



United States Courts  
Southern District of Texas  
ENTERED

APR 01 2005

Michael N. Milby, Clerk of Court

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

KENNETH L. NASH,

*Plaintiff*

vs.

MICROSOFT CORPORATION,

*Defendant*

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C. A. NO. H-03-1667

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MEMORANDUM OPINION

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**I. INTRODUCTION**

Pending before this Court are cross motions for summary judgment. The plaintiff, Nash, owns United States Patent No. 6,449,645 (the '645 Patent) and has sought summary judgment against the defendant for infringement of claims one and nine of the '645 patent. (Docket No. 52) The defendant, Microsoft Corporation, seeks summary judgment that it did not infringe the '645 patent. (Docket No. 55) After considering the motions, responses, the pleadings, and the applicable law, this Court determines that the plaintiff's motion should be and is DENIED, and that the defendant's motion should be and is GRANTED.

Having granted the defendant's motion for summary judgment of non-infringement, the Court finds it unnecessary to rule on the defendant's motions for

summary judgment regarding invalidity and willful infringement. (Docket Nos. 56 (invalidity as anticipated and obvious), 58 (invalid as indefinite), and 60 (no willful infringement)).

## II. FACTUAL BACKGROUND

This is a patent infringement case involving an invention for detecting illegal use and/or copying of digital information. The '645 patent, entitled "System for Monitoring the Association of Digitized Information Having Identification Indicia With More Than One of Uniquely Identified Computers in a Network for Illegal use Detection," describes a system and method for detecting and locating improper or illicit use of digitized information. The inventor, Nash, filed for the '645 patent on March 2, 1999, and the patent issued on September 10, 2002. On May 15, 2003, Nash filed a complaint against Microsoft claiming that Microsoft's "Product Activation process" infringed his patent.

The basics of the invention can be described relatively easily. The process<sup>1</sup> envisions a person using digitized information (for example, software) on a computer that has access to the Internet. The process determines an identification number for each piece of digitized information (e.g., software). In addition, it determines a unique identification number for every computer. The ID numbers for each computer and each piece of corresponding digitized information are sent via the Internet to a server where the numbers are stored and cross referenced. Thus, for instance, if a computer user installs Corel WordPerfect on a computer, the invention would determine an ID number

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<sup>1</sup> Throughout the opinion, the Court refers to the invention as "the invention," "the system," or "the process."

for the computer (e.g. ID = 1212)<sup>2</sup> and an ID number for the particular copy of Corel WordPerfect (e.g. ID = 9876). The invention would then send the computer ID and the software ID over the Internet to a server where they are stored. More importantly for the invention, the computer ID of a particular computer is stored *with reference to* any software IDs that are on that computer such that the server can recognize and remember the different software installed on a given computer. Therefore, in our example, the server stores a computer ID of 1212 and notes there is a particular piece of software, number 9876, associated with (i.e. installed on) that computer.

Continuing the example, suppose the computer user above illegally gives a copy of her Corel WordPerfect program to a friend to install and use. The second computer user then illegally loads that copy of Corel WordPerfect onto his own computer. In this instance, the invention would again determine an ID number for the second computer, e.g., 3434. When this second computer connects to the Internet, the invention sends the computer ID to the server. It also sends the software ID associated with the illegal copy to the server, but this software ID of the illegal copy is the same as the original; that is, 9876. The computer and software ID numbers are associated with each other in such a way that the server recognizes that computer 3434 has installed software number 9876. The invention would then recognize that the same piece of software is associated with two separate computers. In our example, the server would recognize that software number 9876 was on computer 1212 as well as computer 3434. Such a situation, according to the invention, indicates a possibility that the digitized information was copied.

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<sup>2</sup> These ID numbers are used by the Court for illustrative purposes only and do not correspond to the actual length or type of "identification indicia" envisioned by the '645 patent. Furthermore, the example here is limited to the copying of computer software, but the patent is not so limited.

The patentee discloses the invention in Claims 1-18. Claim 1 provides:

A method for use with the Internet for detecting pirating of digitized information, comprising:

Providing a first identification indicia that is unique for each of a plurality of substantially identical packets of digitized information;

Determining a second identification indicia for each of a plurality of computers utilizing one of said plurality of substantially identical packets of digitized information, said second identification indicia is unique for each of said plurality of computers;

Automatically determining whether one or more of said plurality of computers is operable for communicating with said Internet;

Sending said first identification indicia and said second identification indicia from each of said plurality of computers to one or more servers in communication with said Internet such that each of said plurality of substantially identical packets of digitized information is associated with each of said plurality of computers;

Storing said first identification indicia and said second identification indicia in said one or more servers; and

Determining if said first identification indicia is associated with more than one of said plurality of computers so as to indicate a possibility that one of said plurality of substantially identical packets of digitized information has been copied.

The accused process, Microsoft's Product Activation ("MPA" or "the process"), is an activation mechanism by which software users must activate their software in order to use it on a specific computer.<sup>3</sup> Each time a newly installed program governed by MPA starts, MPA requests that the user activate the program. If the user declines to activate,

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<sup>3</sup> Throughout this opinion, the Court refers to the accused process with the terms "MPA" or "the [accused] process." In contrast, the terms "software," "software program," and "program" refer to the underlying computer program such as Windows XP or Office.

the process allows her to continue using the program as long as the grace period has not expired. The grace period, during which a person may use a non-activated program, may be a predetermined number of uses or a set time period. Once the grace period expires, however, the user must activate the program or it enters into a reduced functionality mode in which the program is virtually disabled.

A user may activate her program by either phone or the Internet. If the user chooses to activate over the Internet by clicking a box indicating her assent to activate MPA will attempt to establish a connection with the Internet. Once a connection to the Internet is made, the process obtains an ID relating to the user's computer and an ID associated with the software program. An algorithm generates the computer ID (also called the HWID) using inputs gathered from up to ten machine components, while the software ID is a number assigned to each licensed piece of software. The computer ID and the software ID are combined in a way that produces a installation ID, and that installation ID is sent via the Internet to Microsoft in exchange for an activation ID that will activate the program. If Microsoft suspects pirating activity, e.g., because the software ID is already associated with too many different computer IDs, it will disable the software use.

### **III. CONTENTIONS OF THE PARTIES**

The plaintiff contends that he has given Microsoft notice that his technology is patented, and that Microsoft has continued in a pattern of conduct that amounts to willful infringement of the '645 patent. According to the plaintiff, Microsoft "has directly infringed, and is directly infringing, the '645 Patent by making, using, offering for sale, and/or selling Microsoft products" in violation of 35 U.S.C. §§ 271, *et seq.* Furthermore,

the plaintiff claims that Microsoft is guilty of contributory infringement because it is “inducing others to infringe the ‘645 Patent by selling the Microsoft Products into the marketplace.”

Microsoft responded to the plaintiff’s suit and has denied all forms of infringement of the ‘645 patent. Microsoft also asserts by defenses that: (a) the ‘645 patent is invalid for failing to comply with one or more provisions of 35 U.S.C. §§ 102, 103, and 112; (b) the cause of action is barred under the doctrine of prosecution history estoppel; (c) the plaintiff has dedicated to the public all disclosures in the ‘645 patent that are not literally claimed therein; and (d) to the extent that any accused device has been used or manufactured by or for the United States, the plaintiff’s claims for relief are barred by 28 U.S.C. § 1498.

With respect to the motions for summary judgment currently pending, the plaintiff contends that it is entitled to summary judgment that Microsoft’s accused process infringes claims one and nine of the ‘645 patent because it “automatically” interacts with the Internet and identifies each computer “uniquely.” In contrast, Microsoft claims it is entitled to summary judgment that its process does not infringe any of claims 1, 2, 5-9, 12, and 14-16 because its process does not involve Internet interactions that are “automatic,” computer identifiers that are “unique,” or a computer routine that “does not interfere” with the program.

#### **IV. STATEMENT OF THE LAW**

Summary judgment is proper “if the pleadings, depositions, answers to interrogatories and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to . . .

judgment as a matter of law.” Fed. R. Civ. P. 56(c). The moving party bears the initial burden of “informing the Court of the basis of its motion” and identifying those portions of the record “which it believes demonstrate the absence of a genuine issue of material fact.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986).

Once the moving party meets its burden, the nonmoving party must “go beyond the pleadings” and designate “specific facts” in the record “showing that there is a genuine issue for trial.” *Id.* at 324. Throughout the analysis, the “evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). An issue is “genuine” if the evidence is sufficient for a reasonable jury to return a verdict for the nonmoving party. *See id.* at 247-49. A failure on the part of the nonmoving party to offer proof concerning an essential element of its case necessarily renders all other facts immaterial and mandates a finding that no genuine issue of fact exists. *See Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 585-87 (1986).

When evaluating a motion for summary judgment, “the court views the record evidence through the prism of the evidentiary standard of proof that would pertain at a trial on the merits.” *Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955, 962 (Fed. Cir. 2001). Because an issued patent bears a presumption of validity, 35 U.S.C. § 282, that must be overcome with clear and convincing evidence, summary judgment of patent invalidity may only be attained through clear and convincing evidence. *Barr Labs.*, 251 F.3d at 962.

A patent gives the right “to exclude others from making, using, offering for sale, or selling the invention throughout the United States.” 35 U.S.C. § 154(a)(1).

Furthermore, “whoever, without authority makes, uses, offers to sell, or sells any patented invention within the United States . . . infringes the patent.” *Id.* at 271(a). Direct infringement may occur under either literal infringement or infringement under the doctrine of equivalents. Literal infringement occurs when “every limitation [i.e., element] recited in the claim is found in the accused device.” *Engel Indus., Inc. v. Lockformer Co.*, 96 F.3d 1398, 1405 (Fed. Cir. 1996). In the absence of literal infringement, an accused product may be liable under the doctrine of equivalents if the accused device contains an equivalent for each element not literally infringed. *Dawn Equip. Co. v. Kentucky Farms*, 140 F.3d 1009, 1015 (Fed. Cir. 1998).

In considering the doctrine of equivalents, the Supreme Court adopted an objective test of substantial equivalency in *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 34-36 (1997). This objective inquiry, accomplished in an element-by-element analysis, is informed by whether the differences between the accused product and the invention are insubstantial. *Id.*; *see also Toro Co. v. White Consol. Indus.*, 266 F.3d 1367, 1370 (Fed. Cir. 2001). The most prevalent articulation of the insubstantial differences test is the “function/way/result” test: infringement occurs when a claimed element and the accused element perform substantially the same function in substantially the same way to obtain substantially the same result. *Warner-Jenkinson*, 520 U.S. at 40. However, when applying the element-by-element analysis, the doctrine of equivalents “is not allowed such broad play as to effectively eliminate [a claim] element in its entirety.” *Id.* at 29.

## V. APPLICATION OF THE LAW

Each side contends that it is entitled to summary judgment with respect to infringement of independent claims one and nine. Microsoft also contends it is entitled to a summary judgment finding of no infringement with respect to independent claim twelve. Across all claims in dispute, the parties agree to disagree on only three elements: whether certain process interactions are “automatic,” whether Microsoft’s computer identifiers are “unique,” and whether Microsoft’s process “interferes” with program use. In all other material respects, Microsoft concedes that its accused process reads onto the ‘645 patent.

### *A. Plaintiff’s Motion for Summary Judgment Regarding “Unique” Identifiers*

The first point of contention between the parties is whether Microsoft’s accused process creates unique identifiers for each computer. The plaintiff moves for summary judgment, claiming that the defendant violates claims one and nine of the ‘645 patent because the accused process generates “unique” computer identifiers. In analyzing the plaintiff’s motion in this respect, the Court takes the facts in the light most favorable to Microsoft. As mentioned, MPA identifies computers using a computer ID (referred to by Microsoft as the HWID) created from a one-way hash algorithm. The hash takes inputs from ten of the computer’s various hardware components and calculates a 64-bit number, the HWID. The mathematics of the hash algorithm are such that the same computer will always generate the same HWID, and two computers with identical hardware will create identical HWIDs. As a corollary, even if not all hardware components match, the more hardware components that are identical between two computers, the more likely the HWIDs will match. Finally, because the hash algorithm only utilizes portions of the

numbers obtained from each of the ten hardware components, even computers with non-identical components may generate identical HWIDs.

The parties agree that some computer hardware configurations occur more frequently than others because of bulk sales, distribution schemes, and marketing tactics in the industry. For instance, a corporation might buy numerous identical (or nearly identical) computers for its employees, or a retail store might carry and sell numerous computers with similar or identical hardware configurations. The realities of the marketplace lead one to expect that computers with very similar, if not identical, hardware components will exist.

The actual data provided by Microsoft for Windows XP reflect that during the installation of 39 million copies, the activation system produced 37.8 million distinct HWIDs. Hence, 1.2 million copies of the software were installed on a machine that was assigned an HWID identical to at least one other machine's HWID. Even assuming that each HWID was repeated only once (and the facts indicate this is not a valid assumption), the process would nonetheless produce 36.6 million one-of-a-kind HWIDs in the data set. In other words, at least 94% of the HWIDs produced had no repetition. Moreover, the facts indicate that some HWIDs were duplicated more than one time, so in reality, some number greater than 36.6 million HWIDs (i.e., some percentage greater than 94%) had no repetition whatsoever.

Taking the facts in the light most favorable to Microsoft, the Court considers the HWIDs produced by MPA to be highly unusual or rare. Microsoft makes much of the fact that the most often repeated HWID occurred on 4,338 computers. Indeed, if every HWID were shared by thousands of computers, then it would be difficult to consider the

IDs unique, and the system might not prevent piracy very effectively. However, in reality, the 4,338 computers sharing the same HWID represents an anomaly in the data. Even in this extreme example stressed by Microsoft, only 0.43% of the 39 million computers that installed Windows XP shared the identifier. As mentioned, more than 36 million HWIDs are not repeated even once in the data set. In the realities of the market in which Microsoft operates, where many similarly equipped machines are produced and sold in bulk, the fact that above 94% of the machines produced non-repeated HWIDs indicates that the system was designed to produce identifiers that are highly rare.

Furthermore, the indicia as designed in Microsoft's accused process carry important characteristics of uniqueness articulated by the plaintiff's expert in this case. According to the plaintiff's expert, a system for unique identification must have enough possible identifiers such that each item may be assigned a different identifier. This requirement is unquestionably met by the accused system, because a 64-bit value has the capacity to identify  $1.84 \times 10^{19}$  different computers.

In addition, according to Nash's expert, a unique system must be designed such that a reasonable effort is made to avoid assigning the same number to different computers. Although Microsoft argues that MPA does not carry this characteristic, its accused process does in fact make reasonable efforts to avoid duplications. For instance, the system takes numbers from ten different hardware components, leading to diversity in HWIDs. Furthermore, the system uses a large output value (64-bits), allowing the hash algorithm output to maintain some of the diversity of its inputs. While it is true that the designers of the accused process recognized that duplications might occur, it is a malapropism for Microsoft to suggest that it "intended" these duplications. Rather, it is

more accurate to say that Microsoft endured some duplications based on cost/benefit analyses.

Although precautions such as using a large set of possible identifiers and making a reasonable effort to avoid duplication do not guarantee unique identifiers will be produced, they are characteristics worthy of consideration. The actual data produced by Microsoft further demonstrate that the HWIDs (i.e., computer IDs) generated by the accused process will be highly rare. Given the data and the realities of the computer software marketplace, the Court regards the computer IDs produced by MPA to be unique as required by claims one and nine of the '645 patent.

*B. Defendant's Motion for Summary Judgment Regarding "Automatic" Processes*

1. Claim One

The second point of contention between the parties is whether the accused process "automatically" interacts with the Internet as required by the claims of the '645 patent. While considering the defendant's motion for summary judgment, the Court must take the facts in the light most favorable to the plaintiff. In the context of claim one, the only process that occurs automatically is the determination of whether the computer is operable for communicating with the Internet.<sup>4</sup> The term "automatic" or "automatically" means "acting or operating in a manner essentially independent of external influence or control."

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<sup>4</sup> The Court notes that there exists an apparent error in either claim one or claim six of the '645 patent. Claim one teaches an element of "automatically determining whether one or more of said plurality of computers is operable for communicating with said Internet," and another element of "sending said first identification indicia and said second identification indicia [to the servers]." However, claim six of the patent, which depends from claim one, recites, "delaying said step of **automatically** sending until said first identification indicia or respective said second identification indicia have changed." (emphasis added). It is thus apparent that there is an error on the face of the patent – claim one simply recites "sending" the indicia, while claim six refers to the "said step" (from claim one) of "automatically sending." Because the parties have not raised the issue, the Court, without deciding, will read claim one as the parties have: such that the "sending" of the indicia in claim one need not be automatic.

When a person installs a program such as Windows XP, Microsoft's accused process will not determine Internet operability until a user clicks a button indicating her assent to activate the program. If the user declines to activate, the process will allow a person to continue to use the program as long as the grace period, as determined by Microsoft, has not expired. However, once the grace period expires, the program enters into a reduced functionality mode in which the program's features, with the exception of the ability to activate, are disabled.

In one sense, Microsoft's accused process allows the user total control over when and whether to determine Internet operability by delaying the determination until the user clicks her assent. Microsoft urges that this control is somewhat superficial given that MPA will disable the underlying program upon expiration of the grace period. Nevertheless, the process will not determine Internet operability unless the user clicks her assent to a prompt specifically relating to activating on the Internet. It is the nexus of the prompt, the click, and the subsequent actions that is significant. Under MPA, the user is clearly aware that, immediately following a click indicating assent, the process will begin using the Internet to activate the program. Thus, the user maintains substantial control over the subsequent actions.

On the other hand, the '645 patent provides no indication of user-manifested assent prior to determining Internet operability. The plaintiff points to one sentence in the specification of the patent that suggests a "shrink wrap or other license" for permission to monitor the computer. He argues that the phrase "other license" encompasses a "click wrap"<sup>5</sup> license, which would require user manifested assent

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<sup>5</sup> Click wrap licenses refer to those licenses that appear on a computer screen to which the user manifests her assent by clicking an assent icon. See *Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393 (2d Cir. 2004).

analogous to the assent in MPA. The plaintiff's reliance on this sentence is misplaced. Even assuming the reference encompasses a "click wrap" license, such a license provides little or no nexus to the action of determining Internet operability. Assenting to a shrink wrap or click wrap license relates to the purchase or installation of the process, and does not immediately precede or relate to the run-time operation of detecting internet operability. If the term "automatically" in claim one is to have any meaning at all, it must indicate a user's lack of control over the subsequent action. Under claim one of the '645 patent, once the process is installed, the user maintains little or no control over whether or when the process determines Internet operability.

Considered from another view, the Court struggles in vain to imagine what a *non*-automatic determination of Internet operability would look like under the plaintiff's interpretation. Would two clicks render it not automatic? Five clicks? A phone call? Instead, the Court considers a prompt requiring a response, where the prompt relates to actions that will occur directly following the user's affirmative response, to preclude defining the event as automatic. Under Microsoft's accused process, a user must click on a box to activate her software before the process will determine if her computer is operable with the Internet. Thus, the determination of Internet operability does not operate in a manner essentially independent of external influence or control. Because MPA does not meet the "automatic" limitation as found in claim one of the '645 patent, MPA does not infringe claim one.

Similarly, the accused device does not infringe under the doctrine of equivalents. Under the function/way/result test, the accused device determines Internet operability in a substantially different way than the '645 patent. The '645 patent determines Internet

operability without the user having any immediate control or notification. The actions occur “in the background so as to be unnoticeable to the user.” ‘645 Patent, abstract. The accused device, on the other hand, alerts the user of the impending activation and requires the user’s assent before determining Internet operability. The user control and notification create substantial differences precluding the operation of the doctrine of equivalents.

## 2. Other Claims

Claim nine involves a computer routine “being operable for automatically transferring said first identification indicia and said second identification indicia through said Internet to said one or more servers . . .” ‘645 Patent, col. 11, ll. 10-13. The analysis for claim nine mirrors the analysis for claim one, and the Court reaches a similar conclusion: Microsoft’s accused process does not automatically transfer identification indicia. Furthermore, claims 2, 5-8, and 14-16 depend from claim one or nine. Thus, MPA does not infringe claims 1, 2, 5-9, or 14-16 under literal infringement or the doctrine of equivalents.

### *C. Claim Twelve: “Not Interfering”*

Claim 12 of the ‘645 patent provides:

A method for detecting illegal use of a plurality of substantially identical packets of digitized information, comprising:

Installing a first computer routine in each of a plurality of computers, each of said plurality of computers utilizing one of said substantially identical packets of digitized information, **said first computer routine not interfering** with use of said packet of digitized information;

Associating a first indicia with said packet of digitized information for identifying said packet of digitized information;

Utilizing said first computer routine for determining a second indicia related to each of said plurality of computers;

When one of said plurality of computers is presently in communication with a network of computers then sending said first indicia and said second indicia over said network of computers to one or more servers;

Storing said first indicia and said second indicia in said one or more servers; and

Utilizing a second computer routine in said one or more servers for determining whether said first indicia is associated with more than one of said plurality of computers.

The dispute revolves around whether Microsoft's accused system interferes with the use of the underlying program in a manner inconsistent with claim 12 of the '645 patent. To review, Microsoft's Product Activation system assigns an ID to each computer. Once a user agrees to activate the underlying program (e.g., Windows XP), MPA sends the computer ID and the product ID across the Internet to be analyzed for possible piracy. If Microsoft suspects piracy, or if the user continually refuses to activate the program, MPA will essentially disable the underlying program. On the other hand, claim 12 of the '645 patent specifies a first routine and a second routine that monitor possible piracy, but forbids only the first routine from interfering with use of the underlying program. "Not interfering" means not creating a hindrance or obstacle.

The parties agree that Microsoft's accused process interferes with program use when it disables the underlying program, but they disagree whether this interference is caused by a "first routine." In other words, the parties agree that if Microsoft's disablement of the underlying software is directed by its first routine, then Microsoft does not infringe claim 12. To support his claim for infringement, Nash first argues that claim

12 limits the “first routine” such that the first routine performs two – and only two – tasks: generating the software ID and the computer ID.<sup>6</sup> According to Nash, the second routine (or presumably other routines) may interfere with software use. To this end, Nash argues that anything MPA does to interfere with use of the software after the creation of the IDs is irrelevant because it is not performed by the first routine as limited by claim 12.

If Nash’s reading of claim 12 were correct, then Microsoft’s accused process would read on to this element because MPA never disables the underlying software until after generating the IDs. However, Nash’s interpretation is inconsistent with the patent text. In addition to the steps of generating the IDs, the patent includes the step of sending “indicia over the said network of computers to one or more servers” as part of the first routine. Although Nash contests this reading of claim 12, he offers no alternative source for the action of sending the indicia over the Internet. The ‘645 patent discloses only two routines. A close reading of the patent reveals that the first routine directs all action to be performed on the user computer while the second routine directs actions on the server. Clearly, MPA’s software disablement originates from the user’s computer and not the server. For this reason, it is part of the first routine.

Furthermore, the specification fully supports the view that the first routine sends the indicia over the Internet. The abstract of the ‘645 patent reads, “Thus, there is little motivation to remove **the routine that effects transmission over the Internet** to a server of information such as a program identification indicia, [and] a computer identification indicia.” ‘645 Patent, abstract (emphasis added). Nash’s counsel agreed at argument that

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<sup>6</sup> Technically, the first routine does not *generate* the software ID, but only extracts it from the digitized packet of information. However, the Court uses terms such as “generates” for convenience.

the “routine” referred to in the abstract is the first computer routine. The patent goes on to describe “A first computer routine . . . being operable for . . . automatically transferring the first identification indicia and the respective second identification indicia through the Internet to the server.” *Id.* at col. 3, ll. 32-42. With reference to figure 3 in the patent specification, the patent states, “The ID status, or collection of information so far obtained is compared at 58 to the last status **that was transmitted by routine 40** to the server as indicated in 60.” *Id.* at col. 8, ll. 23. It is clear from figure 3 that the “routine 40” is the first computer routine. Thus, the ‘645 patent clearly teaches that the first routine sends the IDs over the Internet.

In fact, the ‘645 patent does not limit the first routine to any particular set of functions. Although Nash argues differently, the “first routine” encompasses almost any actions performed on the user’s computer by MPA (as opposed to those actions performed on the server). As Microsoft correctly points out, the ‘645 patent does not limit the first routine to generation and transmission of IDs. While claim 12 specifies that certain actions are to be performed by a second routine on a server, nothing in the patent limits the first routine exclusively to the steps of generating and transmitting IDs. Indeed, the patentee leaves room for broad coverage under the first routine, stating, “As another feature of the present invention, the first computer routine **which, may have more than one module**, determines if the digitized information has been altered.” *‘645 Patent*, col. 3, ll. 54-56 (emphasis added). Hence, the “first routine” connotes those actions performed on the user computer. This is as one would expect, because a patent drafter seeks broad, not narrow, coverage.

Given that the first routine encompasses the actions performed by the user computer in MPA, Microsoft does not infringe claim 12 because its first routine interferes with software use by disabling the software. Microsoft's process will disable the software in two scenarios: first, when a user does not activate the software by the time the grace period expires, and second, when a user's activation indicates possible piracy.

In the first scenario, when a user has not activated her software and the grace period has expired, Microsoft's system does not infringe. Although MPA generates IDs as required by claim 12, it will not send the information over the Internet unless the user agrees to activate over the Internet. Importantly in this scenario, Microsoft's first routine disables the non-activated software without sending the IDs over the Internet as would be required by claim 12. In other words, the accused system interferes with program use before the "sending" requirement of the first routine has occurred. This scenario unquestionably avoids infringement of claim 12.

In the second scenario, when a user's activation indicates possible piracy, Microsoft's system again does not infringe. In this scenario, the user activates her product, and the first routine sends the software and hardware IDs over the Internet, but the process disables the software because piracy is detected. Even assuming that the first routine disables the software, Nash argues in the alternative that Microsoft's process still infringes. Nash's argument relies on an accepted principle of patent law: a process that infringes all elements of a patent cannot escape infringement by simply adding additional elements. *See, e.g., Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1271 (Fed. Cir. 1986) (explaining that the transition phrase "comprising" does not exclude elements in addition to those stated in the method claim). In the context of this debate, the

patentee argues that Microsoft has simply created an additional step, the software disablement, and that the additional step cannot relieve an otherwise infringing process.

Normally, it is true that a device including elements A, B, C, and D will infringe a “comprising”-type claim covering elements A, B, and C. However, in this case there is a fly in Nash’s ointment. One of the elements of claim 12 is a negative limitation: the first routine *cannot interfere* with the use of the underlying software. However, Microsoft’s additional element, the software disablement, goes against the “not interfering” limitation of claim 12. Thus, the accused process “does not merely practice an additional function or perform an additional step; it performs a function explicitly moved outside the scope of the claims.” *Kustom Signals, Inc. v. Applied Concepts, Inc.*, 264 F.3d 1326, 1332 (Fed. Cir. 2001) (ruling that the patented traffic radar device, covered under a claim allowing the search of only amplitude *or* frequency data, did not reach a device that always searched amplitude *and* frequency data). Because Microsoft’s accused device contains a first routine that interferes with the program, it does not infringe. *See id.* (“The open-ended transition “comprising” does not free the claim from its own limitations.”).

Similarly, Microsoft’s product does not infringe under the doctrine of equivalents. Applying the function/way/result test, it is clear that the device operates in a very different manner than Nash’s invention. Although both processes contain a first routine that generates IDs and transmits them over the Internet, Microsoft’s first routine is substantially different than Nash’s because it interferes with the software use. *See id.* (holding that the accused device, which searched both amplitude and frequency simultaneously, operated in a substantially different way compared to the patented device, which only searched one or the other). In fact, Microsoft’s first routine could be

said to use an opposite way of operation and to achieve an opposite result. To hold otherwise would “effectively eliminate [the claim] element in its entirety.” *Warner-Jenkinson*, 520 U.S. at 29.

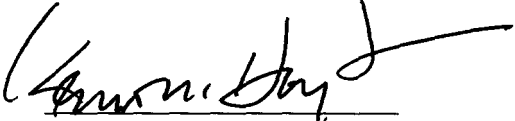
## VI. CONCLUSION

Microsoft has not infringed any of the asserted claims of the ‘645 patent under either literal infringement or the doctrine of equivalents. Given that Microsoft’s process does not infringe any independent claims (claims 1, 9, or 12), it necessarily does not infringe any dependent claims. Similarly, because there is no infringement, the Court need not reach the issue of willful infringement.

Having granted the defendant’s motion for summary judgment of non-infringement, the Court finds it unnecessary to rule on the defendant’s motions for summary judgment regarding invalidity.

It is so ORDERED.

Signed this 31<sup>st</sup> day of March, 2005.

  
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KENNETH M. HOYT  
United States District Judge