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Paper 27
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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

FACEBOOK, INC. and INSTAGRAM LLC,
Petitioner,

v.

SKKY, LLC,
Patent Owner.

Case IPR2017-00097
Patent 8,892,465 B2

Before JUSTIN T. ARBES, CARL M. DEFRANCO, and ROBERT J. WEINSCHENK, *Administrative Patent Judges.*

DEFRANCO, *Administrative Patent Judge.*

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

I. INTRODUCTION

Skky, LLC is the owner of U.S. Patent No. 8,892,465 B2 ("the '465 patent"). Facebook, Inc. and Instagram LLC (collectively "Facebook") filed a Petition under 35 U.S.C. § 311(a), requesting *inter partes* review of claims 1, 4–6, 8, and 9 of the '465 patent. Paper 2 ("Pet."). In a preliminary proceeding, we instituted *inter partes* review of all the challenged claims pursuant to 35 U.S.C. § 314(a). Paper 7 ("Inst. Dec.").

After institution, Skky filed a Patent Owner Response (Paper 17, "PO Resp."), and Facebook followed with a Reply (Paper 18, "Pet. Reply"). Facebook also filed a Motion to Exclude (Paper 22, "Mot.") certain exhibits submitted by Skky, to which Skky filed an Opposition (Paper 23) and Facebook filed a Reply (Paper 25). A combined oral hearing with Cases IPR2017-00088, IPR2017-00089, and IPR2017-00092 was held on January 11, 2018, and a transcript of the hearing is in the record (Paper 26, "Tr.").

We have jurisdiction under 35 U.S.C. § 6, and we issue this Final Written Decision pursuant to 35 U.S.C. § 318(a). For the reasons that follow, we determine that Facebook has shown by a preponderance of the evidence that claims 1, 4–6, 8, and 9 of the '465 patent are unpatentable.

II. BACKGROUND

A. Related Cases

The '465 patent is the subject of an infringement action in *Skky, LLC v. Facebook, Inc.*, No. 16-cv-00094 (D. Minn.), filed January 15, 2016. Also related to this proceeding are the following *inter partes* review ("IPR") proceedings involving the same parties and several related patents:

Case	Related U.S. Patent
IPR2017-00088	U.S. Patent No. 9,124,718 B2
IPR2017-00089	U.S. Patent No. 9,118,693 B2

IPR2017-00092	U.S. Patent No. 9,124,717 B2

Pet. 1–2; Paper 4, 2.

Also noteworthy is an earlier proceeding, IPR2014-01236 ("the 1236 IPR"), which involved U.S. Patent No. 7,548,875 B2, a parent of the '717 patent, and resulted in a final written decision holding certain claims unpatentable.[1] There are also IPR proceedings pending before the Board, but with a different panel, involving other related patents on which trial was instituted:

Case	Related U.S. Patent
IPR2017-00550	U.S. Patent No. 9,037,502 B2
IPR2017-00602	U.S. Patent No. 9,219,810 B2
IPR2017-00685	U.S. Patent No. 9,203,870 B2
IPR2017-00687	U.S. Patent No. 9,215,310 B2

Finally, the following covered business method ("CBM") proceedings involving some of these same patents, and yet another related patent, resulted in denials of review:

Case	Related U.S. Patent
CBM2016-00091	U.S. Patent No. 9,037,502
CBM2017-00002	U.S. Patent No. 9,203,870
CBM2017-00003	U.S. Patent No. 9,219,810
CBM2017-00006	U.S. Patent No. 9,215,310
CBM2017-00007	U.S. Patent No. 9,203,956

B. The '465 Patent

The '465 patent discloses a system of "delivering an audio and/or visual media file," such as a song or film, "over the air wirelessly, from one or more servers to an electronic device." Ex. 1001, Abstract. The server is

[1] The Board's final decision in the 1236 IPR was subsequently affirmed by the U.S. Court of Appeals for the Federal Circuit in *Skky, Inc. v. MindGeek, s.a.r.l.*, 859 F.3d 1014 (Fed. Cir. 2017).

"accessible by way of a specialized website for viewing, selecting, sampling and downloading selected files or portions thereof or directly accessible without going through a website." *Id.* at 5:3–8. The electronic device is described in terms of a "cell phone or other hand held device," which through "a communication network can access the server either directly or through the website." *Id.* at 5:8–11. The audio and/or visual files are delivered to the cell phone in "compressed format" for "playback . . . on demand by a user." *Id.*, Abstract. The compressed files are transmitted using orthogonal frequency division multiplexing (OFDM) modulation. *Id.* at 16:65–17:8. The cell phone may include a digital signal processor (DSP), which "executes the device firmware, provides control for all other blocks and performs . . . computational tasks," including "reception of packed sound clips through the phone analogue or digital interface, [and] unpacking and then playing back sound clips through a built-in speaker." *Id.* at 14:55–15:5, Fig. 3. The DSP also "demodulate[s]" sound clips to be "written into the flash memory [] of the device." *Id.* at 18:47–53.

C. The Challenged Claims

Of the six challenged claims, two are independent—claims 1 and 9. Both claims are directed to a system for communicating digital media to a "wireless electronic device" (claim 1) or "wireless telephone" (claim 9). Claim 1 is illustrative:

> 1. A digital media communication system, the system comprising:
>
> a server operably coupled to a database, the database including a plurality of digital media files, said server including a server digital signal processor and memory,

wherein the server digital signal processor is configured to,

receive a non-optimized digital media file,

optionally store the non-optimized digital media file in the database,

optimize the non-optimized digital media file according to an optimization scheme,

store the optimized digital media file in the database,

receive a request for the digital media file, and

cause a transmission of the requested optimized digital media file by synchronized orthogonal frequency-division multiplex modulation to a wireless electronic device, said device including a device digital signal processor configured to receive and process the optimized digital media file sent by synchronized orthogonal frequency-division multiplex modulation.

Ex. 1001, 33:5–24

D. The Instituted Grounds

We instituted *inter partes* review of all the challenged claims on three grounds of obviousness under 35 U.S.C. § 103(a): *first*, that claims 1 and 8 would have been obvious over the combination of Rolf,[2] Frantz,[3] Gilbert,[4] Frodigh,[5] and Schmidl[6]; *second*, that claims 4–6 would have been obvious

[2] U.S. Patent No. 7,065,342 B1, iss. June 20, 2006 (Ex. 1003, "Rolf").
[3] Gene Frantz, *Digital Signal Processor Trends*, 20:6 IEEE MICRO: CHIPS, SYSTEMS, SOFTWARE, AND APPLICATIONS 52–59 (Nov/Dec. 2000) (Ex. 1014, "Frantz").
[4] U.S. Patent No. 6,560,577 B1, iss. May 6, 2003 (Ex. 1059, "Gilbert").
[5] U.S. Patent No. 5,726,978, iss. Mar. 10, 1998 (Ex. 1006, "Frodigh").
[6] U.S. Patent No. 5,732,113, iss. Mar. 24, 1998 (Ex. 1016, "Schmidl").

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