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By: Mary J. Beaudrow

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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ANCORA TECHNOLOGIES, INC.,

Plaintiff,

v.

APPLE INC.,

Defendant.

Case No.: 11-CV-06357 YGR

CLAIM CONSTRUCTION ORDER

AND RELATED COUNTER-CLAIM

Ancora Technologies, Inc. (“Ancora”) alleges that devices that run Apple Inc.’s (“Apple”) iOS operating system infringe on U.S. Patent No. 6,411,941 (the “ ’941 Patent”). Apple has counterclaimed for declaratory judgments of non-infringement and invalidity.

The parties have requested the Court construe seven claim terms/phrases from the ’941 Patent: (1) “volatile memory”; (2) “non-volatile memory”; (3) “BIOS”; (4) “program”; (5) “license record”; (6) “verifying the program using at least the verification structure”; and (7) whether the steps in the asserted claims must be performed in a specific order. On June 29, 2012, the parties provided a technology tutorial and on July 11, 2012, the Court held a claim construction hearing.

Based upon the papers submitted, the argument of counsel, for the reasons set forth below, the Court provides the following claim construction.

I. BACKGROUND

The patent in suit relates to software anti-piracy technology. At issue here is technology directed at preventing computer users from copying software and then running that software without a license. Ancora is the owner of the ’941 Patent, which claims a method of restricting software

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1 operation within a license limitation, *i.e.* it teaches a system for ensuring that only the authorized
2 user of software can operate the software at issue. Apple's iOS operating system also restricts
3 software operation within a license limitation. Ancora alleges that the Apple products that run the
4 iOS operating system infringe on the '941 Patent.

5 The '941 Patent uses the memory of a computer's "BIOS" to store a "license record" to
6 confirm whether a "program" is licensed to run on that computer. Every computer has a unique
7 identifier embedded at the time of manufacture. Under the teachings of the '941 Patent, when a
8 licensed program first launches it generates a license record using the computer's unique identifier,
9 which license record is stored in the BIOS area of a computer. This license record is unique to that
10 particular computer. When a licensed program is loaded, it can verify whether the software is
11 licensed to run on that computer by referencing the license record stored in the BIOS with the license
12 record from the program. If they match, the program continues to run. If the program has been
13 copied, the license information does not match and the program will not run.

14 **A. BACKGROUND OF THE PATENT**

15 Plaintiffs provide the following background: In 1997, when Miki Mullor and Julian Valiko,
16 the co-inventors of the '941 Patent ("Patentees"), began developing the technology that would
17 become the '941 Patent, there were two approaches to combating software piracy, a hardware
18 approach and a software approach. The hardware approach was costly, inconvenient and not suitable
19 for software downloaded from the internet required as it required users of software to use a piece of
20 hardware called a "dongel" in order to access the software. The software based products were too
21 easily hacked by skilled programmers.

22 Patentees developed a third approach that had the advantages of both the hardware approach
23 and software approach without the disadvantages of either. Patentees identified available memory
24 space in hardware stored on the computer's motherboard, the BIOS, which they repurposed to store
25 software licensing technology. The inventive aspect of the '941 Patent is that the writable, non-
26 volatile memory of the BIOS is not ordinarily considered to be a storage medium for software
27 licensing technology. The advantage of using the BIOS for this purpose is that the level of
28 programming expertise required to tamper with data stored in the BIOS is substantially greater than

1 the expertise needed to tamper with data residing in volatile memory, and unsuccessful tampering
2 comes with higher risk as it could render the computer inoperable.

3 Patentees applied for an Israeli patent in 1998. On October 1, 1998, Patentees applied for the
4 '941 Patent, with a priority date of May 21, 1998 based upon the Israeli patent. The '941 Patent
5 issued in 2002.

6 **B. CLAIM TERMS/PHRASES TO BE CONSTRUCTED**

7 Sixteen claims from the '941 Patent are asserted: independent Claim 1, and dependent
8 Claims 2, 3, and 5-17, which refer to it.

9 Claim 1, which is the only independent claim asserted, recites the following (the language the
10 parties have identified for construction is in bold and italics):

11 1. A method of restricting software operation within a license for use with a
12 computer including an erasable, *non-volatile memory* area of a *BIOS* of the
13 computer, and a *volatile memory* area; the method comprising the steps of:
14 selecting a *program* residing in the *volatile memory*, using an agent to set up a
15 verification structure in the erasable, *non-volatile memory* of the *BIOS*, the
16 verification structure accommodating data that includes at least one *license record*,
verifying the program using at least the verification structure from the erasable
non-volatile memory of the *BIOS*, and acting on the *program* according to the
17 verification.

18 ('941 Patent, claim 1).

19 The parties request the Court construe seven claim terms/phrases: (1) "volatile memory"; (2)
20 "non-volatile memory"; (3) "BIOS"; (4) "program"; (5) "license record"; (6) "verifying the program
21 using at least the verification structure"; and (7) All Asserted Claims.¹

22 **II. PRINCIPLES OF CLAIM CONSTRUCTION**

23 Claim construction is a matter of law, to be decided by the Court. *Markman v. Westview*
24 *Instruments, Inc.*, 517 U.S. 370, 387 (1996) (determination of infringement is a two-step analysis:
25 First, the Court determines the scope and meaning of the claims; second, the properly construed
26 claims are compared to the accused device.). "[T]he role of a district court in construing claims is ...
27 to give meaning to the limitations actually contained in the claims, informed by the written

28 ¹ In addition, the parties have identified one term on which they have agreed on a construction ("verification structure accommodating data that includes at least one license record").

1 description, the prosecution history if in evidence, and any relevant extrinsic evidence.” *American*
2 *Piledriving Equipment, Inc. v. Geoquip, Inc.*, 637 F.3d 1324, 1331 (Fed. Cir. 2011). “Claim
3 construction is a matter of resolution of disputed meanings and technical scope, to clarify and when
4 necessary to explain what the patentee covered by the claims, for use in the determination of
5 infringement.” *U.S. Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1568 (Fed. Cir. 1997). Thus,
6 claim terms need only be construed “to the extent necessary to resolve the controversy.” *Wellman,*
7 *Inc. v. Eastman Chemical Co.*, 642 F.3d 1355, 1361 (Fed. Cir. 2011) (citing *Vivid Technologies, Inc.*
8 *v. American Science & Engineering, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)).²

9 The starting point in a claims construction analysis is the language of the claims themselves.
10 These define the invention that the patentee may exclude others from practicing. *Phillips v. AWH*
11 *Corp.*, 415 F.3d 1303, 1312-13 (Fed. Cir. 2005). The general rule is to construe a claim term in a
12 manner consistent with its “ordinary and customary meaning,” which is “the meaning that the term
13 would have to a person of ordinary skill in the art in question at the time of the invention.” *Id.* at
14 1312.

15 Claims must be read in view of the specification, of which they are a part and in a manner
16 consistent with the patent’s specification. See *Markman v. Westview Instruments, Inc.*, 52 F.3d 967,
17 979 (Fed. Cir. 1995), *aff’d*, 517 U.S. 370 (1996). The specification may act as a sort of dictionary,
18 which explains the invention and may define terms used in the claims. *Id.* The Court also should
19 consider the patent’s prosecution history, if it is in evidence. *Id.* at 980. The prosecution history
20 may “inform the meaning of the claim language by demonstrating how the inventor understood the
21 invention and whether the inventor limited the invention in the course of prosecution, making the
22 claim scope narrower than it would otherwise be.” *Phillips, supra*, 415 F.3d at 1317 (citing
23 *Vitronics*, 90 F.3d at 1582-83); see also *Chimie v. PPG Indus., Inc.*, 402 F.3d 1371, 1384 (Fed. Cir.

24 _____
25 ² Once the meaning of a term used in a claim has been determined, the same meaning applies to that term for
26 all claims in which the same term appears. *Inverness Med. Switzerland GmbH v. Princeton Biomeditech*
27 *Corp.*, 309 F.3d 1365, 1371 (Fed. Cir. 2002). After a term is construed, the Court’s construction becomes the
28 legally operative meaning of the disputed terms that governs further proceedings in the case. See *Chimie v.*
PPG Indus., Inc., 402 F.3d 1371, 1377 (Fed. Cir. 2005). However, “district courts may engage in a rolling
claim construction, in which the court revisits and alters its interpretation of the claim terms as its
understanding of the technology evolves.” *Pressure Products Medical Supplies, Inc. v. Greatbatch Ltd.*, 599
F.3d 1308, 1316 (Fed. Cir. 2010).

1 2005) (“The purpose of consulting the prosecution history in construing a claim is to exclude any
2 interpretation that was disclaimed during prosecution.”) (internal quotations omitted). The Court
3 may, in its discretion, consider extrinsic evidence³ if such sources will aid the Court in determining
4 “the true meaning of language used in the patent claims.” *Phillips, supra*, 415 F.3d at 1318.

5 Further, and as relevant here, whether a patent claim complies with the definiteness
6 requirement of 35 U.S.C. § 112, ¶ 2 is also a matter of claim construction. *See Wellman, Inc. v.*
7 *Eastman Chemical Co.*, 642 F.3d 1355, 1365-66 (Fed. Cir. 2011), *cert. denied*, 132 S.Ct. 1541
8 (2012). Section 112, paragraph 2 of the Patent Act provides in pertinent part: “[t]he specification
9 shall conclude with one or more claims particularly pointing out and distinctly claiming the subject
10 matter which the applicant regards as his invention.” 35 U.S.C. § 112, ¶ 2. This section contains
11 two requirements: “first, [the claim] must set forth what ‘the applicant regards as his invention,’ and
12 second, it must do so with sufficient particularity and distinctness, *i.e.*, the claim must be sufficiently
13 ‘definite.’” *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1348 (Fed. Cir. 2002); *see*
14 *also, Phillips, supra*, 415 F.3d at 1316. In determining whether a claim is sufficiently definite, the
15 Court must consider whether “one skilled in the art would understand the bounds of the claim when
16 read in light of the specification.” *Allen Eng’g Corp., supra*, 299 F.3d at 1348 (citing *Personalized*
17 *Media Comm’ns, LLC v. Int’l Trade Comm’n*, 161 F.3d 696, 705 (Fed. Cir. 1998). “Only claims
18 ‘not amenable to construction’ or ‘insolubly ambiguous’ are indefinite.” *Halliburton Energy*
19 *Services, Inc. v. M-I LLC*, 514 F.3d 1244, 1250 (Fed. Cir. 2008) (quoting *Datamize, LLC v. Plumtree*
20 *Software, Inc.*, 417 F.3d 1342, 1347 (Fed. Cir. 2005).

21 **III. DISCUSSION**

22 **A. THE FIRST AND SECOND DISPUTED CLAIM TERMS – “VOLATILE MEMORY” & “NON-** 23 **VOLATILE MEMORY” (CLAIMS 1-3, 5-17)**

24 The parties’ dispute focuses on the impact of whether examples provided in the specification
25 render the claim indefinite.

27 ³ Although the use of extrinsic evidence is discretionary, the court may always consult technical treatises and
28 dictionaries to understand the technology and to construe the claims, so long as no definition in the intrinsic
evidence is contradicted.

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