

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

NINTENDO CO., LTD., and
NINTENDO OF AMERICA INC.,

Petitioners,

v.

ANCORA TECHNOLOGIES, INC.,
Patent Owner.

PTAB Case No. IPR2021-01338

Patent No. 6,411,941 B1

**NINTENDO'S RESPONSE TO
ANCORA'S REQUEST FOR DIRECTOR REVIEW**

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I. INTRODUCTION

Ancora's request for director review (Paper 72 ("Request")) rests on an assumption that the Board did something wrong in the Final Written Decision (Paper 71 ("FWD2")) when it dug into the factual background of both high-value and low-value licenses, considered the nexus for both, and found the licensing evidence did not outweigh the prima facie case of obviousness. In Ancora's view, the Federal Circuit had already found the claims non-obvious, and there was nothing left for the Board to do but rubber-stamp that finding.

Ancora's view is not consistent with the Federal Circuit's remand order. (Paper 54 ("Appeal Order").) The Federal Circuit upheld the Board's claim construction and "agree[d] with what is in effect a prima facie determination of obviousness based on the Hellman/Chou combination." (Appeal Order, 11–13.) And the Board did exactly what the Federal Circuit instructed it to do on remand:

(1) "On remand, the board should evaluate the nexus issue regarding these [high-value] licenses and then weigh such evidence against what was in effect its prima facie case of obviousness;" and

(2) "On remand, the Board should also consider the nexus issue and the probative value of these [low-value] licenses and weigh that against the licenses produced by Ancora in support of its argument of commercial success as objective indicia of nonobviousness."

(Appeal Order, 20.) The Board performed both of its assigned tasks in the FWD, provided a detailed consideration of the nexus relating to both types of licenses, and correctly concluded that the licensing evidence did not overcome the prima facie case of obviousness. Ancora has identified no erroneous factual findings, much less legal errors, by the Board, and the Request should be denied.

II. BACKGROUND

Nintendo challenged claims 1–3, 6–14, and 16 based on the combinations of Hellman and Chou (Ground 1) and Hellman, Chou, and Schneck (Ground 2).

The Hellman/Chou combination relies on Hellman for nearly every feature of independent claim 1 (Paper 1 (“Petition”), 30), which has been the focus of the parties’ and the Federal Circuit’s attention. The Petition relied on Hellman’s teachings of the agent, the verification structure, the license record, and using the agent to store the license record in a verification structure in an EEPROM. (*Id.*) The only aspect that Hellman did not teach in claim 1 was that the EEPROM was BIOS EEPROM in particular. (*Id.*) The Petition relied on Chou for that teaching, as well as Chou’s own teaching to store sensitive computer information—such as Hellman’s license records—in the BIOS EEPROM. (*Id.*, 30–35.)

Ancora’s primary response was to build an invention narrative around a supposed double disclaimer of the claim term “agent” during prosecution. (Paper 23 (“POR”), 56–64.) The Board rejected that argument, (Paper 48 (“FWD”), 14–

19), and the Federal Circuit agreed (Appeal Order, 8–12).

Ancora made various other attacks on the Hellman/Chou combination, including on the motivation to combine (POR, 52–56), the teaching of the “verification structure” (POR, 62–63), and various inoperability concerns with dependent claims (POR, 64–65). The Board rejected those arguments (FWD, 27–41), and the Federal Circuit agreed (Appeal Order, 12–13).

Ancora presented its own joint press release as evidence of industry praise. (POR, 66–68.) The Board rejected it as lacking nexus (FWD, 43–46), and the Federal Circuit agreed (Appeal Order, 14–15).

Ancora presented license agreements with [REDACTED] and [REDACTED] arguing that they demonstrated the nonobviousness of the claims due to their payment amounts of [REDACTED] and [REDACTED] (POR, 69–70.) Ancora did not present its license with [REDACTED] though the Board considered it along with the [REDACTED] and [REDACTED] licenses. (FWD, 48 n.4; Appeal Order, 15–16; FWD2, 56–61.) Ancora did not present its licenses with [REDACTED] and [REDACTED] for [REDACTED] and [REDACTED], until compelled by the Board. (Paper 33 (“Reply”), 26.) Those licenses showed that Ancora dismissed its cases for a song when faced with an instituted Hellman/Chou IPR ground. (*Id.*)

The Board found that the high-value licenses lacked a nexus to the asserted claims, and “noted, but did not evaluate” the low-value licenses. (FWD, 46–51; Appeal Order, 20.) Here the Federal Circuit did not agree. It found that the Board

had applied too high a standard for nexus. (Appeal Order, 15–20.)

The Federal Circuit vacated the obviousness finding and provided two instructions for remand. First, “the Board should evaluate the nexus issue regarding these [high-value] licenses and then weigh such evidence against what was in effect its *prima facie* case of obviousness.” (*Id.*, 20.) Second, “the Board should also consider the nexus issue and the probative value of these [low-value] licenses and weigh that against the licenses produced by Ancora.” (*Id.*)

III. ARGUMENT

A. Ancora Does Not Give a Credible Account of the Federal Circuit's Remand Instructions

The Request attempts to lead the Director to the wrong outcome, first, by starting the Director off in the wrong location.

According to its retelling, Ancora appealed the FWD “and won.” (Request, 1.) That is a highly unrealistic understanding of the appeal. As discussed above, Ancora's nonobviousness positions were based primarily on a narrowing claim construction, which was outright rejected. (Appeal Order, 8–12). Ancora further attacked the teachings of Hellman and Chou and the motivation to combine Hellman and Chou, and the Federal Circuit rejected those arguments too. (Appeal Order, 12–13.) Ancora presented two different types of evidence for objective indicia of nonobviousness, and one type (industry praise) was rejected outright. (Appeal Order, 14–15.) The only thing that Ancora “won” on appeal was a remand for the

Board to reconsider the licensing evidence of record. (Appeal Order, 20.)

Ancora likewise distorts the posture of that sole remanded issue. Ancora implies that the obviousness question was already decided by the Federal Circuit, based on a passing reference by the Court to giving the licenses “more, if not controlling, weight.” (Request, 2.) But the Federal Circuit was clear on its instructions: the Board was ordered to consider nexus for both types of licenses and weigh them against the prima facie case to reach a conclusion on obviousness. (Appeal Order, 20.) The Board rejected this same attempt in Ancora's remand briefing (Paper 58) to rewrite the remand as a reversal, and the Board correctly made detailed factual findings as instructed by the Federal Circuit. (FWD2, 51–62.)

B. The Board Correctly Found a Nexus Between the Low-Value Licenses and the '941 Patent

The Board correctly found that the low-value licenses had a nexus to the '941 patent, and it did so based on a detailed factual consideration of the circumstances for all of the licenses. (FWD2, 47–62.) The low-value licenses have a nexus for the same reason that Ancora says the high-value licenses do: they are single-patent licenses with dollar figures that are relevant in context.

1. The Low-Value Licenses Have the Strongest Nexus to the '941 Patent

The [REDACTED] and [REDACTED] licenses have the strongest nexus to the challenged claims, and they demonstrate Ancora's own recognition that the claims are obvious.

Use of licenses as evidence on the question of obviousness, referred to as “acquiescence,” is based on the notion that the economic value of a license reflects some recognition of the relative strength of the patent:

Acquiescence by a substantial portion of the competitors in a market to the validity of a patent—generally through acceptance of a license—has been regarded as evidence supporting patentability. The theory behind use of commercial acquiescence is that people would not usually act in a fashion contrary to their economic interests unless convinced of the patent's validity.

2A Chisum on Patents § 5.05[3]. Unlike a case where the licenses show alleged acquiescence by third parties to the strength of the patent's validity, here the record shows acquiescence by the patentee itself to the *weakness* of the patent's validity, and weakness of the '941 patent over Hellman/Chou in particular. The Federal Circuit confirmed that such low-value licenses can indeed weigh against finding objective indicia of nonobviousness. (Appeal Order, 20.)

The [REDACTED] license has a nexus to the challenged claims, and the strongest possible probative value to the Hellman/Chou invalidity ground. The [REDACTED] license arose in the context of an infringement suit Ancora brought against [REDACTED] and [REDACTED] resulting IPR petition. [REDACTED] v. *Ancora Techs., Inc.*, [REDACTED] (“[REDACTED] IPR”). It is uncontested that the [REDACTED] IPR was the first presentation of the Hellman/Chou obviousness combination. (Reply, 26.) The Board instituted review

in the [REDACTED] IPR on [REDACTED]. ([REDACTED] IPR, Paper 7.) A mere *two days later*, Ancora and [REDACTED] signed a settlement agreement. (EX1051.) Under the settlement agreement, Ancora was required to dismiss with prejudice its infringement lawsuit against [REDACTED] giving [REDACTED] a license given that the '941 patent was already expired. (EX1051.) [REDACTED] paid [REDACTED] for the license. (EX1051.)

The [REDACTED] license too has a nexus and strong probative value. Ancora sued [REDACTED] under the '941 patent, and [REDACTED] copycat petition was joined to the [REDACTED] IPR. [REDACTED] v. *Ancora Techs., Inc.*, [REDACTED]. After joinder, Ancora settled with [REDACTED] [REDACTED] received a license to the '941 patent, and [REDACTED] paid a mere [REDACTED] in exchange. (EX1050, 1–2.)

While Ancora received little to no money in exchange for giving [REDACTED] and [REDACTED] licenses, those deals demonstrate what Ancora cared about most. The [REDACTED] license demonstrates a near singular focus by Ancora on avoiding further challenge under the Hellman/Chou-based IPR. The license required the parties to file a motion to terminate the [REDACTED] IPR the very next day. (EX1051.) The license further required [REDACTED] to “[REDACTED].” (EX1051.) [REDACTED] was required to “[REDACTED].” (EX1051.) In exchange for giving a license and thereby forfeiting its ability to seek damages from this substantial electronics company, all that Ancora received in return was reprieve from the Hellman/Chou invalidity risk.

Ancora made nearly the same bargain with [REDACTED] once it became the only defendant to succeed in joining the [REDACTED] IPR. Only after ridding itself of the [REDACTED] IPR did Ancora sue Nintendo—later the same day. (Reply, 26.)

Ancora now argues that because it did not walk away from the Nintendo litigation is evidence that it does *not* believe that the Hellman-Chou grounds are strong. (Request, 12.) A far more plausible explanation is available—the '941 patent had already expired several years before the present IPR was instituted. Ancora's litigation against Nintendo (and parallel defendants) are Ancora's last opportunity to monetize the '941 patent.

Thus the [REDACTED] and [REDACTED] licenses present compelling evidence of Ancora's acquiescence, made through its own economic forfeitures, to the weakness of the '941 patent's validity. And not just weakness generally, but weakness over the asserted Hellman/Chou combination in particular.

2. The Licensing Evidence Collectively Has Little Probative Value

Ancora's high-value licenses provide little probative value on obviousness and should be accorded little weight. Considered with the low-value licenses, the Board correctly found the licensing evidence to not outweigh the prima facie case.

First, licenses taken outside the context of litigation are considered the most probative, given that they would be entered into apart from the costs and risks of litigation. *See Transocean Offshore Drilling, Inc. v. Maersk Drilling USA, Inc.*, 699

F.3d 1340, 1353 (Fed. Cir. 2012); *Cole Kepro Int'l, LLC v. VSR Indus., Inc.*, 695 F. App'x 566, 572 (Fed. Cir. 2017). But all the licenses relied on by Ancora were entered into as settlements of litigation. (EX2031; EX2032; EX1050.)

Second, licensing evidence is most probative when it is made by a large part of the allegedly infringing community, as a demonstration of broad acquiescence by the market to the strength of the patents. *See Cole Kepro*, 695 F. App'x at 572. Here Ancora alleges that its claims broadly cover the distribution of software updates over-the-air (i.e., from a server) to electronic devices (EX1076, 10), and it has asserted the '941 patent against cellphone companies, television companies, game console companies, streaming device companies, and many others. Nonetheless, despite the apparently broad coverage of the '941 patent, Ancora relies primarily on just three licenses, those with [REDACTED], and [REDACTED]

Third, licensing evidence is most probative when it demonstrates a per-unit value that is significant compared to the value of the allegedly infringing device. *See Cole Kepro*, 695 F. App'x at 572. Here Ancora has failed to demonstrate how many allegedly infringing products were at issue underlying the licenses to [REDACTED] and [REDACTED] so Ancora has prevented the Board from according any additional weight based on this factor. Nonetheless, given that these are “very substantial companies” (Appeal Order, 15 n.5), presumably the units accused of infringement were also “very substantial.” While the Federal Circuit criticized the Board for

considering “what the potential exposure was” (*Id.* at 15), it presumably was not criticizing the use of the number of allegedly infringing units and thus the per-unit license amount as context, which the Supreme Court has long endorsed:

The license was not a heavy tax, equal to less than 1 per cent. of the cost of a machine, and purchase of peace was a wise course for the smaller manufacturer. Evidence of this kind is often very persuasive, especially when patentable novelty is in doubt. But it is by no means conclusive, and must be weighed in light of all the circumstances, to accord to it its proper significance. In the case before us, we do not think it can overcome the lack of novelty and invention.

John E. Thropp's Sons' Co. v. Seiberling, 264 U.S. 320, 330 (1924) (citations omitted); *see also Cole Kepro*, 695 F. App'x at 572 (providing minimal weight to licenses because “the per-unit royalty amounts ‘appear to be quite small compared to the value of the machine’”); *In re Antor Media Corp.*, 689 F.3d 1282, 1294 (Fed. Cir. 2012) (considering if licensing was from “business decisions to avoid litigation, because of prior business relationships, or for other economic reasons”).

These licenses provide even less probative value on the question of obviousness when viewed collectively with the low-value licenses. Ancora cannot credibly argue that the licenses to [REDACTED], and [REDACTED] demonstrate market-wide acquiescence to the strength of the '941 patent when the licenses to [REDACTED] and [REDACTED] evidence Ancora's own acquiescence to the exact opposite proposition.

Moreover, the high-value licenses provide less probative value on the

particular prima facie case of obviousness at issue here. Ancora has argued that [REDACTED], and [REDACTED] executed licenses knowing of the existence of the Hellman and Chou references. (Paper 38, 23.) However, Ancora has never suggested that [REDACTED] was aware of their use in combination (first described later in the [REDACTED] IPR), or that any of the three had preserved the Hellman/Chou combination for their respective trials. (*Id.*)

Further, the [REDACTED] license actually shows [REDACTED] appreciation of the *strength* of the Hellman/Chou combination. [REDACTED] attempted to use the Hellman/Chou combination in a copycat of the [REDACTED] IPR, but its petition was discretionarily denied. [REDACTED] v. *Ancora Techs., Inc.*, [REDACTED], Paper 16. [REDACTED] then signed its license agreement a mere *four days later*. (EX1050.) [REDACTED] license thus indicates its appreciation for the strength of the Hellman/Chou invalidity ground, and what it lost with the institution denial.

C. The Board Did Not Apply An Incorrect Burden of Proof

Contrary to the Request's allegation, the Board did not place the burden of proof on Ancora to disprove nexus for the low-value licenses. (Request, 12–13.) The *entirety* of Ancora's position is based on a single sentence in the FWD2 wherein the Board provides a generic statement of law on objective indicia of nonobviousness before addressing *any of* the industry praise (where Ancora clearly bears the burden of nexus), the high-value licenses (where Ancora clearly bears the

burden of nexus), or the low-value licenses. (FWD2, 43.) In the preceding sentence, the Board indicated that the “*proponent* must establish a nexus between the evidence and the merits of the claimed invention.” (*Id.*) Ancora does not cite a single passage in the Board’s 15 pages discussing the licensing evidence (FWD2, 47–62) that even hints that the Board placed any burden of proof on Ancora for the low-value licenses. (Request, 12–13.) This is an unserious position that does not warrant further consideration by the Director.

D. The Board Did Not Err in Weighing the Low-Value Licenses Against the High-Value Licenses

Ancora’s final argument regarding the licensing evidence is that the Board erred in its weighing of the evidence. (Request, 14.) But Ancora’s only apparent argument is that the Board should have performed a rote averaging of the licenses instead of the detailed factual analysis that it actually performed. (*Id.*) Ancora cites no authority or rationale suggesting this approach is appropriate.

The Board was correct in its weighing of the licensing evidence. When all of the licenses and prima facie case of obviousness are weighed against one another, the claims are obvious. “A strong case of prima facie obviousness ... cannot be overcome by a far weaker showing of objective indicia of nonobviousness.” *Tokai Corp. v. Easton Enters., Inc.*, 632 F.3d 1358, 1371 (Fed. Cir. 2011).

Once the claims are properly construed, and thus Ancora’s “agent” argument is properly discarded, the only challenges to the Hellman/Chou combination

presented by Ancora were a lack of a “verification structure” (POR, 62-64), a lack of motivation to combine (*id.* at 52-56), and inoperability for dependent claims (*id.*, 64-66).¹ The “verification structure” argument was easily dispatched by the Board in three paragraphs and the Federal Circuit in one (FWD, 37; Appeal Order, 13). Ancora did not even maintain the other arguments on appeal, and in any case Chou provided strong intrinsic motivation to combine (FWD, 27–32). The *prima facie* case of obviousness is exceedingly strong.

The force of that *prima facie* case outweighs a collection of licenses that present at worst a mixed picture on the validity of the '941 patent. The high-value licenses contain multiple characteristics that undermine their probative value generally, added to their lack of probative value on the Hellman/Chou combination particularly. On the other hand, the low-value licenses provide direct probative value on the invalidity of the '941 patent generally, and the Hellman/Chou combination particularly. Collectively the licenses provide, if anything, slight

¹ The *Graham* factor of “differences between the prior art and the claims at issue are to be ascertained,” *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966), presupposes that the claims have been properly construed, similar to the two-step process for analyzing infringement. Hence, Ancora's now-rejected “agent” claim construction is irrelevant to weighing the *Graham* factors.

support for the conclusion of obviousness, and nothing of sufficient weight to overcome the exceedingly strong prima facie case credited by the Federal Circuit.

E. The Director Should Disregard Ancora's Untimely Discretionary Denial Arguments

Finally, Ancora asks for the first time that the Director to simply terminate this IPR. (Request, 14-15.) Instead, now after this IPR has been through two final written decisions and a Federal Circuit appeal, Ancora seeks to have the slate wiped clean rather than have the Director address the merits. In addition to being untimely, such arguments invite waste of the enormous resources that both the Office and the parties have invested to get to this point. The Director should reject that invitation.

Ancora's arguments, even if considered, are wrong. First, Ancora argues it has settled expectations in the '941 patent because it has been in force for more than 20 years. But the '941 patent is expired now, was expired at the time Ancora sued Nintendo in district court, and was expired at the time Nintendo filed its IPR petition. Absent countervailing considerations (to which Ancora does not point), the Office has held a patent owner does not have settled expectations when it waits to assert a patent until after it expired. *E.g., Apple Inc. v. Ferid Allani*, IPR2025-00856-857, Paper 11, 3 (Sept. 5, 2025) (informative); *Google LLC v. Sandpiper CDN, LLC*, IPR2025-00806, -00826, Paper 13, 2 (Sept. 12, 2025); *Globus Med., Inc. v. Spinelogik, Inc.*, IPR2025-00225-226, Paper 8, 2 (June 12, 2025).

Next, Ancora points to prior challenges to the '941 patent. But the Board

has never reached the merits of unpatentability challenges to the '941 patent prior to this one. Ancora identifies two, but neither involved a full merits analysis. (CBM2017-00054, Paper 7 (Dec. 1, 2017) (finding '941 patent was not eligible for CBM review); IPR2020-01184, Paper 11 (Jan. 5, 2021) (discretionarily denying institution). The Board found Hellman/Chou meritorious beginning in 2021, instituting IPR2020-01609 on the merits and joining IPR2021-00663. (FWD2, 52, 54–55) Ancora did not sue Nintendo until those IPRs had been terminated. (Reply, 26.) When Nintendo filed this IPR it asserted the same grounds against the same claims that had been instituted in prior IPRs. (Paper 17, 1-2). The parties jointly proposed consolidation with another IPR as well as a joint schedule. (*Id.*, 3-5). Thus, Nintendo *in cooperation with* Ancora undertook the most efficient process with this IPR. The IPR should not now be cut off at this late stage.

Finally, Ancora complains about the length of time this IPR may take to be resolved and speculates about whether either party might appeal and the length of time for such an appeal to resolve. (Br., 15). But this IPR has already reached a FWD following remand from appeal, and that FWD found all challenged claims unpatentable. Ancora provides no rationale for why Ancora should be allowed to revive its invalid patent through IPR termination, simply to save an appeal.

IV. CONCLUSION

For the foregoing reasons, the Director should not grant review of the FWD.

Nintendo's Response re Request for Director Review
PTAB Case No. IPR2021-01338

Dated: March 2, 2026

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing **PETITIONERS' RESPONSE TO ANCORA'S REQUEST FOR DIRECTOR REVIEW** was served electronically via e-mail on March 2, 2026, in its entirety on the following counsel of record for Patent Owner:

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Respectfully submitted,

Date: March 2, 2026

/ Anita Chou /

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