REMARKS

The following amendments and remarks are submitted to be fully responsive to the final Official Action of **April 17, 2006**. In the present response, claims 7, 10, 19, 22, 25, 31, 32, 40-43, 45 and 49-51 are amended, and claims 9, 21, 34, and 46-48 are cancelled without prejudice or disclaimer. No new matter is introduced (see, e.g., Applicants' published Specification ¶¶ [0007], [0009], [0093] and [0098]). Thus, claims 2-8, 10, 14-20, 22, 25, 27-33, 35, 40-45, and 49-54 are still pending. Reconsideration and allowance of this application are respectfully requested.

Referring now to the present Office Action, claims 40-43, 45, 7, 19, 25, and 32 were rejected under 35 U.S.C. §112, second paragraph, based on indefiniteness. In response, claims 7, 19, 25, 32 40, 41, 42, 43 and 45 are amended to correct the noted and discovered informalities. Claims 7, 19, and 32 and 49-53 were rejected under 35 U.S.C. §112, first paragraph, based on non-described subject matter. In response, claims 49-51 are amended to correct the noted and discovered informalities. With respect to the third license, a recited in claims 7, 19, and 32, this feature is clearly described in Applicants' Specification (see, e.g., Applicants' published Specification FIGs. 16 and 18 and the description thereof). With respect to exercise and extract, as recited in claims 52-54, this feature is clearly described in Applicants' Specification (see, e.g., Applicants' published Specification ¶¶ [0007] and [0009]). Accordingly, all of the claims are in compliance with 35 U.S.C. §112 and no further rejection on such basis is anticipated. If, however, the Examiner disagrees, the Examiner is invited to contact the undersigned attorney, who will work with the Examiner in a mutual effort to derive satisfactory claim language.

Claims 2-10, 14-22, 25, 27-35, and 40-54 also were rejected under 35 U.S.C. §102(b) as being anticipated by U.S. Patent No. 6,226,618 to *Downs et al.* However, claims 2-10, 14-22, 25, 27-35, and 40-54 are patentably distinguishable over *Downs et al.*, because *Downs et al.* fails to disclose, teach or suggest all of the features recited in the present claims, as amended. For example, independent claim 40 (emphasis added) recites:

> A method for sharing rights adapted to be associated with an item, the method comprising:
>
> specifying in a first license at least one usage right and at least one meta-right for the item, wherein the usage right and the meta-right include at least one right that is shared among one or more users or devices;
>
> defining, via the at least one usage right, a manner of use selected from a plurality of permitted manners of use for the item;
>
> defining, via the at least one meta-right, a manner of rights derivation selected from a plurality of permitted manners of rights

derivation for the item, wherein said at least one meta-right allows said one or more users or devices to transfer rights or to derive new rights;

associating at least one state variable with the at least one right in the first license, wherein the at least one state variable is shared among the one or more users or devices, and is specified as unspecified or is assigned an identification in said first license, and said identification references a location where a state of rights is tracked;

generating in a second license one or more rights based on the meta-right in the first license, wherein the one or more rights in the second license includes at least one right that is shared among one or more users or devices; and

associating at least one state variable with the at least one right that is shared in the second license, wherein the at least one state variable that is associated with the second license is based on the at least one state variable that is associated with the first license.

Independent claim 41 (emphasis added) recites:

A system for sharing rights adapted to be associated with an item, the system comprising:

means for specifying in a first license at least one usage right and at least one meta-right for the item, wherein the usage right and the meta-right include at least one right that is shared among one or more users or devices;

means for defining, via the at least one usage right, a manner of use selected from a plurality of permitted manners of use for the item;

means for defining, via the at least one meta-right, a manner of rights derivation selected from a plurality of permitted manners of rights derivation for the item, wherein said at least one meta-right allows said one or more users or devices to transfer rights or to derive new rights;

means for associating at least one state variable with the at least one right in the first license, wherein the at least one state variable is shared among the one or more users or devices, and is specified as unspecified or is assigned an identification in said first license, and said identification references a location where a state of rights is tracked;

means for generating in a second license one or more rights based on the meta-right in the first license, wherein the one or more rights in the second license includes at least one right that is shared among one or more users or devices; and

means for associating at least one state variable with the at least one right that is shared in the second license, wherein the at least one state variable that is associated with the second license is based on the at least one state variable that is associated with the first license.

Independent claim 42 (emphasis added) recites:

A device for sharing rights adapted to be associated with an item, the device comprising:

means for receiving a first license specifying at least one usage right and at least one meta-right for the item, wherein the usage right and the meta-right include at least one right that is shared among one or more users or devices, the least one usage right defines a manner of use selected from a plurality of permitted manners of use for the item, the at least one meta-right defines a manner of rights derivation selected from a plurality of permitted manners of rights derivation for the item, said at least one meta-right allows said one or more users or devices to transfer rights or to derive new rights, at

> least one state variable is associated with the at least one right in the first license and is shared among the one or more users or devices and is specified as unspecified or is assigned an identification in said first license, and said identification references a location where a state of rights is tracked; and
>
> means for generating in a second license one or more rights based on the meta-right in the first license, wherein the one or more rights in the second license includes at least one right that is shared among one or more users or devices, at least one state variable is associated with the at least one right that is shared in the second license, and the at least one state variable that is associated with the second license is based on the at least one state variable that is associated with the first license.

Thus, the present invention recited in independent claims 40, 41 and 42 includes the novel features of specifying in a first license at least one usage right and at least one meta-right for an item, the at least one meta-right allows one or more users or devices to transfer rights or to derive new rights, associating at least one state variable with the at least one right in the first license, wherein the at least one state variable is shared among the one or more users or devices, and is specified as unspecified or is assigned an identification in the first license, and the identification references a location where a state of rights is tracked, generating in a second license one or more rights based on the meta-right in the first license, and associating at least one state variable with at least one right that is shared in the second license, wherein the at least one state variable that is associated with the second license is based on the at least one state variable that is associated with the first license.

By contrast, *Downs et al.* is directed to a method and apparatus of securely providing data to a user's system, wherein the data is encrypted so as to only be decryptable by a data decrypting key, the data decrypting key being encrypted using a first public key, and the encrypted data being accessible to the user's system. The method includes transferring the encrypted data decrypting key to a clearing house that possesses a first private key, which corresponds to the first public key; decrypting the data decrypting key using the first private key; re-encrypting the data decrypting key using a second public key; transferring the re-encrypted data decrypting key to the user's system, the user's system possessing a second private key, which corresponds to the second public key; and decrypting the re-encrypted data decrypting key using the second private key. However, *Downs et al.* fails to disclose, teach or suggest at least the noted features recited in independent claims 40, 41 and 42.

Accordingly, the portions of *Downs et al.* cited in the present Office Action do support a further rejection. For example, in column 21, lines 30-33, *Downs et al.* states that:

> ... the Content Provider sets the allowable Usage Conditions and transmits them to the Electronic Digital Content Store in a SC. The Electronic Digital Content Store can add to or narrow the Usage Conditions as long as it doesn't invalidate the original conditions set by the Content Provider.

According to the above passage, however, what is transferred to the content store is a set of allowable usage conditions that the store can modify before sending out to an end-user device. Examples of usage conditions include "Song is recordable," "Song can be played n number of times," etc. Usage conditions are merely conditions for the end user and do not include rights given to the content store. Thus, the content store merely can modify and transfer the allowable usage conditions, but otherwise does not have any rights to transfer rights or to derive new rights, as recited in independent claims 40, 41 and 42.

This is further evidenced in column 26, lines 61-67, wherein *Downs et al.* describes the concept of using a template to indicate which information can be modified, as follows:

> An Offer SC(s) 641 template in the Metadata SC(s) 620 indicates which information can be overridden by the Electronic Digital Content Store(s) 103 in the Offer SC(s) 641 and what, if any, additional information is required by the Electronic Digital Content Store(s) 103 and what parts are retained in the embedded Metadata SC(s) 620.

Accordingly, in *Downs et al.*, both the right to transfer usage conditions and the right to modify rights stop at the content store. On a user device, a user may be permitted to make copies of content. But, since the user does not have the right to issue new rights, a content copy inherits the exact same usage rights as the original copy, with the copy count updated to reflect the number of copies made, as noted in column 21, lines 58-60 of *Downs et al.*:

> The End-User Device(s) 109 also appropriately updates the copy/play code in the original copy of the Content 113 and on any new secondary copy.

The disadvantage of the copy conditions described by *Downs et al.* is that they are copied but not transferred. Specifically, DRM systems, such as that of *Downs et al.,* employ a key that can be used to decrypt protected content in a license having a copy condition, wherein the key is bound to a specific device in such a way that only the specific device can use the key to decrypt the content. Accordingly, a copy of a license does not allow a second device to use the content. Therefore, the copy condition described by *Downs et al.* does not disclose, teach, or suggest the transfer of rights nor meta-rights.

Accordingly, the invention recited in independent claims 40, 41 and 42 includes the recognition that (see, e.g., Applicants' published Specification ¶ [0009]):

> ... there are limitations associated with the above-mentioned paradigms wherein only usage rights and conditions associated with content are specified by content owners or other grantors of rights. Once purchased by an end user, a consumer, or a distributor, of content along with its associated usage rights and conditions has no means to be legally passed on to a next recipient in a distribution chain.

Advantageously, the invention recited in independent claims 40, 41 and 42 solves such problems by employing usage rights and meta-rights for an item in the manner claimed. For example, FIG. 18 of Applicants' published Specification teaches that a first license 1801 from a content provider allows any affiliated club to transfer a right to play an e-book to one of its members. The license 1801 specifies a meta-right (e.g., issue) and a usage right (e.g., play). When Acme joins the affiliation program, Acme gets a second license 1802 permitting it to transfer the right to read the e-book to one of its members. Alice is an Acme club member and requests to access the e-book and receives a third license 1804 granting her the right to read the e-book. In this example, Alice's license is different than Acme's license, and is different than the merely assigning usage conditions to a copy of content, as disclosed by *Downs et al.*

As noted above, a main difference between *Downs et al.* regarding meta-rights is that the invention recited in independent claims 40, 41 and 42 enables meta-rights to be passed down to multiple value chain participants, while the usage conditions in *Downs et al.* are limited. Accordingly, *Downs et al.* does not disclose, teach or suggest passing usage conditions beyond the content store (i.e., copy right is not a meta right) nor addresses a need to modify rights outside the content store.

With respect to state variables, *Downs et al.* does not disclose, teach or suggest employing a state variable in the manner recited in independent claims 40, 41 and 42, for example, to control sharing of content or to represent various other states. In this respect, the present Office Action cites column 59, line 50, of *Downs et al.*, which is directed to "the number of playable copies the End-User(s) is allowed to make." However, the cited portion does not disclose, teach or suggest at least one state variable that is associated with a second license is based on at least one state variable that is associated with a first license, as recited in independent claims 40, 41 and 42. For example, as described with respect to FIG. 16 of Applicants' published Specification, a content provider specifies in a first license 1601 that

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