

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

ZTE CORPORATION AND ZTE (USA) INC.
Petitioners

v.

CONTENTGUARD HOLDINGS INC.
Patent Owner

Case IPR2013-00454
Patent 7,225,160

Before JAMESON LEE, MICHAEL W. KIM, and MICHAEL R. ZECHER,
Administrative Patent Judges.

KIM, *Administrative Patent Judge.*

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

Introduction

ZTE Corporation and ZTE (USA) Inc. (“ZTE”) filed a petition (Paper 2) (“Pet.”) to institute an *inter partes* review of claims 1-11 and 23-29 of Patent 7,225,160 (“the ’160 patent”) pursuant to 35 U.S.C. § 311 *et seq.* and a motion for joinder with Case IPR2013-00134. Paper 4. Patent Owner ContentGuard Holdings, Inc. (“ContentGuard”) has not yet filed a preliminary response to the petition. We have jurisdiction under 35 U.S.C. § 314. For the reasons that follow, the Board does not institute an *inter partes* review.¹

I. BACKGROUND

A. Related Matter

Case IPR2013-00134

On February 11, 2013, ZTE filed a petition in IPR2013-00134 to institute an *inter partes* review of claims 1-38 of the ’160 patent, asserting ten grounds of unpatentability. IPR2013-00134, Paper 3. On June 19, 2013, the Board granted the petition and instituted an *inter partes* review of claims 12-22 and 30-38 of the ’160 patent. IPR2013-00134, Paper 12 at 32-33. Patent Owner filed a Request for Adverse Judgment in IPR2013-00134, Paper 28. The Board granted Patent Owner’s request and entered judgment against Patent Owner on August 6, 2013. IPR2013-00134, Paper 34. ZTE did not file a request for rehearing.

¹ In a decision entered concurrently, Petitioners’ motion for joinder with Case IPR2013-00134 is denied.

B. The '160 Patent (Ex. 1001)

The '160 patent, titled “Digital Works Having Usage Rights and Method for Creating the Same,” issued on May 29, 2007, based on Application 10/015,951, filed Dec. 17, 2001, which claims priority to Application 08/344,760, filed Nov. 23, 1994.

C. The Prior Art

ZTE relies on the following prior art:

Hartrick (hereinafter “EP '800”)	EP 0 567 800 A1	Nov. 3, 1993	Ex. 1011
Wyman	US 5,260,999	Nov. 9, 1993	Ex. 1013
Porter	US 5,263,160	Nov. 16, 1993	Ex. 1014
O’Callaghan	US 5,477,263	Dec. 19, 1995	Ex. 1016

Henry H. Perritt, Jr., “*Knowbots, Permissions Headers and Contract Law*,” Paper for the Conference on Technological Strategies for Protecting Intellectual Property in the Networked Multimedia Environment (Apr. 30, 1993) (retrieved from <http://archive.ifla.org/documents/infopol/copyright/perh2.txt> on Jan. 4, 2013) (Ex. 1006) (hereinafter “Perritt”).

Admitted Prior Art—During the original prosecution, the Examiner rejected dependent claim 8 (now dependent claim 5) because “mark-up prices” are old and well known to those of ordinary skill in retail.” Ex. 1002-001347 (Non-Final Rejection dated July 27, 2004, p. 4). Patent Owner did not traverse the Examiner’s position that “mark-up prices” are common knowledge in the retail art. As such, the Examiner’s statement regarding “mark-up prices” is taken to be admitted prior art.

D. The Asserted Grounds

Petitioners challenge claims 1-11 and 23-29 of the '160 patent on the following grounds:

Reference(s)	Basis	Claims Challenged
EP '800	§ 102(b)	1-3, 8, 9, and 23
EP '800 and O'Callaghan	§ 103(a)	1-3, 8, 9, and 23
EP '800 and Perritt	§ 103(a)	2-4, 6, 7, 25, and 26
EP '800, O'Callaghan, and Perritt	§ 103(a)	2-4, 6, 7, 25, and 26
EP '800 and Wyman	§ 103(a)	2, 10, and 24-28
EP '800, O'Callaghan, and Wyman	§ 103(a)	2, 10, and 24-28
EP '800, Perritt, and Admitted Prior Art	§ 103(a)	5
EP '800, O'Callaghan, Perritt, and Admitted Prior Art	§ 103(a)	5
EP '800 and Porter	§ 103(a)	11 and 29
EP '800, O'Callaghan, and Porter	§ 103(a)	11 and 29

II. ANALYSIS

After considering the petition and all papers concerning joinder, we do not institute an *inter partes* review in this case. In determining whether to institute an *inter partes* review, the Board may “deny some or all grounds for unpatentability for some or all of the challenged claims.” 37 C.F.R.

§ 42.108(b); *see* 35 U.S.C. § 314(a). Furthermore, 35 U.S.C. § 325(d) reads

as follows (emphasis added):

MULTIPLE PROCEEDINGS.—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. **In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.**

In denying ZTE's petition, we have considered: (1) that ZTE already had filed timely a petition for *inter partes* review of claims 1-11 and 23-29 of the '160 patent in IPR2013-00134 and failed to have *inter partes* review instituted on those claims; (2) that ZTE's petition in this case was filed outside of the one-year period provided in 35 U.S.C. § 315(b) for petitions filed in the absence of a motion for joinder under 35 U.S.C. § 315(c); (3) that ZTE's motion for joinder filed with the instant petition has been denied; and (4) that ZTE's petition in this case presents the same or substantially the same prior art or arguments previously presented in the petition for IPR2013-00134.

This petition to institute an *inter partes* review, having attendant to it the facts described above, stands on weak footing; specifically, we note that ZTE did not file the petition within the one-year period provided in 35 U.S.C. § 315(b) for a petition that is not accompanied by a joinder motion, and the motion for joinder accompanying the petition for *inter partes* review that ZTE filed outside the one year window has been denied. The Board is

concerned about encouraging, unnecessarily, the filing of petitions which are partially inadequate. A decision to institute review on some claims should not act as an entry ticket, and a how-to guide, for the same Petitioner who filed an unsuccessful joinder motion, and is outside of the one-year statutory period, for filing a second petition to challenge those claims which it unsuccessfully challenged in the first petition.

Nor is the concern regarding an improper, second attempt for the Petitioner, which second attempt would result from a grant of the joinder motion, be ameliorated in view of the possibility that the issues presented by the second petition would be similar to those already presented in the pre-existing proceeding. In this instance, there no longer is a pre-existing proceeding. The joinder motion has been denied, and the first proceeding has terminated. Thus, all of the issues in the new petition are not in common with a pending proceeding to which a new *inter partes* review would be joined.

Without any extraordinary circumstance, it would be unjust and inequitable to subject the Patent Owner to a new challenge by a Petitioner who unsuccessfully had attempted to institute *inter partes* review on the claims in a previous petition, if the second petition is not itself filed within the one-year period provided in 35 U.S.C. § 315(b) and if a joinder motion has been denied. ZTE has not shown any such extraordinary circumstance.

ZTE asserts that because the current petition involves the same parties, same panel of judges, and many of the same issues as IPR2013-00134, any trial instituted on the basis of the current petition can have an accelerated schedule, weighing in favor of granting the current petition. The assertion is no longer true as IPR2013-00134 has terminated. The assertion

also ignores the burden and inequity on the Patent Owner if it is forced to defend the same claims twice from attack by the same Petitioner, notwithstanding that the second petition is filed outside of the one-year window of 35 U.S.C. § 315(b) and that the joinder motion has been denied. Indeed, by ZTE's own assertion, the petition in this case presents many of the same issues previously presented in the petition for IPR2013-00134. In particular, ZTE asserts the following:

Specifically, half of the grounds of invalidity presented in the Second Petition (grounds 1, 3, 5, 7, 9) are based on the same prior art references as presented in the First Petition. The remaining grounds of invalidity presented in the Second Petition (grounds 2, 4, 6, 8, 10) simply combine O'Callaghan to prior art references previously presented in the First Petition.

Paper 11 at p. 8. Those facts present a scenario disfavored by the portion of 35 U.S.C. § 325(d) cited above.

ZTE also asserts that resorting to district court litigation or initiating a new proceeding elsewhere would be inefficient and costly to ZTE, especially if the claims challenged in the current petition are indeed unpatentable. Thus, ZTE asserts that granting the petition offers the most just, speedy, and cost effective resolution pursuant to 37 C.F.R. § 42.1(b). However, the arguments are misplaced, because 37 C.F.R. § 42.1(b) pertains to the just, speedy, and inexpensive resolution of proceedings before the Patent Trial and Appeal Board, and not to the just, speedy, and inexpensive resolution of the parties' disputes generally. In any event, the Board determines that under the circumstances of this case, declining to institute *inter partes* review achieves a just and appropriate result.

Therefore, based on the record before us and exercising our discretion under 35 U.S.C. §§ 314(a), 325(d) and 37 C.F.R. § 42.108(b), we decline to

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institute an *inter partes* review in the instant proceeding.

III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Petition is *denied* as to all challenged claims of the '160 patent.

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