

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

SEGA OF AMERICA, INC., UBISOFT, INC. KOFAX, INC. AND

CAMBIUM LEARNING GROUP, INC.

Petitioners

v.

UNILOC USA, INC. and UNILOC LUXEMBOURG S. A.

Patent Owner

Case IPR2014-01453
U.S. Patent 5,490,216

PATENT OWNER'S PRELIMINARY RESPONSE

PURSUANT TO 37 C.F.R. § 42.107(a)

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I. INTRODUCTION

Pursuant to 37 CFR § 42.107(a), Uniloc USA, Inc. and Uniloc Luxembourg S.A. ("Patent Owner") submit this Preliminary Response to the petition submitted by Sega of America, Inc., Ubisoft, Inc., Kofax, Inc. and Cambium Learning Group, Inc. ("Petitioners") requesting Inter Partes Review ("IPR") of claims 1-20 of U.S. Patent 5,490,216 ("the '216 Patent"). For the reasons set forth herein, Petitioners' request should be denied.

II. HISTORY OF THE '216 PATENT

A. *Legal Proceedings*

The '216 Patent, now expired, is among the most commercially successful and highly scrutinized United States patents to have been granted in the last twenty five years. Its validity has been upheld in multiple Reexamination proceedings, in litigation against Microsoft before the District of Rhode Island, in litigation against Electronic Arts in the Eastern District of Texas,¹ and twice by the Federal Circuit Court of Appeals, without a single claim being invalidated. Throughout these proceedings, over 150 prior art references have been cited against the '216 Patent, and its validity has been challenged by experts championing the closest prior art. And yet in the face of these

¹ The EDTX court denied defendant's motion for summary judgment on invalidity. Shortly before trial in December 2014, defendants withdrew their invalidity claims. *Uniloc USA, Inc. et al v. Electronic Arts, Inc.*, Case No. 6:13-cv-00259.

challenges, all seven U.S. Patent Examiners, as well as the Courts, have unanimously confirmed its validity.

B. Patented Technology

In 1992, inventor Frederic "Ric" Richardson filed for patent protection on his software activation system that was eventually granted as the '216 Patent. Ex. 2001 and 2002. At the time, Richardson was seeking a technical solution to combat the widespread problem of casual copying that was inhibiting worldwide sales in the music and software industries by approximately 50%. Ex. 2003 at 19. His eureka moment occurred when he conceived of the "licensee unique ID" - a special registration number generated by a summation algorithm that mathematically combines user data, software data, and computer hardware data. The licensee unique ID ("LUID") restricts usage of copies of software. The technology is so successful at preventing piracy that it has been licensed by industry giants IBM and Microsoft and is today the most widely used software activation system in the world. See Ric Richardson, *IBM Announces Deal with Uniloc 1993 Australian National News*, (September 27, 2011), <https://www.youtube.com/watch?v=5jPTlk1p-Dw> (referencing 1993 clip from Australian National News on ABCTV, Matthew Gledhill reporting); and Ex. 2004.

In one example, the '216 Patent generally describes the

following.² At the user's computer, a copy of the software is loaded in a demonstration ("demo") mode, in which only limited portions of the program are allowed to operate thereby allowing the user an opportunity to test the product. If the user decides to license the software for full-use, the user's computer transmits three types of data to the vendor's remote registration server (i) user data (e.g., user name, address, billing information), (ii) software data (e.g. the serial number of the software sought to be registered), and (iii) computer hardware data (e.g. hardware serial numbers from internal components of the computer on which the software is to be installed). The remote registration server generates, from these three types of data, a remote LUID (a.k.a. "registration number" and "security key") and transmits the LUID back to the user's computer.

Using the same algorithm and inputs (i.e., user data, software data, and computer hardware data) as the remote registration server, the user's computer independently generates a local LUID. The user's computer then compares the local and remote LUIDs. If the two LUIDs match, the software is *activated* by a mode switch that switches the software from demo mode to full-use mode.

The system of the '216 provides the following technical

² Although provided as an example of what the '216 Patent describes, the claim language ultimately controls. The claims may contain, some, none,

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