

**REMARKS**

The following amendments and remarks are submitted to be fully responsive to the non-final Official Action of **October 24, 2005**. In the present response, claims 2-10, 14-22, 25, and 27-35 are amended, claims 1, 11-13, 23-24, 26, and 36-39 are cancelled, and claims 40-54 are added. No new matter is introduced. Thus, claims 2-10, 14-22, 25, 27-35, and 40-54 are now pending. Reconsideration and allowance of this application are respectfully requested.

Referring now to the present Office Action, claims 1-39 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. For example, new 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/or 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;  
associating at least one state variable with the at least one right in the first license and that is shared among the one or more users or devices,  
wherein the at least one state variable is used to determine how the shared right is further generated in a second license;  
generating in the second license one or more rights from the usage right and/or 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;  
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.

new 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/or 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;  
means for associating at least one state variable with the at least one right in the first license and that is shared among the one or more users or devices,  
wherein the at least one state variable is used to determine how the shared right is further generated in a second license;  
means for generating in the second license one or more rights from the usage right and/or 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;  
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; and

new 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/or 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,  
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,  
the at least one state variable is used to determine how the shared right is further generated in a second license; and  
means for generating in the second license one or more rights from the usage right and/or 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.

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

W699172.1

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 the noted features recited in independent claims 40, 41 and 42.

For example, *Downs et al.* fails to disclose, teach or suggest meta-rights in the manner claimed and which are rights about rights, such as the right for distributors to issue certain rights to a consumer. By contrast, usage rights are rights for content, such as the right to play or to copy content. The invention recited in independent claims 40, 41 and 42 is not directed to generating rights to use content, including making copies, etc., but rather is directed to rights to derive rights for content. For example, with invention recited in independent claims 40, 41 and 42, a user can be permitted to play content on a PC, to make a copy for a PDA, and to issue rights to play the copy on the PDA. When the user transfers the copy to her PDA, the user also issues to the PDA rights to play the copy and to transfer the issued rights along with the copy. Without the issued rights, the user cannot play the content on the PDA.

By contrast, *Downs et al.* discloses specifying allowed states (e.g., number of copies, compression speed) in Usage Conditions and it is up to the Content Usage Control Layer to keep track of the content's copy/play usage and update the copy/play status. For example, if a Usage Condition specifies a max count of 3 plays, the Content Usage Control Layer may update the number of times the content has been played to ensure that only 3 plays are allowed. This concept, however, does not teach or suggest the noted features recited in independent claims 40, 41 and 42.

In addition, a state variable is not equivalent to a max count or a compression rate. For example, a max count is a constant number, which can be 3 or 5, etc., and a compression rate is another constant number, which can be 384 Kbps or 56 Kbps, etc. By contrast, a state variable can be represented by an identifier and whose values can vary over time. A state variable in the specification of a condition can be used for rights sharing, and which is also feature that differentiates invention recited in independent claims 40, 41 and 42 over *Downs et al.* For example, a content provider can decide how a content is shared among a group of consumers using a state variable and *Downs et al.* is also deficient in this respect.

The inventions recited in independent claims 40, 41 and 42 and claims dependent therefrom recognize and solve the following problems:

W699172.1

[0009] However, 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. Further the associated usage rights have no provision for specifying rights to derive other rights, i.e. Rights to modify, transfer, offer, grant, obtain, delegate, track, surrender, exchange, transport, exercise, revoke, or the like. Common content distribution models often include a multi-tier distribution and usage chain. Known DRM systems do not facilitate the ability to prescribe rights and conditions for all participants along a content distribution and usage chain. Therefore, it is difficult for a content owner to commercially exploit content unless the owner has a relationship with each party in the distribution chain.

The inventions recited in independent claims 40, 41 and 42 and claims dependent therefrom provide the following advantages:

[0090] There are multiple ways to specify the scope of state variables, each of which can affect whether the derivative state variables can be shared, how the derivative state variables can be shared, and the like. For example, a state variable can be local, and solely confined to a recipient or can be global, and shared by a predetermined group of recipients. A global state variable can be shared by a group of recipients not determined when derived rights are issued, but to be specified later, perhaps based on certain rules defined in the license or based on other means. A global state variable can be shared between one or more rights suppliers, predetermined recipients, un-specified recipients, and the like. Advantageously, depending on the sharing employed with a given a business model and the rights granted in the meta-rights, state variables can be created at different stages of the value chain.

By contrast, *Downs et al.* fails disclose, teach or suggest the noted features, fails to recognize or solve the noted problems, and fails to provide the advantages of the inventions recited in independent claims 40, 41 and 42.

The dependent claims are allowable on their on merits and for at least the reasons as argued above with respect to independent claims 40, 41 and 42.

The references that have been cited, but not applied by the Examiner, have been taken into consideration during formulation of this response. However, since such references were not considered by the Examiner to be of sufficient relevance to apply against any of the claims, no detailed comments thereon are believed to be warranted at this time.

In view of the foregoing, it is submitted that the present application is in condition for allowance and a notice to that effect is respectfully requested. However, if the Examiner deems that any issue remains after considering this response, the Examiner is invited to

contact the undersigned attorney to expedite the prosecution and engage in a joint effort to work out a mutually satisfactory solution.

Respectfully submitted,

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