

UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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GOOGLE LLC,  
Petitioner,

v.

UNILOC LUXEMBOURG S.A.,  
Patent Owner.

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Case IPR2017-01665  
Patent 8,566,960 B2

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Before DAVID C. McKONE, BARBARA A. PARVIS, and  
MICHELLE N. WORMMEESTER, *Administrative Patent Judges*.

McKONE, *Administrative Patent Judge*.

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

## I. INTRODUCTION

### A. *Background*

Google LLC<sup>1</sup> (“Petitioner”) filed a Petition (Paper 2, “Pet.”) to institute an *inter partes* review of claims 1–25 of U.S. Patent No. 8,566,960 B2 (Ex. 1001, “the ’960 patent”). Uniloc Luxembourg S.A. (“Patent Owner”) filed a Preliminary Response (Paper 7, “Prelim. Resp.”).

Petitioner’s challenges to the ’960 patent are nearly identical to those raised in a prior proceeding before the Board also involving the ’960 patent, IPR2017-00948 (“the ’948 proceeding”). The primary differences between the challenges raised in this proceeding and the ’948 proceeding amount to Petitioner presenting arguments in response to arguments raised by Patent Owner in its Preliminary Response in the ’948 proceeding. Petitioner also attempts to overturn our claim construction in yet another proceeding involving the ’960 patent, IPR2016–01271 (“the ’1271 proceeding”), but does not apply the prior art differently under its proposed construction. Upon consideration of the Petition and Preliminary Response in this proceeding, we decline, under 35 U.S.C. § 325(d), to institute a review of the challenged claims.

### B. *Related Matters*

The parties indicate that the ’960 patent has been asserted in several lawsuits in the United States District Court for the Eastern District of Texas.

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<sup>1</sup> Google Inc. originally was named as Petitioner. Petitioner subsequently filed updated Mandatory Notices informing the Board that Google Inc. converted from a corporation to a limited liability company and changed its name to Google LLC. Paper 6.

Pet. 2–3; Paper 5, 2. The '960 patent also was the subject of *Unified Patents Inc. v. Uniloc USA, Inc.*, Case IPR2016-01271 (PTAB) (“the '1271 proceeding”). Pet. 3. In the '1271 proceeding, we denied institution of *inter partes* review. IPR2016-01271, Paper 6 (“'1271 Dec.”). The '960 patent also is the subject of *Amazon.com, Inc. v. Uniloc Luxembourg S.A.*, Case IPR2017-00948 (PTAB) (“the '948 proceeding”). In the '948 proceeding, we instituted an *inter partes* review on grounds substantially similar to those raised in the instant Petition, as we explain in detail below. IPR2016-00948, Paper 10 (“'948 Dec.”).

*C. Evidence Relied Upon*

Petitioner relies on the following prior art:

Ex. 1004 (“DeMello”)	US 7,047,411 B1	May 16, 2006
Ex. 1005 (“Staruiala,”)	IE 02/0429	Nov. 27, 2002
Ex. 1006 (“Colosso”)	US 7,962,424 B1	June 14, 2011

Petitioner also relies on the Declaration of Anthony J. Wechselberger (Ex. 1003, “Wechselberger Decl.”).

Patent Owner relies on the Declaration of Val DiEuliis, Ph.D. (Ex. 2001, “DiEuliis Decl.”).

*D. The Asserted Grounds*

Petitioner asserts the following grounds of unpatentability (Pet. 5):

References	Basis	Claims Challenged
DeMello and Staruiala	§ 103(a)	1–25
DeMello, Staruiala, and Colosso	§ 103(a)	1–25

*E. The '960 Patent*

The '960 patent describes techniques for monitoring and adjusting software usage under software licenses. Ex. 1001, 1:16–20. The '960 patent discusses problems with existing software licensing schemes, including that “consumers of software have normal patterns of use that include the installation and use of digital products on multiple devices” and that “computers are also bought, sold and replaced so over time maybe two or three times this number of computers may be used by the user over time with a legitimate need to install and use the software on every computer.” *Id.* at 1:31–41. The '960 patent addresses these problems with “an improved technique for allowing for a changing number of device installations on a per license basis over time.” *Id.* at 1:67–2:2.

Figure 2, reproduced below, illustrates an example:

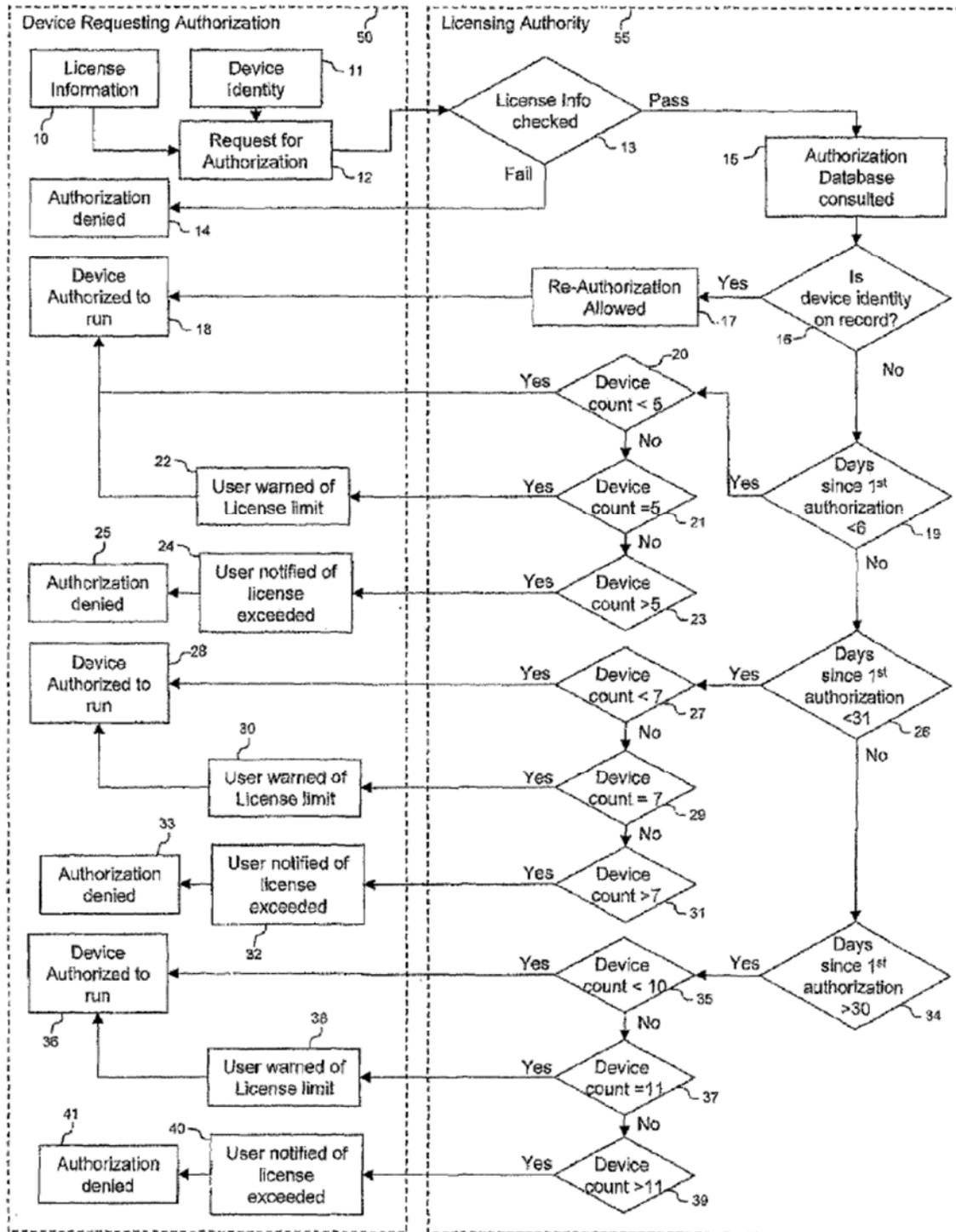


Figure 2

Figure 2 is a flowchart for an approach to adjusting a license for a digital product. *Id.* at 3:20–21. In Figure 2, device 50 requests authorization from

licensing authority 55 (e.g., a publisher or distributor) to use a copy of a software license. *Id.* at 4:50–55.

Device 50 gathers information about itself, including license related information 10 and unique device identifying information 11, and sends a request for authorization 12 to licensing authority 55. *Id.* at 4:56–59.

Licensing authority 55 checks whether the requesting device's unique identifying information 11 exists in its database of prior authorizations 15 and, if so, reauthorizes device 50 and allows the software to run on the device. *Id.* at 5:1–12 (steps 13–18).

If unique identifying information 11 is not in its database of prior authorizations 15, and if the request comes within the first five days of the licensing period, licensing authority 55 determines a device count of the number of successful authorizations for new devices that have been allowed and, if the device count is less than a device count limit of five, licensing authority 55 sends device 50 a message allowing the software to be used. *Id.* at 5:13–26 (steps 18–19). If the device count is equal to five, licensing authority 55 can send a message to device 50 allowing the device to run, but also informing the user that the limit on available devices has been reached and that subsequent requests may be denied. *Id.* at 5:26–32 (step 22). If the device count is greater than five (step 23), licensing authority 55 sends a message to device 50 denying authorization (steps 24–25). *Id.* at 5:33–40.

If request 12 comes between six and thirty-one days from the first successful authorization, licensing authority 55 performs similar tests, this time with a device count limit of seven. *Id.* at 5:41–60 (steps 19–33).

Likewise, if request 12 comes after thirty-one days, licensing authority 55

performs similar tests with a device count limit of eleven. *Id.* at 5:61–6:7 (steps 34–41).

Claim 1, reproduced below, is illustrative of the claimed subject matter:

1. A system for adjusting a license for a digital product over time, the license comprising at least one allowed copy count corresponding to a maximum number of devices authorized for use with the digital product, comprising:
  - a communication module for receiving a request for authorization to use the digital product from a given device;
  - a processor module in operative communication with the communication module;
  - a memory module in operative communication with the processor module and comprising executable code for the processor module to:
    - verify that a license data associated with the digital product is valid based at least in part on a device identity generated by sampling physical parameters of the given device;
    - in response to the device identity already being on a record, allow the digital product to be used on the given device;
    - in response to the device identity not being on the record, set the allowed copy count to a first upper limit for a first time period, the allowed copy count corresponding to a maximum number of devices authorized to use the digital product;
    - calculate a device count corresponding to total number of devices already authorized for use with the digital product; and

when the calculated device count is less than the first upper limit, allow the digital product to be used on the given device.

## II. ANALYSIS

### A. *Claim Construction*

We interpret claims of an unexpired patent using the broadest reasonable construction in light of the specification of the patent in which they appear. *See* 37 C.F.R. § 42.100(b); *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–45 (2016). In applying a broadest reasonable construction, claim terms generally are given their ordinary and customary meaning, as would be understood by one of ordinary skill in the art in the context of the entire disclosure. *See In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

#### 1. *Previous Claim Constructions*

In the '1271 proceeding and the '948 proceeding, we construed terms of the '960 patent as follows:

Term	Construction	Previous Decision
“a first time period after an initial authorization of the digital product” (claim 25)	“a time period that begins at an initial authorization of the digital product and extending for a duration thereafter”	'1271 Dec. 8–9
“physical parameters” (claims 1, 22, 25)	not necessary to construe	'1271 Dec. 9

<p>“verify[ing] that a license data associated with the digital product is valid based at least in part on a device identity generated by sampling physical parameters of the [given device/computer]” (claims 1, 22, 25)</p>	<p>can encompass checking whether unique device information is reflected in a database as authorized for a license</p>	<p>’948 Dec. 7–11</p>
<p>“set[ting] the allowed copy count to a first upper limit for a first time period” (claims 1, 22)</p>	<p>need not be read as “adjust[ing] the allowed copy count from at least one value to an upper limit”</p>	<p>’948 Dec. 12–16</p>

2. *“a first time period after an initial authorization of the digital product” (claim 25)*

In our Decision Denying Institution in IPR2016-01271, we construed this term to mean “a time period that begins at an initial authorization of the digital product and extending for a duration thereafter.” ’1271 Dec. 8–9. Petitioner argues that this construction is incorrect. Pet. 9–11. Rather, Petitioner argues, it should be construed to mean “a first time period subsequent to an initial authorization of the digital product” and should include both bounded and unbounded time periods. *Id.* at 11. Nevertheless, Petitioner does not contend that any disputed issue turns on this construction, as explained below. Thus, we need not revisit our construction for purposes of this Decision. *See Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999) (“[O]nly those terms need be construed that are in controversy, and only to the extent necessary to resolve the controversy.”).

B. Overview of the Prior Art

1. Overview of DeMello

DeMello describes a server architecture for a digital rights management system. Ex. 1004, Abstract. Figure 4, reproduced below, illustrates an example:

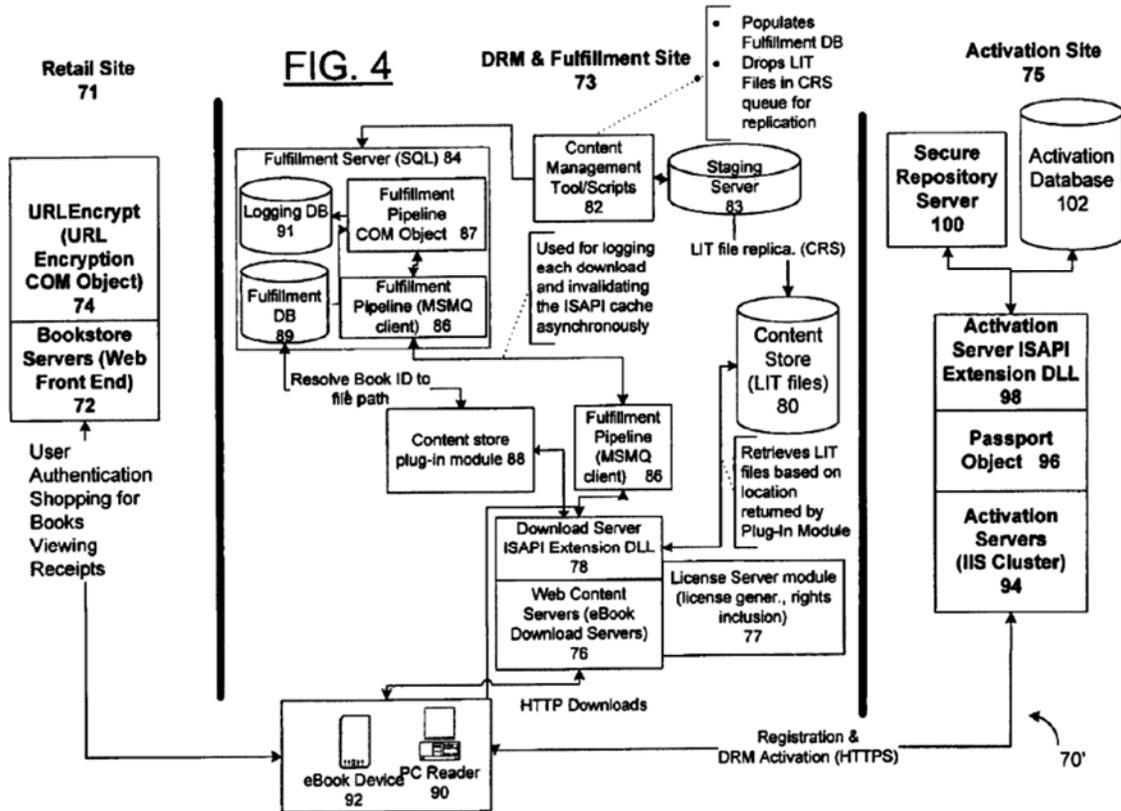


Figure 4 is a block diagram of a server architecture implementing aspects of a digital rights management system. *Id.* at 4:26–28. Bookstore servers 72 associated with retail site 71 are network servers that host a commercial website that allows users to shop for and purchase eBook titles. *Id.* at 10:66–11:8. Download server ISAPI Extension 78 and its sub-component, license server module 77, validates each download request, seals copies of eBooks, requests licenses for copies of eBooks, and returns eBook titles to end users. *Id.* at 11:26–34, 11:46–51. Activation servers 94 of activation

site 75 provide each client reader (eBook device 92 and PC Reader 90) with a secure repository and an activation certificate that associate the activated readers with an online persona, e.g., a Microsoft Passport ID. *Id.* at 13:14–29.

The process of activating a reader in Figure 4 is illustrated in Figure 8, reproduced below:

FIG. 8

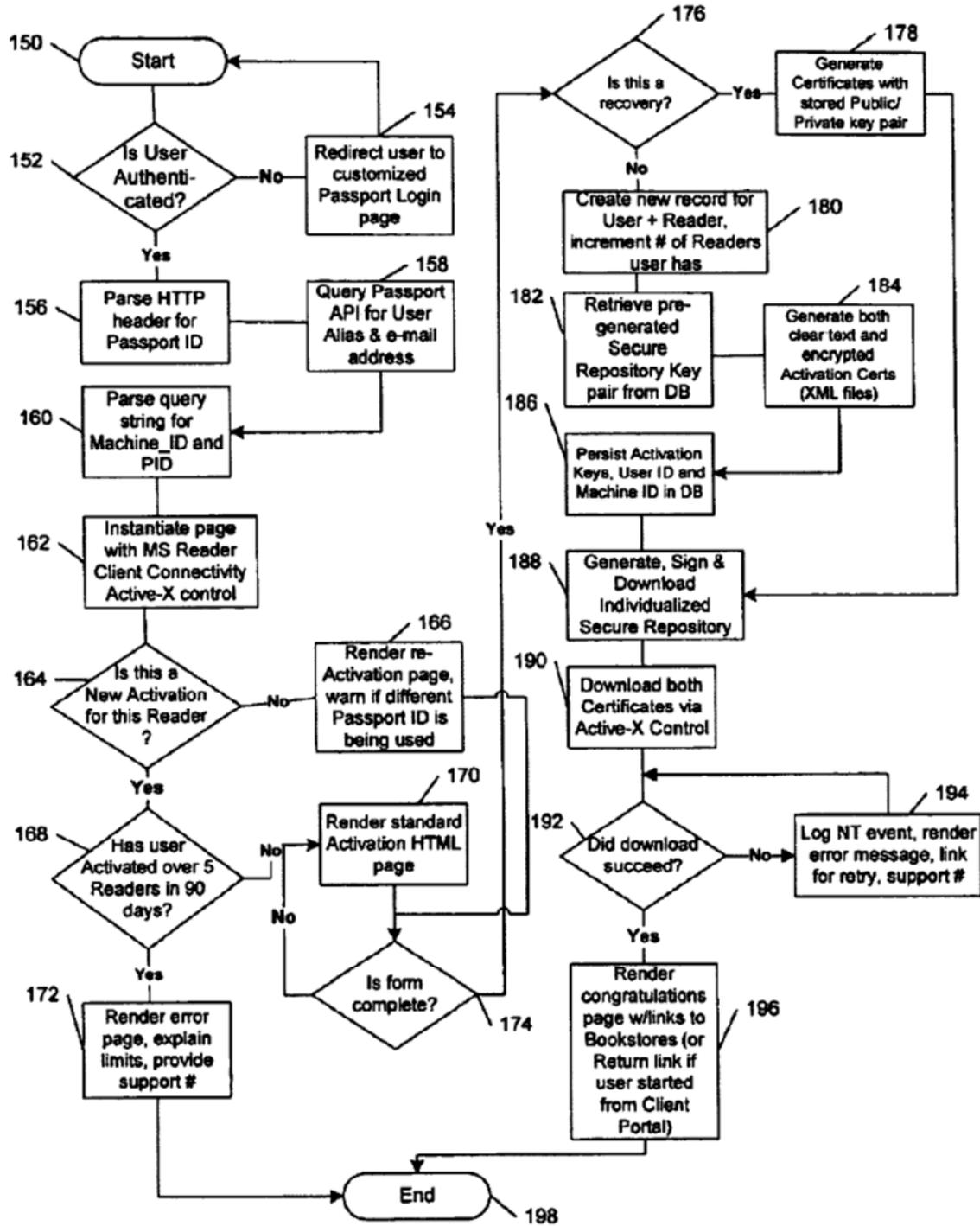


Figure 8 is a flow diagram of a client reader activation process. *Id.* at 4:39–41. To start the process, a client reader (alternately referred to as a reader

client) connects to activation servers 94, and the user of the client reader is prompted to log in using Microsoft Passport credentials. *Id.* at 22:33–37 (steps 150, 152). After the Passport credentials are authenticated, activation servers 94 upload from the client a unique hardware ID (e.g., derived from hardware components on the user’s computing device that uniquely identify the device) and determine if the client reader has been activated previously or if, instead, the user is requesting a new activation. *Id.* at 22:44–53 (steps 156–164).

DeMello describes having a limit to the number of devices activated for the most secure licenses associated with a Passport ID. In Figure 8, users are limited to five activations within 90 days of the first activation of a reader. *Id.* at 22:59–66. “The limit on activations may also allow for additional activations as time passes—e.g., one additional activation for each 90 day period after the first 90 days, up to a limit of 10 total activations.” *Id.* at 23:4–8.

In the case of a new activation, if the user already has activated the maximum number of readers, an error message is rendered. *Id.* at 22:54–58 (steps 168, 172). Otherwise, the user fills out and returns an activation form, a new record is created for the user and reader, the number of readers activated for the Passport account is incremented, a secure repository key pair is retrieved from a database, activation certificates are generated, and the activation keys, user ID, and machine ID are persisted in a database. *Id.* at 23:11–25 (steps 170, 174–186). Activation servers 94 then generate, digitally sign, and download to the client reader an individualized secure repository executable tied to the uploaded machine ID and an activation certificate tied to the user’s Passport ID. *Id.* at 23:49–56 (steps 188, 190).

The user then is informed that activation of the client reader is complete.  
*Id.* at 23:66–24:2 (step 196).

## 2. *Overview of Staruiala*

Staruiala describes a system for obtaining unique fingerprints from computer equipment. Ex. 1005, Abstract. According to Staruiala, “in the manufacturing process of any device, there are tolerable imperfections introduced. These are differences that do not compromise the functionality of the device so long as component performance lies within certain bounds.” *Id.* at 4. Staruiala explains that “[i]t is possible, in principle, to differentiate between systems through the analysis of their individual responses to identical stimuli.” *Id.* at 5. Staruiala describes various techniques for creating fingerprints based on the unique responses individual components and systems of computer hardware give to known stimuli. *Id.* at 8–11.

Staruiala also describes a “challenge-response system” in which a system sends a log-on request to another system, which responds with a token. The first system hashes a user’s password with the challenge and includes it in a response to the second system. *Id.* at 11–12. “To individualize a specific user, explicit and intrinsic private uniqueness can be combined with a user’s password or passphrase for a hash-based challenge-response or zero knowledge system. The combination of the user’s passphrase and the computer’s identification will suffice to track and identify a particular user.” *Id.* at 12. According to Staruiala, “[t]he concept can be applied to scaled down (or minimal) devices and be used in copyright protection schemes,” and “can be extended up to identify and authenticate

networks (Figure 4) of computers or to device copyright protection schemes for software.” *Id.* at 13.

### 3. *Overview of Colosso*

Colosso describes a technique for assigning temporary “overdraft” software licenses to a customer who wishes to exceed the number of licenses that it has purchased. Ex. 1006, Abstract. “In response to receiving an order (e.g., including payment for one or more software licenses), a license distribution manager allocates a specified number of software licenses for distribution to a corresponding customer’s clients that utilize the licenses to operate software associated with a corresponding vendor software application.” *Id.* This permits the license distribution manager to “allocate extra software licenses (e.g., the overdraft licenses) and distribute more software licenses than are actually purchased by a respective customer.” *Id.*

“According to one configuration, the clients 165 communicate over network 190 with license distribution manager 140 of computer system 110 to obtain a respective license (e.g., e-license) to use a respective vendor software application.” *Id.* at 8:59–62, Fig. 1.

After distributing all of the software licenses as specified by license pool A to a corresponding group of clients 165, the license distribution manager 140 can receive a request from another client for a software license to enable operation of a corresponding vendor software application. In response to receiving this additional request (e.g., the one hundred and first request), the license distribution manager 140 distributes an overdraft license to the requesting client.

*Id.* at 8:31–39. Thus, “[t]he license distribution manager can allocate one or more overdraft licenses for distribution to the customer in addition to the

specified number of software licenses associated with the order.” *Id.* at Abstract. The customer can use an overdraft license until the customer replaces it with a corresponding purchased license. *Id.* An overdraft license can be activated for a limited time. According to Colosso:

the time duration of the respective overdraft licenses can be controlled to limit a length of time that a respective overdraft license is valid for using the vendor’s software. For example, one or more of the overdraft licenses in license pool A' can be configured to expire one hundred and twenty days after a pertinent event such as first use of the overdraft license, distribution of the overdraft license, date of the purchase order, etc.

*Id.* at 10:28–35.

### *C. The '948 Proceeding*

The petitioners in the '948 proceeding (for convenience, we refer to them collectively as “Amazon”) raised three challenges to the claims of the '960 patent. Specifically, Amazon challenged claims 1–5, 7–10, 12–14, 16–18, and 22–25 as anticipated by DeMello, claims 6, 7, 11, 12, 15, and 16 as obvious over DeMello and, in the alternative, claims 1–25 as obvious over DeMello and Staruiala. '948 Dec. 3. We instituted a trial on each of these grounds, except that we did not institute as to claims 7, 12, and 16 as obvious over DeMello. *Id.* at 34.

Focusing specifically on Amazon’s third ground, obviousness over DeMello and Staruiala, Amazon cited DeMello for the majority of the claim limitations and cited Staruiala as an alternative, should we find that DeMello, by itself, does not teach “verify that a license data associated with the digital product is valid based at least in part on a device identity

generated by sampling physical parameters of the given device,” as recited in claim 1 (and similarly recited in claims 22 and 25). *Id.* at 31. Amazon also cited Staruiala for the limitations of dependent claims 19, 20, and 21, which it did not contend are taught in DeMello. *Id.* at 32–33. We preliminarily determined that Amazon had shown reasons, with rational underpinning, to combine the teachings of DeMello and Staruiala. *Id.* at 32.

As to the disclosure of DeMello, Patent Owner argued that DeMello did not disclose executable code for a processor module to “verify that a license data associated with the digital product is valid based at least in part on a device identity generated by sampling physical parameters of the given device,” as recited in claim 1 (and similarly recited in claims 22 and 25). *Id.* at 24–25. Patent Owner contended that Amazon’s application of DeMello improperly read claim 1’s “verify” and two “in response to” limitations as part of the same test. *Id.* We rejected this argument based, in part, on our preliminary construction of this claim term. *Id.* at 7–11, 24–25.

Patent Owner also argued that DeMello does not disclose executable code for a processor module to, “in response to the device identity not being on the record, set the allowed copy count to a first upper limit for a first time period,” as recited in claim 1 (and similarly recited in claim 22). *Id.* at 25. Patent Owner contended that this claim language requires adjusting an allowed copy count from at least one value to an upper limit and that this is not shown in DeMello. *Id.* We rejected this argument based on our preliminary construction of this term. *Id.* at 12–16, 25–26.

*D. 35 U.S.C. § 325(d)*

Institution of an *inter partes* review is discretionary. *See Harmonic Inc. v. Avid Tech., Inc.*, 815 F.3d 1356, 1367 (Fed. Cir. 2016) (explaining that under § 314(a), “the PTO is permitted, but never compelled, to institute an IPR proceeding”); 37 C.F.R. § 42.108(a), (b) (“the Board may authorize the review to proceed” or “deny some or all grounds for unpatentability for some or all of the challenged claims”). Guiding our exercise of discretion in this case is 35 U.S.C. § 325(d), which provides that, “[i]n 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.”

A panel of the Board has summarized the considerations we undertake in deciding how to exercise our discretion under § 325(d):

Our discretion under § 325(d) involves a balance between several competing interests. *See Neil Ziegman, N.P.Z., Inc. v. Stephens*, Case IPR2015-01860, slip op. at 12–13 (PTAB Feb. 24, 2016) (Paper 11) (“While petitioners may have sound reasons for raising art or arguments similar to those previously considered by the Office, the Board weighs petitioners’ desires to be heard against the interests of patent owners, who seek to avoid harassment and enjoy quiet title to their rights.”) (citing H. Rep. No. 112-98, pt. 1, at 48 (2011)). “On the one hand, there are the interests in conserving the resources of the Office and granting patent owners repose on issues and prior art that have been considered previously.” *Fox Factory, Inc. v. SRAM, LLC*, Case IPR2016-01876, slip op. 7 (PTAB Apr. 3, 2017) (Paper 8). “On the other hand, there are the interests of giving petitioners the opportunity to be heard and correcting any errors by the Office in allowing a patent—in the case of an *inter partes* review—over prior art patents and printed publications.” *Id.*

*Hospira, Inc. v. Genentech, Inc.*, Case IPR2017-00739 (PTAB July 27, 2017) (Paper 16), slip op. 18 (informative).

*1. Petitioner’s Challenge Based on DeMello and Staruiala*

Petitioner contends that claims 1–25 of the ’960 patent would have been obvious over DeMello and Staruiala. Pet. 18–63. This is the same combination of prior art raised by Amazon in the ’948 proceeding. See IPR2017-00948, Paper 1 (“’948 Pet.”), 33–61, 63–73.<sup>2</sup>

Patent Owner contends that “Petitioner’s arguments here regarding DeMello and Staruiala (Ground 1) are identical to those presented in IPR2017-00948 and should therefore be denied as duplicative under 35 U.S.C. § 325(d).” Prelim. Resp. 3. According to Patent Owner,

both [the ’948 and instant] petitions rely on DeMello as the primary reference. Both petitions also only rely on Staruiala only for (1) the requirement in independent claims 1, 22, and 25 that the “device identity” must be “generated by sampling physical parameters of the given device”; and (2) the related limitations regarding “sampling physical parameters of the given device” in dependent claims 19–21.

Prelim. Resp. 3–4. Patent Owner argues that “while reliance on either the same prior art *or* the same [] arguments is sufficient to invoke § 325(d), Ground 1 (the combination of DeMello and Staruiala) here relies on both the same prior art *and* virtually the same arguments.” *Id.* at 4.

We have compared Petitioner’s arguments and evidence to those of Amazon and agree with Patent Owner that they are materially the same with

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<sup>2</sup> These citations include Amazon’s anticipation analysis, which Amazon incorporates into its obviousness analysis. ’948 Pet. 57.

the following exceptions. First, for the limitation “in response to the device identity not being on the record, set the allowed copy count to a first upper limit for a first time period, the allowed copy count corresponding to a maximum number of devices authorized to use the digital product,” as recited in claim 1, Petitioner argues that:

In related IPR2017-00948, Patent Owner asserts that the preamble’s use of “adjusting” requires “set[ting] the allowed copy count” from a preexisting nonzero value to a “first upper limit” that is different from the non-zero value. GOOGLE1008 [’948 proceeding, Paper 9 (Prelim. Resp.)]-12. While Petitioner disagrees with this position, as explained at element 1.0 *supra*, DeMello teaches such an adjustment. Specifically, DeMello’s setting of the activation limit to a higher value to permit the user to “add one more” device constitutes an adjustment of its activation limit, *e.g.*, from a maximum of five activations to six. GOOGLE1003 [Wechselberger Decl.]-¶ 98.

Pet. 35. Petitioner then makes additional arguments that, to the extent that we do not find that DeMello expressly discloses setting its activation limit in response to the device hardware ID not being of record, it would have been obvious to try, or rearrange steps, to achieve such a system. *Id.* at 35–36.

Second, for the limitation,

code for causing a computer to, in response to the device identity not being on the record, set the allowed copy count to a first upper limit for a first time period after an initial authorization of the digital product, the allowed copy count corresponding to a maximum number of devices authorized to use the digital product,

as recited in claim 25, Petitioner argues:

Additionally, in IPR2017-00948, Patent Owner asserts that this claim element, despite its similarities to element 1.5,<sup>[3]</sup> is distinct in that it is directed to an *initial setting* of an allowed copy count, *rather than an adjustment* of an allowed copy count that occurs after being previously set to an initial non-zero value. GOOGLE1008 [’948 proceeding, Paper 9 (Prelim. Resp.)]-6. DeMello discloses this feature under the Board’s prior claim construction and Patent Owner’s alleged interpretation. GOOGLE1003 [Wechselberger Decl.] - ¶ 176.

Pet. 59–60. Petitioner then presents its reasons supporting this contention, *id.* at 60–61, and an alternative contention that this limitation would have been obvious over DeMello, *id.* at 61–62.

Patent Owner argues that the burden of defending against a subsequent case based on the same art “would be substantial in having to *twice* overcome, in *two* separate trials involving separate discovery and potentially even a separate panel, what Petitioner admits is the *same* arguments concerning the *same* combination of references.” Prelim. Resp. 6. We agree. In our precedential decision *General Plastic Industrial Co., Ltd. v. Canon Kabushiki Kaisha*, Case IPR2016-01357 (PTAB Sept. 6, 2017) (Paper 19), the Board outlined factors to be considered in exercising our discretion to institute under 35 U.S.C. § 314(a). One such factor is “whether at the time of filing of the second petition the petitioner already received the patent owner’s preliminary response to the first petition or received the Board’s decision on whether to institute review in the first petition.” *General Plastic*, slip op. at 9.

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<sup>3</sup> Petitioner refers to “in response to the device identity already being on a record, allow the digital product to be used on the given device,” as recited in claim 1, as element 1.5. Pet. 32.

Although *General Plastic* discussed § 314(a) rather than § 325(d), *General Plastic*'s reasoning on this factor in particular guides how we view “shifts in the prior art asserted and the related arguments in follow-on petitions” as it relates to the burden on a Patent Owner. *Id.* at 17. In particular,

Multiple, staggered petitions challenging the same patent and same claims raise the potential for abuse. The absence of any restrictions on follow-on petitions would allow petitioners the opportunity to strategically stage their prior art and arguments in multiple petitions, using our decisions as a roadmap, until a ground is found that results in the grant of review. All other factors aside, this is unfair to patent owners and is an inefficient use of the *inter partes* review process and other post-grant review processes.

*Id.* at 17–18 (footnote omitted).

The reasoning in *General Plastic* is pertinent here. Petitioner waited until after Patent Owner filed its Preliminary Response in the '948 proceeding to file its Petition challenging the '960 patent based on the same prior art and substantially the same arguments. In the process, Petitioner took the opportunity to attempt to correct deficiencies alleged by Patent Owner in Amazon's petition. This is precisely the type of roadmapping *General Plastic* counsels against. If we were to institute on this ground, Patent Owner would be forced to defend its patent in an iterative fashion against challenges based on the same prior art and substantially the same arguments, with the aforementioned roadmapping. As *General Plastic* explains, this has the potential to be unfair and inefficient.

Petitioner argues that this ground is not redundant to Amazon's ground because, as noted above, Petitioner challenges our construction of “a first time period after an initial authorization of the digital product,” as

recited in claim 25. Pet. 13. Petitioner contends that the alleged narrowness of our construction “is addressed by Petitioner here with additional arguments regarding the disclosures of DeMello.” *Id.* at 14. In comparing DeMello to this claim limitation, however, Petitioner performs its analysis almost entirely under our preliminary construction from the ’1271 proceeding. Pet. 59–60 (“DeMello discloses this feature under the Board’s prior claim construction and Patent Owner’s alleged interpretation.”). Petitioner’s only discussion of its proposed broader construction is its argument that “because DeMello teaches or renders obvious this feature of claim 25 under the narrower construction of ‘a first period after an initial authorization’ promulgated by the Board in IPR2016-01271, DeMello also meets this limitation under a broader construction, or under its plain and ordinary meaning.” *Id.* at 62. This does not amount to prior art or argument that is substantially different from that presented in the ’948 proceeding such that Patent Owner should be subjected to serial challenges to its patent. Rather, it appears that Petitioner’s primary reason for filing its Petition is to address arguments raised by Patent Owner in its earlier ’948 proceeding Preliminary Response, which, we explain above, weighs against institution.

On this record, we conclude that the Petition presents “the same or substantially the same prior art or arguments [that] previously were presented to the Office” by Amazon in the ’948 proceeding. 35 U.S.C. § 325(d). We have considered Petitioner’s reasons for doing so and find them unpersuasive. Accordingly, we exercise our discretion and deny the Petition as to claims 1–25 as obvious over DeMello and Staruiala.

2. *Petitioner's Challenge Based on DeMello, Staruiala, and Colosso*

According to Petitioner, “Ground 2 relies on Colosso’s disclosure of an existing pool of purchased licenses that can be supplemented with a pool of overdraft licenses.” Pet. 12. Petitioner contends that “DeMello . . . imposes a specific activation limit and waiting period, where additional activations cannot occur prior to the expiration of that period.” *Id.* at 63. Petitioner would add Colosso’s overdraft licenses to DeMello’s technique. *Id.* at 65–66. Petitioner argues that a skilled artisan “would further understand that Colosso’s system improves upon DeMello’s system by allowing distribution of additional licenses outside the rigid confines of DeMello’s waiting period.” *Id.* at 65.

In this ground, Petitioner states that it relies on “the same combination of references [DeMello and Staruiala] for all but one feature in each of independent claims 1, 22, and 25.” *Id.* at 12–13. Petitioner argues that its analysis and citations to DeMello and Staruiala “apply equally to Ground 2” and that “Ground 2 supplements with additional guidance from Colosso regarding certain content distribution aspects of claim elements 1.0<sup>[4]</sup>, 1.6<sup>[5]</sup>,

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<sup>4</sup> Preamble of claim 1

<sup>5</sup> “in response to the device identity not being on the record, set the allowed copy count to a first upper limit for a first time period, the allowed copy count corresponding to a maximum number of devices authorized to use the digital product”

2.0<sup>[6]</sup>, 5.0<sup>[7]</sup>, 22.4<sup>[8]</sup>, and 25.4<sup>[9]</sup>.” *Id.* at 68. Specifically, as to claim element 1.6, Petitioner argues that, in the combination with Colosso, “[t]he total number of licenses (e.g. the quantity of purchased licenses plus the available overdraft licenses), corresponds to the maximum number of devices authorized to use the software application” and, thus, the combination teaches the “allowed copy count” of claim element 1.6. *Id.* at 71, 73 (“Thus, a POSITA would have recognized that the creation of pool A' sets the total number of licenses available, and teaches setting the maximum number of devices [allowed copy count] to the new total number of licenses available [first upper limit] in response to a new client device seeking a license.” (brackets in original)). Petitioner further contends that “Colosso’s description of the expiration period of the overdraft licenses discloses a first time period for the first upper limit.” *Id.* at 73.

Patent Owner argues that we should exercise our discretion under § 325(d) because Petitioner’s second ground “presents the same arguments again while citing an additional third reference (Colosso) only for a handful

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<sup>6</sup> Claim 2

<sup>7</sup> Claim 5

<sup>8</sup> “in response to the device identity not being on the record, setting the allowed copy count to a first upper limit for a first time period, the allowed copy count corresponding to a maximum number of devices authorized to use the digital product”

<sup>9</sup> “code for causing a computer to, in response to the device identity not being on the record, set the allowed copy count to a first upper limit for a first time period after an initial authorization of the digital product, the allowed copy count corresponding to a maximum number of devices authorized to use the digital product”

of limitations.” Prelim. Resp. 4–5. Thus, Patent Owner argues, Petitioner’s second ground is redundant to Petitioner’s first ground. *Id.*

Petitioner argues that its second ground is not cumulative or redundant to its first ground relying on DeMello and Staruiala. According to Petitioner, “DeMello is especially relevant if the Board determines that the ’960 Patent claims are directed to implementations in which an allowed copy count is periodically increased to allow for the natural addition of user devices over time,” while “Colosso applies more directly if the Board determines that ’960 Patent claims are directed to implementations in which an allowed copy count is supplemented with additional temporary licenses under certain circumstances.” Pet. 13. Petitioner contends that “it is unclear whether the Board will interpret the ’960 Patent claims to address one or both implementations.” *Id.* Petitioner does not take a position as to which of these interpretations is correct.

Patent Owner contends that, here, Petitioner justifies its addition of Ground 2 based on how we might interpret unidentified limitations of unidentified claims. Prelim. Resp. 6. Patent Owner argues that Petitioner does not explain how these two implementations are mutually exclusive. *Id.* We agree with Patent Owner. Petitioner does not propose the construction of any claim term that would implicate its distinction between an allowed copy count that is periodically increased and one that is supplemented with temporary licenses. Nor does Patent Owner. If Petitioner believes that the construction of a claim term has a bearing on its case, it has an obligation to raise the issue. *See* 37 C.F.R. § 42.104(b)(3)–(4).

Patent Owner characterizes Petitioner’s argument that Colosso provides “additional guidance” (Pet. 68) as an “ambiguous excuse” and an

admission that Ground 2 is redundant to Ground 1. Prelim. Resp. 7. We agree. Petitioner does not contend that the combination of DeMello and Staruiala lack any aspect of the challenged claims under any claim interpretation. Rather, Petitioner simply adds a feature of Colosso to the existing combination of DeMello and Staruiala and argues that the added feature also teaches limitations of the claims. We agree with Patent Owner (Prelim. Resp. 6) that Petitioner's position boils down to an argument that "both grounds should be instituted because the cited references are not identical to one another." This is not a persuasive reason for subjecting Patent Owner to a second attack based on substantially the same prior art.

As it does for its ground relying on DeMello and Staruiala, Petitioner argues that its second ground is not redundant to the grounds raised in the '948 proceeding because Petitioner is challenging our preliminary construction in the '1271 proceeding of "a first time period after an initial authorization of the digital product," recited in claim 25. Pet. 13. Petitioner argues that the allegedly narrow construction of this term "is addressed by Petitioner here with . . . additional disclosure from Colosso." *Id.* at 14. However, as discussed above, Petitioner contends that DeMello and Staruiala teach this limitation, under its proposed construction, regardless of whether Colosso's teachings are added. Petitioner's position on Colosso is that, "[t]o the extent Colosso teaches or renders obvious this feature of claim 25 under the Board's narrower construction of 'a first period after an initial authorization' in IPR2016-01271, Colosso also meets this limitation under a broader construction, or under plain and ordinary meaning." *Id.* at 79. Petitioner does not meaningfully argue that acceptance of its claim

construction position would affect the outcome of this case. Thus, Petitioner's argument is not persuasive.

In sum, Petitioner's addition of Colosso does not address a claim construction dispute or identify a potential deficiency with the combination of DeMello and Staruiala. Colosso's teachings are simply added to those of DeMello and Staruiala to arrive at a combination that is, as a matter of technicality, different from DeMello and Staruiala alone. We conclude that this is not a meaningful distinction and that Petitioner's second ground raises "the same or substantially the same prior art or arguments [that] previously were presented to the Office" in the '948 proceeding. *See* 35 U.S.C. § 325(d). Petitioner's arguments do not present a persuasive case for subjecting Patent Owner to a serial attack based on substantially the same art and arguments or for expending Board resources to that end. Accordingly, we exercise our discretion and deny the Petition as to claims 1–25 as obvious over DeMello, Staruiala, and Colosso.

*E. Joinder*

35 U.S.C. § 315(c) provides:

If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.

As to joinder, our rules provide:

Joinder may be requested by a patent owner or petitioner. Any request for joinder must be filed, as a motion under § 42.22, no later than one month after the institution date of any *inter partes*

review for which joinder is requested. The time period set forth in § 42.101(b) shall not apply when the petition is accompanied by a request for joinder.

37 C.F.R. § 42.122(b).

Neither party filed a request for joinder with the '948 proceeding. The Petition states that, “[t]o the extent the Board determines to institute on both pending petitions and believes efficiencies would be served by harmonizing the schedules of the respective proceedings, Petitioner here is willing to work with the Patent Owner and Board to achieve those efficiencies.” Pet. 14. Nevertheless, Petitioner did not file a paper making any specific request. For its part, Patent Owner “does not consent to Petitioner’s tacit suggestion that the regulations governing joinder can be ignored here and that this matter could somehow be joined together with IPR2017-00948.” Prelim. Resp. 6 n.6.

Although no party made a joinder request, we have discretion in how we manage multiple pending cases challenging the same patent. “Where another matter involving the patent is before the Office, the Board may during the pendency of the *inter partes* review enter any appropriate order regarding the additional matter including providing for the stay, transfer, consolidation, or termination of any such matter.” 37 C.F.R. § 42.122 (a); *see also* 35 U.S.C. § 325(d) (“[I]f 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.”). To that end, we directed the parties in this proceeding and the '948 proceeding to meet and confer to discuss whether joinder with the '948 proceeding would be appropriate and, if so, under what

terms. Paper 8, 3–4. We made clear that the parties should consider this as a possible compromise to protect Patent Owner from serial challenges based on the same prior art, on one hand, and to protect Petitioner from the possibility that Amazon settles, leaving no petitioner to challenge the '960 patent based on the prior art raised by Amazon, on the other hand. *Id.* The parties were unable to reach agreement and convened a teleconference with the panel, the transcript of which is filed as Exhibit 1016.

Patent Owner indicated that it would agree to joinder only in the event that the joined proceeding is limited to the challenges raised by Amazon, on the current schedule of that proceeding, and that Petitioner takes an “understudy” role with limited participation. Ex. 1016, 26:5–11, 28:13–29:13, 35:2–12. If we were to institute on the Petition in the instant case, including Petitioner’s new arguments, Patent Owner would prefer that we do not join it to the '948 proceeding and, instead, set a separate schedule. *Id.* at 32:4–10, 35:13–36:14. Petitioner argued that joinder would only be appropriate if Petitioner’s additional arguments are added to the joined proceeding and the schedule of that proceeding, including the oral argument date and final written decision due date, is extended. *Id.* at 19:17–20:12, 22:9–23:4. Petitioner opposed any joinder that would exclude its new arguments and limit it to an understudy role. *Id.* at 37:9–20, 40:10–41:19. To be clear, Petitioner opposed such joinder even if the result would be that it could not pursue the challenges raised by Amazon in the event Amazon settles. *Id.* at 41:3–19.

For the reasons given above, institution of a trial based on the Petition is inappropriate because Petitioner’s challenges are substantially the same as those raised by Amazon in the '948 proceeding. The differences amount, at

most, to attempts by Petitioner to respond to the arguments in Patent Owner's preliminary response in the '948 proceeding. If we were to join this proceeding to the '948 proceeding under the terms to which Petitioner would agree, the impact would be that Patent Owner would be forced to respond to serial challenges to the same patent based on the same prior art with the second petitioner having the benefit of seeing Patent Owner's arguments in advance. Joinder under Petitioner's proposed terms is inappropriate for the same reasons given above for denying institution based on § 325(d).

As neither party has filed a request to join this proceeding to the '948 proceeding under the terms to which Patent Owner would agree and, indeed, Petitioner expressly opposes joinder on those terms, we decline to exercise our discretion to join this proceeding to the '948 proceeding.

### III. CONCLUSION

We exercise our discretion and deny the Petition as to claims 1–25 as obvious over DeMello and Staruiala and as obvious over DeMello, Staruiala, and Colosso.

### IV. ORDER

For the reasons given, it is:

ORDERED that, pursuant to 35 U.S.C. § 314(a), an *inter partes* review is not instituted for claims 1–25 of U.S. Patent No. 8,566,960 B2.

IPR2017-01665  
Patent 8,566,960 B2

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