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## FACSIMILE TRANSMITTAL SHEET

**Deliver To:** Eliot Bernstein

**Company:** Iviewit.com, Inc.

**Telephone:** 310-265-1730 (1)

**From:** Thomas M. Coester, Esq.

**Date:** August 1, 2001

**Time:** 6:43 PM

**Number of Pages:** \_\_\_\_\_ **(Including Cover Sheet)**

**Operator:** Jan Gass

**Our Reference:** 005707

|                 |  |
|-----------------|--|
| <b>SUBJECT:</b> | <b>Opinion Letter Regarding Patentability of Six (6) PCT Patent Applications</b> |
| <b>REMARKS:</b> | Being telecopied herewith the subject Opinion Letter.                            |
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August 1, 2001

**ATTORNEY-CLIENT PRIVILEGED**  
**CONFIDENTIAL COMMUNICATION**

Eliot Bernstein  
Iviewit.com, Inc.  
505 North Brand Boulevard, Suite 1420  
Glendale, California 91203

**VIA FACSIMILE**  
(And Confirmation By Mail)

Re: Patentability Review of Six (6) PCT Applications:

|  |  |
|--|--|
| <b>Apparatus and Method for Producing Enhanced Digital Images</b><br>Serial No. PCT/US00/07772<br>Our File No. 005707.P009PCT<br>Foley's Reference No. 110     | <b>System and Method for Playing a Digital Video File</b><br>Serial No. PCT/US00/15406<br>Our File No. 005707.P012PCT<br>Foley's Reference No. 113             |
| <b>System and Method for Streaming an Enhanced Digital Video File</b><br>Serial No. PCT/US00/15408<br>Our File No. 005707.P010PCT<br>Foley's Reference No. 111 | <b>System and Method for Video Playback Over a Network</b><br>Serial No. PCT/US00/15602<br>Our File No. 005707.P016PCT<br>Foley's Reference No. 118            |
| <b>System and Method for Providing an Enhanced Digital Video File</b><br>Serial No. PCT/US00/15405<br>Our File No. 005707.P011PCT<br>Foley's Reference No. 112 | <b>System and Method for Providing an Enhanced Digital Image File</b><br>Serial No. PCT/US00/21211<br>Our File No. 005707.P018PCT<br>Foley's Reference No. 120 |

Dear Eliot:

Pursuant to your request, we have reviewed the inventions disclosed and claimed in the above-referenced patent applications filed under the Patent Cooperation Treaty ("PCT") in view of the prior art cited by the "Searching Authorities" designated therein, in order to render an opinion as to the patentability of such inventions.

### **SUMMARY OF OPINION**

Based upon our review of the available prior art, and our understanding of the several inventions disclosed in the subject applications, we have concluded that there appears to be patentable subject matter disclosed in four (4) of the six (6) applications;

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whereas, two (2) of the applications do not disclose inventions which can be distinguished over the prior art cited, as summarized below.

The four (4) cases with respect to which we find patentable subject matter are:

| APPLICATION TITLE  | SERIAL NO.     | OUR REF. NO. | FOLEY'S REF. NO. |
|--|----------------|--------------|------------------|
| Apparatus and Method for Producing Enhanced Digital Images     | PCT/US00/07772 | P009PCT      | 110              |
| System and Method for Streaming an Enhanced Digital Video File | PCT/US00/15408 | P010PCT      | 111              |
| System and Method for Providing an Enhanced Digital Video File | PCT/US00/15405 | P011PCT      | 112              |
| System and Method for Providing an Enhanced Digital Image File | PCT/US00/21211 | P018PCT      | 120              |

What we mean by patentable subject matter is that inventions are disclosed and described in such applications which are arguably distinguishable over the prior art. Thus, when Iviewit enters the National Phase of the PCT process and prosecution of the national applications is undertaken before the Patent Offices in the countries selected,<sup>1</sup> we believe that there is a reasonable prospect of convincing the Patent Examiners in those countries to allow claims and, accordingly, to grant patents. The breadth of any such patents would depend on many factors including, without limitation, the possible citation of additional prior art references uncovered by searches in the countries where prosecution is undertaken. Suffice to say that the narrower the scope of the claims prosecuted, the greater the chances for the grant of a patent.

<sup>1</sup> The European Patent Office ("EPO") can be chosen like any member country of the Patent Cooperation Treaty. Of course, if an EPO patent is granted, it covers multiple European countries.

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Naturally, there can be no guarantee as to the outcome of the prosecution of any of the above-noted application in the National Phase. As indicated above, additional prior art might well be found and cited that is presently not known to us. This possibility is the most significant variable among other variables in the patent process.

The two (2) applications that we believe are so lacking in novel and inventive content as to not warrant the expenditure of limited resources to enter the National Phase are:

| APPLICATION TITLE                                   | SERIAL NO.     | OUR REF. NO. | FOLEY'S REF. NO. |
|---|----------------|--------------|------------------|
| System and Method for Video Playback Over a Network | PCT/US00/15602 | P016PCT      | 118              |
| System and Method for Playing a Digital Video File  | PCT/US00/15406 | P012PCT      | 113              |

**DISCUSSION****PCT/US00/07772 - 005707.P009PCT**

In this case, the U.S. Searching Authority was designated. It issued a Written Opinion indicating that all pending claims lack both novelty and inventive step in view of U.S. Patent No. 5,469,536 issued to Blank. In this case, we agree with the Examiner that the claims, as written, are overly broad so that these claims are not patentable over Blank. Unlike P016PCT, discussed below, however, there is sufficient content in the specification portion of the application to provide a basis for an amendment of the claims, or the creation of additional claims, drafted so as to distinguish the invention over the cited art. Such amended claims should focus on the stitching together and "hot spot" creation features of the invention disclosed in the application. Based on the foregoing, entry into the National Phase of this PCT application should be coupled with a redrafting of the claims so as to distinguish the invention claimed over Blank.

**PCT/US00/15602 - 005707.P016PCT**

As you know, a Written Opinion has been issued in this case by the European Searching Authority. The Written Opinion indicates that there is a lack of novelty and/or inventive step for all pending claims in view of U.S. Patent No. 5,515,099 issued to Cortjens. Having reviewed the existing claims and specification, we do not believe

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the claims are patentable over the reference cited nor do we believe there is anything in the specification which could be added as limitations to the claims to make them patentable over the cited reference. Accordingly, in our view, this application should be allowed to lapse and no further resources should be devoted to its prosecution.

PCT/US00/21211 - 005707.P018PCT

In this case, a Written Opinion has not yet been issued. However, the International Search Report cites articles entitled "Four Photographic VR Technologies" and "Image Zoom 1.0 (applet)" as being particularly relevant to all of the pending claims.

We have reviewed these prior art references, as well as the pending claims and the invention disclosed in the specification, and have concluded that the claims are patentable over these references of record. However, as you know, we have not conducted any additional searching nor reviewed any prior art references other than those cited in the International Search Report. Moreover, we may be compelled to reevaluate our foregoing evaluation upon receipt of a Written Opinion if the latter cites additional and more pertinent references. The Written Opinion should be forthcoming within the next few months. Based on the foregoing, this application appears to have sufficient potential to mature into a patent to warrant proceeding into the National Phase at the appropriate time.

PCT/US00/15405,15406 & 15408 - 005707.P011PCT, 005707.P012PCT & 005707.P010PCT

These three (3) applications (including the claims) are directed to systems and methods for providing an enhanced streaming digital video file (e.g. from a server to a client over the Internet) digital video file. The detailed description and figures of all three cases are substantially the same, with the claims and corresponding summaries and abstracts claiming and describing different aspects of the invented systems and methods disclosed.

The European Searching Authority was designated, and it issued Written Opinions in these three related applications, citing several prior art references, including a text on streaming multimedia, entitled "Web Developer.com Guide to Streaming Multimedia" by Jose Alvear (April 1998) ("Alvear"). The European Searching Authority's Written Opinions assert that none of the claims are novel in view of Alvear. The Alvear reference describes video streaming and, in particular, the capability of manipulating certain parameters during video capture and during the encoding of a streaming file. Video capture at 320x240 resolution and 30 fps is disclosed.

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We now discuss each of these three applications separately and render our view as to the patentability of the subject matter disclosed and claimed in each case.

**P010PCT**

In this case, the claims are directed to both server-side and client-side activities relating to video streaming. The claims may be slightly overbroad and in any case should be reworked to require only one side of the transaction, i.e. either client or server side. The independent claims appear to broadly recite (i) providing a video source signal having a source parameter, and (ii) converting the source signal to a streaming digital video file using the same source parameter. This source parameter may be at a frame rate of 30 fps. Such a claim could be patentable, i.e. the invention recited therein is neither anticipated nor obvious, in view of Alvear if the Patent Examiner could be convinced that there is no suggestion in Alvear to use the same, 'full' frame rate of approx. 30 fps for both capture and encoding. In support of this argument, we would contend that the claimed process appears to give unexpectedly high quality streaming video at the client. In addition, Alvear does not appear to suggest using either (i) the same, full speed, frame rate (approx. 25-30 fps) for both capture and encoding; or (ii) the same 320x240 resolution that was used for capture to also encode the streaming file. In our view, therefore, there is potentially patentable subject matter in this application; however amendments should be made prior to entering the National Phase to address any overbreadth in the claims as originally filed in view of Alvear, and to make the claims single sided, as recommended above.

**P011PCT**

In this case, the claims are directed to the server side activities of providing captured video at approximately 320x240 frame resolution (equivalent to at least 69,300 pixels), and converting the video to a streaming file having at least the same resolution. As stated in the previous section relating to the P010PCT case, Alvear does not appear to suggest using the same 320x240 resolution for both capture and streaming file encoding. Accordingly, claims directed to these features may be patentable over the prior art disclosed in Alvear.

**P012PCT**

In this case, the claims are directed to both server-side and client-side activities that include downloading a video file and playing a portion of the downloaded file using at least 640x480 resolution, while simultaneously downloading another portion of the file. This invention does not appear to be patentable in view of Alvear because the Alvear reference discloses 640x480 resolution viewing at the client side as well as

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partially downloading a file before playing. As an additional note, to the extent that there may possibly be some novel subject matter recited in the claims of the P012PCT application, such novel subject matter could readily be subsumed by either the P010PCT or P011PCT applications. Based on the foregoing, we recommend not expending further resources in the prosecution of this application.

**CONCLUDING REMARKS**

This letter was prepared solely for Iviewit.com, Inc. and not for any third party. This letter is not intended for distribution to third parties not having a common legal interest in this matter with Iviewit.com, Inc. This letter and the opinions set forth herein are not intended to be used or relied upon for purposes of soliciting investment or raising capital. Third parties concerned about a patent or patentability should obtain a patentability opinions from their own counsel.

Please do not hesitate to contact us if you have any questions concerning the opinions expressed herein, or if you wish to discuss the same further.

Very truly yours,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN



Thomas M. Coester

cc: Norman Zafman, Esq.

**Eliot I. Bernstein**

**From:** Kirkwood, Carter [CKirkwood@irell.com]  
**Sent:** Wednesday, August 01, 2001 2:52 PM  
**To:** 'Carolyn.Wessling@warnerbros.com'; Ray.Caldito@warnerbros.com  
**Cc:** 'Eliot I. Bernstein'; 'Ross Miller (E-mail)'; 'Ross Miller (E-mail 2)'; 'Maurice R. Buchsbaum (E-mail)'; 'Maurice R. Buchsbaum (E-mail 2)'; 'Aidan Foley (E-mail)'; 'Aidan Foley (E-mail 2)'; Choung, Andrew; Bernacchi, Dick; Rosenfeld, Laurie  
**Subject:** RE: iViewit Term Sheet--Conference Call

I am available at 10:30. I will find out who from iViewit can attend.

However is there any way we can set up the call before then or at least get all of your proposed revisions before then so that our call can be more productive?

Looking forward to talking to you.

Best Regards,

Carter

Carter Kirkwood  
1800 Avenue of the Stars  
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Los Angeles, CA 90067  
(310) 203-7031

-----Original Message-----

**From:** Carolyn.Wessling@warnerbros.com [mailto:Carolyn.Wessling@warnerbros.com]  
**Sent:** Wednesday, August 01, 2001 11:14 AM  
**To:** CKirkwood@irell.com  
**Cc:** Ray.Caldito@warnerbros.com  
**Subject:** iViewit Term Sheet--Conference Call

Hi Carter,

How does Friday at 10:30 am work for you for a call?

I will send you the IP language this afternoon.

Carolyn

Carolyn Wessling  
Director, Business and Legal Affairs  
Warner Bros. Online  
Tel: 818.977.4946  
Fax: 818.977.5523  
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