interface (GUI) is presented to a user through user interface 306.” *Id.* at 11:11–12, Fig. 3B. “ARFSD VxD 304 is a virtual device driver [that] enables the operating system to read the briq data as a local file system.” *Id.* at 11:34–36. Based on this evidence, we find that Schmeidler discloses a software player associated with the user device because SCDP client 216 is a “hardware and/or software device or

appliance that the customer may use to access encrypted files.” Ex. 1001, 7:58–68.

In the Patent Owner Response, Patent Owner does not dispute Petitioner’s contention that Schmeidler alone discloses this claim limitation. *See* PO Resp. 15–25. In the Sur-reply, Patent Owner contends that “[t]he Second Declaration of Petr Peterka makes clear that *Schmeidler* alone does not disclose ‘a software player associated with the user device’ because *Schmeidler* has no need for ‘a software player associated with the user device.’” Sur-reply, 4 n.1 (citing Ex. 2047 ¶¶ 15–20). For the following reasons, this contention is unavailing.

First, it should have been raised in the Patent Owner Response and is untimely. Second, it appears to be based on the waived arguments raised in the Preliminary Response which Patent Owner attempted to resurrect during the oral hearing (Tr. 26:10–18) that this claim limitation “refer[s] to a player program *on the user* device.” Dec. 24 (citing Prelim. Resp. 39–44). We noted in our Decision on Institution that this contention was “premised on two implicit claim constructions”, *i.e.*, the recited player program is limited to known media players and “associated with” should be limited to a player program installed on the user device. *Id.* at 25. However, even if this contention had not been waived, the description of “player program” in the ’880 patent is broad and neither the Patent Owner Response, the Sur-reply, nor the Second Declaration of Mr. Peterka explains why Schmeidler does not disclose a player program associated with the user device as described in the ’880 patent, *i.e.*, “any hardware and/or software device or appliance that the customer may use to access encrypted files having been delivered as facilitated by operation of the system.” Furthermore, even if we

were to adopt Patent Owner’s unsupported argument that the player program must be installed on the user device, Schmeidler discloses the limitation under this narrow construction because Schmeidler’s SCDP client 216 is installed on the user device.

For all of these reasons, we find Schmeidler discloses this claim limitation.

The Petition alternately contends that Schmeidler in combination with Jaisimha discloses this limitation. Pet. 27–31. Because we determine that Schmeidler alone discloses this limitation, we do not reach Petitioner’s alternate contention. *See SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1359 (2018) (holding that a petitioner “is entitled to a final written decision addressing all of the claims it has challenged”); *see also* 35 U.S.C. § 318(a); *cf. In re Gleave*, 560 F.3d 1331, 1338 (not reaching other grounds of unpatentability after affirming the anticipation ground); *see also Beloit Corp. v. Valmet Oy*, 742 F.2d 1421, 1423 (Fed. Cir. 1984) (holding that once a dispositive issue is decided, there is no need to decide other issues).

h. wherein each of the first data file and the second data file is encrypted prior to play

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 31. Petitioner specifically contends that Schmeidler’s titles are “formatted into an electronic package called a briq, which contains the title’s files in a compressed and encrypted form.” *Id.* (citing Ex. 1002, 2:57–60, 29:30–50, Fig. 12).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 2:57–60, 29:30–50, Fig. 12.

- i. wherein at least a portion of the first data file is configured to reside in main memory on the user device at the time of play of the first data file, wherein at least a portion of the second data file is configured to reside in main memory on the user device at the time of play of the second data file*

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 32. Petitioner contends that Schmeidler’s “titles run on the client computer but may not be downloaded in their entirety onto the client computer.” *Id.* (citing Ex. 1002, 2:55–57). Petitioner further contends that the SCDP client software receives blocks of briq data from the RAFT server and caches portions of briqs in the main memory on the client computer. *Id.* at 32–33 (citing Ex. 1002, 2:55–57, 13:26–39, 15:1–8).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 2:55–57, 13:26–39, 15:1–8.

- j. wherein either: [1] the first data file and the second data file each comprises at least one musical recording, or [2] the first data file and the second data file each comprises at least one moving image*

Petitioner contends that Schmeidler alone or Schmeidler in view of Wisner, discloses or renders obvious this limitation. Pet. 34–35. Petitioner contends that the claim is written in disjunctive form and, therefore, it must show only one of either a musical recording or a moving image. *Id.* at 34. Petitioner contends that Schmeidler discloses that its virtual storefront server offers media titles including “e.g. movie, audio clip.” *Id.* at 35 (citing Ex. 1002, 28:53–66). Petitioner further contends that a skilled artisan would have understood that a movie includes moving images and that a musical

recording is a common type of audio clip. *Id.* at 35 (citing Ex. 1005 ¶¶ 126–127).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 28:53–66. Therefore, it is not necessary to reach Petitioner’s alternate theory that Schmeidler in combination with Wiser discloses this claim limitation.

k. wherein the processor is configured to require a first authorization, which first authorization is configured to enable at least one of transmission or play of at least a portion of each of the first data file and the second data file

Petitioner contends that Schmeidler discloses or renders obvious this limitation. Pet. 43. Petitioner specifically contends that Schmeidler discloses that, upon selection of a title from the server, the user negotiates for purchase of the title, and the purchase can be for an individual title or a package of multiple titles. *Id.* (citing Ex. 1002, 2:35–46, 26:36–48, 28:31–46). The negotiation includes “user registration with an eCommerce server, providing billing information, and selecting a purchase type associated with the selected title.” *Id.* (citing Ex. 1002, 2:38–42, 9:14–20, 14:7–13). Petitioner further contends that purchase of a package of multiple titles involves “a single payment for unlimited use of a set of titles over a specified period of time.” *Id.* (citing Ex. 1002, 26:40–42, 28:31–41; Ex. 1005 ¶ 135). Petitioner also contends that after the purchase is complete, the eCommerce server provides a digitally signed launch string to the client computer. *Id.* (citing Ex. 1002, 9:21–29, 14:13–15). According to Petitioner, the launch string “includes all the information needed for the

CAS server to later recognize the user's right to the content including a Universal Resource Name (URN)" and also includes "a goods type indicating if the purchase is by package subscription." *Id.* (citing Ex. 1002, 9:21–29, 26:23–63, 28:6–12, Fig. 9). Petitioner further contends that after receipt of the launch string, the client computer's "browser invokes launcher software." *Id.* at 44 (citing Ex. 1002, 9:25–29, 13:42–50; Ex. 1005 ¶ 136). Petitioner further contends that the "launcher software extracts the URN from the launch string and requests that the CAS server convert the URN to a URL that identifies the location of a briq including the content at a RAFT server" and "sends a purchase request including the launch string to the CAS server." *Id.* (citing Ex. 1002, 9:35–45, 13:50–14:2, 14:20–26, 14:39–42; Ex. 1005 ¶ 137). Petitioner further contends that the CAS server "returns a RAFT authorization token and activator to the launcher software" and the launcher software launches the title "by passing the activator to the ARFSD VxD . . . and bypassing the authorization token to a RAFT VxD." *Id.* (citing Ex. 1002, 9:1–58, 14:42–45, 21:15–17, 21:20–27). Petitioner further contends that "RAFT VxD sends the authorization token to a RAFT server to obtain briq data from the RAFT server, and the ARFSD VxD runs the activator . . . to decrypt . . . the briq data." *Id.* (citing Ex. 1002, 9:1–58, 12:4–8).

Based on this process, Petitioner contends that there are three alternate ways that Schmeidler discloses the recited "first authorization." *See* Pet. 47–48. First, Petitioner contends that a skilled artisan would understand "that *Schmeidler's* disclosure of a user purchasing a package subscription for unlimited access to multiple titles for a period of time, including for example user registration, the providing of billing information, and the selection of a

purchase type” is a first authorization. *Id.* at 45–46 (citing Ex. 1002, 3:41–51, 19:21–23, 23:11, 25:4–6; Ex. 1005 ¶ 140). Second, Petitioner contends that a skilled artisan would “recognize *Schmeidler*’s disclosure of a ‘goods type’ field of a launch string indicating that a title should be charged as part of a package subscription for multiple files, or the CAS signature of the launch string confirming the launch string as valid” is a first authorization. *Id.* at 46–47 (citing Ex. 1002, 9:20–29, 9:45–47, 21:33–49, 26:36–52; Ex. 1005 ¶ 141). Third, Petitioner contends that a skilled artisan “would recognize *Schmeidler*’s disclosure of information in an authorization token (e.g., time period, IP address) that indicates a user has access to a briq including multiple titles for a period of time” is a first authorization. *Id.* at 47 (citing Ex. 1002, 3:47–51, 15:54–56, 23:3–9, 29:51–53; Ex. 1005 ¶ 142).

The ’880 patent describes two different types of authorizations. The first type relates to authorizations provided by service facility 11. The ’880 patent describes that “[t]he system can transmit the catalog to a requesting user, and set up customer accounts, process payments from customers for establishing file access authorizations” and “can set an authorization level of the customer’s authorization to a first value corresponding to a first authorized plurality of the electronic files.” Ex. 1001, 2:18–21, 2:32–34. Furthermore, “the authorization is independent of both the selected files and the number of files selected among those that are authorized” and “can be only for a period of time.” *Id.* at 2:51–53, 2:57. The second type of authorization is provided by the user to the service facility 11. The ’880 patent describes that “the user provides identification data and payment *authorization* in a conventional manner and optionally, a desired *authorization* level that can define a number of plays, a period of time . . .

and premium options such as whether any of ‘new releases’ is to be authorized.” *Id.* at 6:14–20 (emphasis added).

The Petition’s reliance on Schmeidler’s Package Subscription model falls within the second type of authorization because it is based on “*Schmeidler’s* disclosure of a user purchasing a package subscription for unlimited access to multiple titles for a period of time.” Pet. 45–46. Consequently, Schmeidler’s Package Subscription model corresponds to the recited first authorization because it reflects payment by the customer for “a desired authorization level.” Ex. 1001, 6:14–20.

The Petition’s reliance on the authorization token falls within the first category of authorization because it is provided by the service facility. Consequently, the authorization token also corresponds to the recited first authorization.

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler’s Package Subscription model and authorization tokens each disclose this limitation. *See* Ex. 1002, 3:41–51, 9:20–29, 9:45–47, 15:54–56, 19:21–23, 21:33–49; 23:3–11, 26:36–52, 25:4–6, 29:51–53.

- l. wherein the first authorization is configured to expire with respect to both the first data file and the second data file if at least one predetermined act is not performed by or on behalf of the user within a predetermined period of time*

Petitioner contends that Schmeidler discloses or renders obvious this limitation. Pet. 51–52. Petitioner specifically contends that Schmeidler “discloses that a purchase through a package subscription model offers ‘unlimited access to a set of multiple files for a limited time’ and that the

“subscriptions ‘can be renewed.’” *Id.* at 52 (citing Ex. 1002, 26:40–42, 28:31–37; Ex. 1005 ¶ 51). Petitioner further contends that a “user’s purchase of unlimited access to multiple titles for a period of time negotiated with the eCommerce server expires when the period of time expires unless the user renews the subscription.” *Id.*

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this limitation. *See* Ex. 1002, 26:40–42, 28:31–37.

m. wherein the at least one predetermined act and the predetermined period of time are the same for both the first data file and the second data file

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation because it “discloses that a user can purchase a package subscription that provides unlimited access to multiple titles for a limited period of time, and that each of these titles can include one or more files” and that subscriptions can be renewed. Pet. 52–53 (citing Ex. 1002, 26:36–42, 28:31–43, 29:31–53. Fig. 12). According to Petitioner, the limited period of time and renewal are the same for multiple titles that include one or more files. *Id.* at 53.

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 26:36–42, 28:31–43, 29:31–53, Fig. 12.

- n. wherein the first authorization is usable across at least two logon sessions within the predetermined period of time*

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 53–56. Petitioner, relying on Schmeidler’s Package Subscription model, contends a skilled artisan would have understood that “when a user purchases a subscription providing access to multiple titles for a limited time, including registering, providing billing information, and selecting the purchase type, the access is usable until the limited time expires” and that “it was common for media distribution systems to require a user to login via a webpage, such as by entering a username and password.”

Id. at 53. Petitioner further contends that:

It would have been obvious to utilize such a login procedure in the system of *Schmeidler*, and a [skilled artisan] would have understood the client computer of *Schmeidler* as being capable of accessing files that have already been purchased, even if a user logs out and logs back in, so long as the subscription period that was purchased has not expired.

Id. (citing Ex. 1005 ¶¶ 153–154).

Petitioner further contends that a skilled artisan would have understood that for “each login . . . each approval of a launch string by a CAS server, or each approval of an authorization by a RAFT server to be a ‘session’” “because the titles are run, but not installed, on the client computer.” *Id.* at 54 (citing Ex. 1002, 2:65–3:16). Petitioner further contends that a skilled artisan would have understood that “performing any of these steps more than once for titles in a subscription package is using ‘the first authorization . . . across at least two logon sessions within the predetermined period of time.’” *Id.* (citing Ex. 1005 ¶ 155).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler teaches this claim limitation. We specifically credit the testimony of Dr. Wolfe and determine that based on Schmeidler's Package Subscription model, a person of ordinary skill in art at the time of the invention would have understood that purchasing a subscription providing access to multiple titles for a limited time would limit the time access was usable. *See* Ex. 1005 ¶¶ 153–155; Ex. 1002, 2:65–3:16.

- o. wherein the at least one of transmission or play of at least a portion of each of the first data file and the second data file is configured to be at least one of limited or inhibited after the expiration of the first authorization*

Petitioner contends that Schmeidler discloses or renders obvious this claim limitation. Pet. 56–57. Petitioner contends that Schmeidler's authorization tokens allow a user to access particular titles for a specified time period and “[t]he RAFT server will deny access if the server's current time is not within the time window specified in the token.” *Id.* at 57 (citing Ex. 1002, 22:40–23:15). According to Petitioner, this disclosure in *Schmeidler* means “that ‘transmission’ of titles does not occur after the authorization token has expired.” *Id.*

Patent Owner does not dispute Petitioner's contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 22:40–23:15.

p. Summary of Claim 1

For all the foregoing reasons, we determine that Petitioner establishes by a preponderance of the evidence that claim 1 would have been obvious over Schmeidler.

5. *Independent Claim 13*

Independent claim 13 is a method claim. Petitioner contends that Schmeidler discloses both a system and method. Pet. 18 (citing Ex. 1002, Abstract, 8:65–10:7, Figs. 4A, 4D). Claim 13 recites many limitations that are substantially similar to those recited in claim 1. Ex. 1001, 15:54–16:37. For the preamble and the similar claim limitations, Petitioner relies on the same explanations and evidence as for claim 1. Pet. 16–19, 22–39, 42–56, 56–58. For the same reasons discussed above in connection with claim 1, Schmeidler discloses these limitations.

Claim 13 additionally recites “receiving a first request from a user device to access at least one catalog stored in a memory.” Petitioner contends Schmeidler discloses or at least renders obvious this claim limitation. Pet. 21–22. Petitioner contends that Schmeidler discloses “that a client computer communicates with the virtual storefront server over a network using a modem, and that the virtual storefront sever is implemented as a conventional web server with a graphical user interface that allows clients to browse titles with a conventional network browser.” *Id.* at 21 (citing Ex. 1002, 2:35–38, 9:5–10, 27:49–63). Petitioner further contends that “its servers are connectable over the computer network to ‘one or more requestor processes’ and that a ‘requestor’ may access a source.” *Id.* at 22 (citing Ex. 1002, 4:34–47; Ex. 1005 ¶¶ 91–96).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, Abstract, 2:35–38, 4:34–47, 8:65–10:7, 9:5–10, 27:49–63, Figs. 4A, 4D.

Claim 13 additionally recites “returning the access to the at least one catalog in response to the first request.” Petitioner contends Schmeidler discloses or at least renders obvious this claim limitation. Pet. 39–41. Petitioner contends the “’880 patent discloses that the return catalog step ‘can be performed by simply transmitting a listing of the catalog[] over the computer network[] to the requesting user.’” *Id.* at 39 (citing Ex. 1001, 5:54–59). Petitioner contends that Schmeidler “discloses that users select titles from a catalog at a virtual storefront server, which can be implemented as a conventional web server and which can be accessed with a web browser.” *Id.* at 40 (citing Ex. 1002, 2:35–38, 9:5–10, 14:7–10, 27:49–54, 28:52–66). Petitioner further contends that a skilled artisan would have “understood that, in accessing a catalog on a conventional web server via a conventional web browser, a request from the client computer would be sent to the web server to access the catalog and the request would be received by the virtual storefront server” and Schmeidler “operates by sending a request for a webpage from the a client computer to a server computer and then returning the web page from the server computer to the client computer.” *Id.*

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 2:35–38, 9:5–10, 14:7–10, 27:49–54, 28:52–66.

Claim 13 additionally recites “receiving a second request from the user device for at least one of transmission or play of at least a portion of each of the first data file and the second data file.” Petitioner contends Schmeidler discloses or at least renders obvious this claim limitation.

Pet. 41–42. Petitioner contends, in Schmeidler, that the user’s selection of a title from the catalog at the virtual storefront server corresponds to the recited second request and that selecting a package subscription including multiple access to multiple titles also corresponds to the recited second request. *Id.* at 42 (citing Ex. 1002, 28:31–41, 26:36–48).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 28:31–41, 26:36–48.

For all the foregoing reasons, we determine that Petitioner establishes by a preponderance of the evidence that claim 13 would have been obvious over Schmeidler.

6. Independent Claim 25

Independent claim 25 is directed to “[a] non-transitory computer-readable medium having computer-executable instructions stored thereon” and recites many limitations that are substantially similar to those recited in claim 1 and claim 13. Ex. 1001, 17:9–18:6. For the preamble and these claim limitations, Petitioner relies on the same explanations and evidence as for claim 1 and claim 13. Pet. 16–19, 21–41, 42–56, 56–58. Petitioner contends that Schmeidler discloses “[t]he client computer has software (‘computer-executable instruction’) stored in a computer readable medium (e.g., diskette, CD-ROM, ROM, fixed disk, memory) (‘non-transitory medium’) that is executed to cause the client computer to perform the method.” *Id.* at 18–19 (citing Ex. 1002, 6:49–7:50, 8:21–24, 9:5–8, 10:22–24, 32:34–36, 32:56–67, Fig. 1, 2A). Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25. For the same reasons

discussed above in connection with claim 1, Schmeidler discloses these limitations.

Claim 25 additionally recites “receiving, at the user device, at least a portion of each of the first data file and the second data file.” Petitioner contends Schmeidler discloses or at least renders obvious this claim limitation. Pet. 56. Petitioner specifically contends that Schmeidler “discloses that a user can purchase a package subscription, where the user is granted unlimited access to multiple titles for a limited period of time” and the “titles are stored in briqs at a RAFT server.” *Id.* (citing Ex. 1002, 2:62–64, 26:36–42, 28:31–43). Petitioner further contends “[e]ach briq includes one or more titles, each of which has one or more files associated with it” and that when the titles are run, “the client computer retrieves requested blocks of briq data from the RAFT server.” *Id.* (citing Ex. 1002, 2:64–3:20, 29:30–50).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. *See* Ex. 1002, 2:62–3:20, 26:36–42, 28:31–43, 29:30–50.

For all the foregoing reasons, we determine that Petitioner establishes by a preponderance of the evidence that claim 25 would have been obvious over Schmeidler.

7. *Dependent Claims 2–10, 14–22, 26–34*

i. *Claims 2, 14, 26*¹¹

Claim 2 depends from claim 1 and requires that the first data file and second data file “reside on non-volatile memory on the user device at the time of play.” Ex. 1001, 15:16–21. Petitioner contends *Schmeidler* “discloses that the client computer includes system RAM and mass storage device, such as a hard drive.” Pet. 58 (citing Ex. 1002, 6:64–65, 7:6–9). Petitioner further contends portions of the briqs disclosed in *Schmeidler* are “temporarily cached in a portion of memory” on the client computer. *Id.* (citing Ex. 1002, 13:26–32). Petitioner further contends that *Schmeidler* discloses “that files in a briq can be tagged with a ‘write-through’ attribute, and these files are locally stored under the SCDP install directory on the client computer.” *Id.* (citing Ex. 1002, 16:59–17:23). Petitioner further contends a skilled artisan “would have understood local, persistent storage to be non-volatile memory, because *Schmeidler* discloses use of a hard drive, which does not lose data when powered down and which is therefore referred to in the field as non-volatile.” *Id.* (citing Ex. 1005 ¶ 124). Petitioner next contends that “[w]hen a write-through file is started, the information is taken from the file in the local storage area, and if not there, it is copied from the briq” and according to Petitioner, a skilled artisan would have understood this means “the write-through file is stored in the local storage at the time of execution . . . of the file.” *Id.* at 58–59 (citing Ex. 1002, 17:27–35; Ex. 1004 ¶ 124). With reference to element e of

¹¹ Petitioner argues claims 2, 14, and 26 as a group. Pet. 58. Claims 14 and 16 contain limitations substantially similar limitations to claim 2 but depend from different claims. Ex. 1001, 15:16–21, 16:38–43, 18:8–13. Our analysis applies to each of these claims.

claim 1, Petitioner contends that in the case of a briq with two separate media files, the first media file and second media file are both “configured to reside in non-volatile memory on the user device at the time of play” as required by claim 2.

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this claim limitation. Ex. 1002, 6:64–65, 7:6–9, 13:26–32, 16:59–17:23, 17:27–35. Therefore, we determine that Petitioner establishes by a preponderance of the evidence that claims 2, 14, and 26 would have been obvious over Schmeidler.

ii. Claims 3, 4, 15, 16, 27, 28¹²

Claim 3 depends from claim 1 and requires that “the first authorization comprises at least one of identification data, customer account data, a customer identifier or a password.” Ex. 1001, 15:22–24.

Claim 3 is disjunctive and Petitioner need only show that Schmeidler discloses one of the recited elements. As discussed above in connection with element k of claim 1, a customer purchasing a package subscription would provide a user registration and billing information to the eCommerce server. Petitioner contends that a skilled artisan would have understood that Schmeidler’s “user registration . . . to be a ‘customer identifier’ because it identifies the specific user through an account identifier,” “the billing information to be ‘customer account data’ because it literally describes a

¹² Petitioner argues claims 3, 4, 15, 16, 27, and 28 as a group. Pet. 58. Claims 4, 15, 16, 27, and 28 contain limitations substantially similar to claim 3 but depend from different claims. Ex. 1001, 15:22–27, 16:44–49, 18:18–21. Our analysis applies to each of these claims.

financial account associated with a customer,” and “a CAS signature to be a ‘password’ because it consists of a string of symbols that distinguishes authorized access to the customer account from unauthorized access.”

Pet. 60 (citing Ex. 1005 ¶ 160).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler teaches this limitation. *See* Ex. 1005 ¶ 160. Therefore, we determine that Petitioner establishes by a preponderance of the evidence that claims 3, 4, 15, 16, 27, and 28 would have been obvious over Schmeidler.

iii. Claim 5, 6, 17, 18, 29, 30¹³

Claim 5 depends from claim 1 and requires that “the predetermined act comprises at least one of identification, verification, authorization, renewal, or extension.” Ex. 1001, 15:28–30.

Petitioner contends “during execution of a title, the client computer periodically asks the CAS server to refresh the activator and authorization token.” Pet. 61 (citing Ex. 1002, 28:31–43). Petitioner further contends “[t]he CAS server verifies a launch string to determine whether the launch string has been signed before sending the client computer the refreshed activator and authorization token” and “the authorization token includes an end time, before which it needs to be refreshed.” *Id.* (citing Ex. 1002, 15:23–32, 21:7–17, 21:30–52, 23:3–9). Petitioner further contends a skilled artisan would have understood the CAS “verifying this signature to be an

¹³ Petitioner argues claims 5, 6, 17, 18, 29, and 30 as a group. Pet. 60. Claims 6, 17, 18, 29, and 30 contain limitations substantially similar to claim 6 but depend from different claims. Ex. 1001, 15:28–33, 16:50–55, 18:22–29. Our analysis applies to each of these claims.

‘identification,’ ‘verification,’ or ‘authorization,’ as claimed” and “refresh to be a predetermined act that needs to be performed within a predetermined period of time to avoid expiration of the client computer’s authorization to access a title.” *Id.* (citing Ex. 1005 ¶ 164).

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this limitation. *See* Ex. 1002, 15:23–32, 21:7–17, 21:30–52, 23:3–9, 28:31–43. Therefore, we determine that Petitioner establishes by a preponderance of the evidence that claims 5, 6, 17, 18, 29, and 30 would have been obvious over Schmeidler.

iv. Claims 7, 8, 19, 20, 31, 31¹⁴

Claim 7 depends from claim 1 and requires “wherein the first authorization is capable of reactivation after expiration.” Ex. 1001, 15:34–35.

Petitioner contends that Schmeidler “discloses that the activator and authorization token refresh after they timeout.” Pet. 63 (citing Ex. 1002, 9:65–10:7, 11:66–12:3). Petitioner further contends that a skilled artisan “would have understood that a client computer’s authorization to access a title is ‘reactivated after expiration’ by way of an authorization token refresh” and “the timeout in *Schmeidler* identifies the point in time where an authorization token expires and thus authorized use is not possible until a replacement token is obtained.” *Id.* (citing Ex. 1005 ¶ 166).

¹⁴ Petitioner argues claims 7, 8, 19, 20, 31, and 32 as a group. Pet. 61. Claims 8, 19, 20, 31, and 32 contain limitations substantially similar to claim 7 but depend from different claims. Ex. 1001, 15:34–37, 16:56–59, 18:22–29. Our analysis applies to each of these claims.

Patent Owner does not dispute Petitioner’s contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this limitation. *See* Ex. 1002, 9:65–10:7, 11:66–12:3. Therefore, we determine that Petitioner establishes by a preponderance of the evidence that claims 7, 8, 19, 20, 31, and 32 would have been obvious over Schmeidler.

*v. Claims 9, 10, 21, 22, 33, 34*¹⁵

Claim 9 depends from claim 1 and requires “wherein at least a portion of each of the first data file and the second data file is capable of transmission to the user device over the communications network from a service facility.” Ex. 1001, 15:38–41.

Petitioner contends the “’880 patent discloses that the service facility can be implemented as a server computer that stores at least some of the data files.” Pet. 63 (citing Ex. 1001, 3:1–2, 4:2–8). Petitioner further contends Schmeidler’s “RAFT server transmits datablocks of briq data to the client computer over a ‘communications network’ when the client computer is executing a title” and a “briq comprises one or more titles, each of which includes one or more files.” *Id.* (citing Ex. 1002, 2:65–3:6, 15:1–8, 16:18–21, 16:27–36, 29:30–50). Petitioner further contends a skilled artisan “would have understood the RAFT server to be a ‘service facility’ as claimed” because it “serves up the blocks of briq to the client computer.” *Id.*

¹⁵ Petitioner argues claims 9, 10, 21, 22, 33, and 34 as a group. Pet. 63. Claims 10, 21, 22, 33, and 34 contain limitations substantially similar to claim 9 but depend from different claims. Ex. 1001, 15:38–45, 16:60–67, 18:36–45. Our analysis applies to each of these claims.

Patent Owner does not dispute Petitioner's contentions. *See* PO Resp. 15–25.

Based on our review of the evidence discussed above, Schmeidler discloses this limitation. *See* Ex. 1002, 2:65–3:6, 15:1–8, 16:18–21, 16:27–36, 29:30–50. Therefore, we determine that Petitioner establishes by a preponderance of the evidence that claims 9, 10, 21, 22, 33, and 34 would have been obvious over Schmeidler.

III. PATENT OWNER'S REMAINING CONTENTIONS

1. Petitioner's Alleged Failure to Name All Real Parties in Interest

Patent Owner contends that the Board lacks jurisdiction to proceed with this *inter partes* review because Petitioner failed to name Spotify and Twitter (collectively “Spotify”) as real parties in interest under 35 U.S.C. § 312(a). PO Resp. 3. According to Patent Owner, Spotify are members of Petitioner. *Id.* (citing Ex. 2030). Patent Owner notes that Petitioner listed the Delaware Litigation as a related matter in the Petition but “failed to name Spotify as an RPI and failed to request leave from the Board to correct its omission after” the Board’s precedential decision in *RPX Corp. v. Applications in Internet Time, LLC*, IPR2015-01750, Paper 128 (Oct. 2, 2020) (precedential). *Id.* at 4; *see also id.* at 8–15 (arguing that the factors identified in *RPX Corp.* require a finding that Spotify is a real party in interest in this proceeding). Patent Owner also notes that “Spotify is now beyond the one-year time bar for filing IPR’s concerning the patents B# asserted against it in Delaware.” *Id.* at 4 (citing 35 U.S.C. § 315(b)). Patent Owner further contends that because Spotify was not named as a real party in interest in the Petition, no filing date should have been accorded to the

Petition because a statutory requirement under 35 U.S.C. § 312 was not satisfied. *Id.* at 5. Patent Owner further contends we should not permit Petitioner to correct its failure to name all RPIs but, if we do, we should reset the filing date to the submission date of “Petitioner’s identification of RPIs.” *Id.* According to Patent Owner, because Spotify is now time barred, we “will lack jurisdiction to proceed to trial on the Petition.” *Id.*; *see also* Sur-reply, 13 (arguing “Spotify would be time barred under § 315(b) should it seek to file any IPR challenging the same claims as Petitioner challenges here.”).

Petitioner responds that Patent Owner did not raise an RPI issue until after institution. Reply 1. Petitioner contends that we “need not address whether a party is an unnamed RPI because no time bar or estoppel provisions under 35 U.S.C. § 315 are implicated.” *Id.* (citing *SharkNinja Operating LLC v. iRobot Corp.*, IPR2020-00734, Paper 11, 18 (PTAB Oct. 6, 2020) (precedential)). Petitioner further contends that Patent Owner “has no evidence to support its RPI allegations” and “the record shows that Unified is the sole RPI—not its members.” *Id.*; *see also id.* at 3–10 (arguing that the factors identified in *RPX Corp.* do not require a finding that Spotify is a real party in interest in this proceeding). Petitioner further contends that Patent Owner “makes no suggestion as to why Spotify would have continued interest” in light of the voluntary dismissal of the Delaware Litigation.

For the following reasons, we are not persuaded by Patent Owner’s argument that we lack jurisdiction to proceed in this case due to any alleged failure by Petitioner to name Spotify as an RPI.

First, Patent Owner’s argument is based on an incorrect premise that 35 U.S.C. § 312(a) is a jurisdictional statute. This premise is contrary to the

Board's precedential decision in *Lumentum Holdings, Inc. v. Capella Photonics, Inc.*, IPR2015-00739, Paper 38, 5 (PTAB Mar. 4, 2016) (precedential) (“§ 312(a) is not jurisdictional”); *see also SharkNinja*, Paper 11 at 17 (PTAB Oct. 6, 2020) (precedential) (“Section 312(a)(2) . . . serves important notice functions”). Furthermore, *Lumentum* makes clear that the Board may permit a party to rectify an issue of compliance with the requirements of § 312(a). *Lumentum*, Paper 38 at 5.

Second, there were facts in *RPX Corp.* not present in this case. In particular, in *RPX Corp.*, an unnamed RPI, Salesforce, had been served with a complaint for infringement more than one year prior to the filing of the Petition. *RPX Corp.*, Paper 128, 7 (limiting “analysis to whether the § 315(b) time-barred entity Salesforce should have been identified as an RPI or privy”). The Board recognized that failing to name a time-barred RPI “creates the danger of ‘two bites at the apple’ that the statutes were meant to prevent via § 315(e) estoppel provisions and the § 315(b) time bar.” *Id.* at 34.

In this case, although Spotify is now time barred, Patent Owner does not contend that Spotify or any other member of Petitioner was time barred as of the date the Petition in this case was filed. Tr. 40:1–6 (Patent Owner agreeing that Spotify was not time barred when the Petition was filed.). Consequently, even if we were to determine that Spotify is an RPI of Petitioner, the § 315(b) time bar is not implicated because Spotify was not time barred at the time the Petition was filed.

Any estoppel issues under § 315(e) are purely speculative at this point because the Delaware Litigation has been voluntarily dismissed by Patent Owner. Tr. 40:7–10. If Patent Owner decides to again sue Spotify, Patent

Owner may move the District Court to invoke § 315(e) estoppel against Spotify.

Because we determine that neither the time bar nor estoppel provisions of 35 U.S.C. § 315 are implicated in this case, “we need not address whether [Spotify] is an unnamed RPI.” *SharkNinja*, Paper 11 at 18.

2. *The Board Exceeds Its Jurisdiction Under the APA and Exercises Discretion in an Arbitrary and Capricious Manner Where the Director Has Failed to Follow Notice and Comment Rulemaking*

Patent Owner refers to two issues in our Decision on Institution which it argues are arbitrary and capricious due to lack of Notice and Comment Rulemaking. Patent Owner first contends that we “refused to evaluate both parties’ conflicting expert testimony to make a determination as to which is more persuasive and simply ordered a trial anyway.” PO Resp. 33 (citing Dec. 28–29). The second issue is our determination not to exercise our discretion to deny institution under 35 U.S.C. § 325(d). *Id.* at 35. We address each issue in turn.

The first issue relates to element g of claim 1 which we find is disclosed in Schmeidler. In our Decision on Institution, we preliminarily found that Schmeidler disclosed this limitation. Dec. 23–27. Patent Owner’s issue relates to the alternate ground of Schmeidler and Jaisimha. PO Resp. 33. In the Preliminary Response, Patent Owner interposed six reasons why one of ordinary skill in the art allegedly would not have combined the teachings of Schmeidler and Jaisimha. Dec. 28. Because the Schmeidler ground was sufficient for institution purposes, we did not reach the merits of the Schmeidler and Jaisimha ground. Even if we made a preliminary determination that the Schmeidler and Jaisimha ground was not

sufficient for institution purposes, we institute on all claims and grounds in the petition if Petitioner persuades us that it is reasonably likely to prevail with respect to at least one challenged claim. *See* Consol. TPG, 64 (2019); *see also SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1355–56 (2018) (stating that a decision to institute under 35 U.S.C. § 314(b) may not institute review on fewer than all claims challenged in the petition).

With respect to the § 325(d) issue, Patent Owner contends that our reliance on the Board’s precedential decisions *Becton, Dickinson and Co. v. B. Braun Melsungen AG*, IPR2017–01586, Paper 8 (PTAB Dec. 15, 2017) and *Advanced Bionics, LLC v. MED-EL Elektromedizinische Gerate GmbH*, IPR2019-01469, Paper 6 (Feb. 13, 2020) is arbitrary and capricious in the absence of notice and comment rulemaking. PO Resp. 35–37. Patent Owner injected § 325(d) into this proceeding by requesting we exercise our discretion to deny institution in the Preliminary Response. Paper 6, 4. Patent Owner filed an authorized Sur-reply addressing § 325(d) and provided specific arguments referencing both *Becton Dickinson* and *Advanced Bionics*. Paper 15, 1–4. In neither paper did Patent Owner argue that our reliance on *Becton Dickinson* and *Advanced Bionics* would be arbitrary and capricious or propose an alternate path for us to proceed to evaluate *its* § 325(d) arguments. *See generally* Paper 6; Paper 15. Furthermore, Patent Owner did not seek rehearing of the § 325(d) analysis in our Decision on Institution. By not raising this argument prior to institution, Patent Owner waived this issue which, in any event, is now moot.

3. *The Preponderance of the Evidence Standard Congress Requires the Board to Use Allegedly Violates Patent Owner’s Rights Under the Due Process Clause of the Fifth Amendment to the Constitution*

Patent Owner contends that the preponderance of the evidence standard mandated by Congress in 35 U.S.C. § 316(e) is “a constitutionally defective evidentiary standard,” the application of which in this proceeding “violates the Patent Owner’s Fifth Amendment Rights.” PO Resp. 38, 40.

The preponderance of the evidence standard is set forth in our governing statute. 35 U.S.C. § 316(e); *see also Celgene Corp. v. Peter*, 931 F.3d 1342, 1362 (Fed. Cir. 2019) (“IPRs use a preponderance of the evidence burden of proof.”). Therefore, we apply that standard in this case.

4. *Same Panel Instituting and Deciding FWD*

Patent Owner contends “that a decision on the merits in this proceeding by the same PTAB panel that decided to institute the instant IPR would violate Patent Owner’s Constitutional Due Process rights under the Fifth Amendment of the U.S. Constitution.” PO Resp. 49. Patent Owner’s basis for this contention is “the reasons explained in detail by the Patent Owner in *New Vision Gaming v. SG Gaming, Inc.* (Fed. Cir. Case No.: 20-1399).” *Id.* Based on this alleged due process violation, Patent Owner “requests that all APJ’s be replaced to form a new panel for any future actions on the merits in this proceeding.” *Id.*

Patent Owner does not provide any documents filed in *New Vision Gaming* for our review, does not provide a reference to a docket entry, or make any attempt to articulate the alleged “reasons explained in detail” by the patent owner in *New Vision Gaming*. However, even if Patent Owner did provide such documents, that would be an improper incorporation by reference. 37 C.F.R. § 42.6(a)(3). Nonetheless, we note the Federal Circuit found no due process violation when the same panel of PTAB judges decides both the decision on institution and the final written decision. *See*

Ethicon Endo Surgery Inc. v. Covidien LP, 812 F.3d 1023, 1031 (Fed. Cir. 2016) (“We see no due process concerns combining the functions of initial decision and final disposition on the merits.”). Consequently, we deny Patent Owner’s request for replacement of the existing panel members.

5. *Arthrex*

Patent Owner’s argument concerning whether the judges of the Board were appointed in accordance with the Appointments Clause of the Constitution (PO Resp. 49–52) is moot in light of the decision in *United States v. Arthrex*, 141 S. Ct. 1970 (2021).

IV. CONCLUSION

Based on the record before us, we determine:

Claims	35 U.S.C. §	Reference(s)/Basis	Claims Shown Unpatentable	Claims Not shown Unpatentable
1–10, 13–22, 25–34	103(a)	Schmeidler ¹⁶	1–10, 13–22, 25–34	
Overall Outcome			1–10, 13–22, 25–34	

¹⁶ Because we determine that Schmeidler alone renders the challenged claims unpatentable, we do not reach Petitioner’s alternate combination of Schmeidler, Jaisimha, and Wiser.

IV. ORDER¹⁷

For the foregoing reasons, it is hereby:

ORDERED that, based on a preponderance of the evidence that claims 1–10, 13–22, and 25–34 of the '880 patent are unpatentable as set forth in the summary table above;

FURTHER ORDERED that, because this is a Final Written Decision, parties to this proceeding seeking judicial review of this Decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

¹⁷ Should Patent Owner wish to pursue amendment of the challenged claims in a reissue or reexamination proceeding subsequent to the issuance of this decision, we draw Patent Owner's attention to the April 2019 *Notice Regarding Options for Amendments by Patent Owner Through Reissue or Reexamination During a Pending AIA Trial Proceeding*. See 84 Fed. Reg. 16,654 (Apr. 22, 2019). If Patent Owner chooses to file a reissue application or a request for reexamination of the challenged patent, we remind Patent Owner of its continuing obligation to notify the Board of any such related matters in updated mandatory notices. See 37 C.F.R. § 42.8(a)(3), (b)(2).

IPR2020-00995
Patent 9,553,880 B2

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