IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

Eolas Technologies Incorporated,	§	
	§	
Plaintiff,	§	**Civil Action No. 6:09-CV-00446-LED**
	§	
vs.	§	
	§	
Adobe Systems Inc., Amazon.com, Inc., Apple Inc., Argosy Publishing, Inc., Blockbuster Inc., CDW Corp., Citigroup Inc., eBay Inc., Frito-Lay, Inc., The Go Daddy Group, Inc., Google Inc., J.C. Penney Company, Inc., JPMorgan Chase & Co., New Frontier Media, Inc., Office Depot, Inc., Perot Systems Corp., Playboy Enterprises International, Inc., Rent-A-Center, Inc., Staples, Inc., Sun Microsystems Inc., Texas Instruments Inc., Yahoo! Inc., and YouTube, LLC	§	**JURY TRIAL**
	§	
Defendants.	§	

PLAINTIFF EOLAS' REPLY IN SUPPORT OF ITS MOTION (DKT. NO. 965) TO RECONSIDER CONSTRUCTION OF "EXECUTABLE APPLICATION" IN MEMORANDUM OPINION AND ORDER (DKT. NO. 914) OR, IN THE ALTERNATIVE, TO CERTIFY THE QUESTION FOR INTERLOCUTORY APPEAL

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I. INTRODUCTION

Defendants offer no response to the fact that this Court's construction of the term "executable application" is in direct conflict with the Federal Circuit's construction of the same term: it is impossible for the term to mean ***both*** "**any computer program code**" ***and*** "**a compiled program that is in native machine code**." Dkt. 965 at 1, 5. Defendants also offer no response to the fact that Eolas previously argued that this term encompassed "**any computer program code**"; that the district court agreed; and that the Federal Circuit affirmed that holding. *Id.* at 1, 3-4. Defendants likewise offer no response to the fact that the district court expressly found that the intrinsic evidence defined this term to include "**interpretable** … codes." *Id.*

Lacking responses to these dispositive points, Defendants focus on the application of *stare decisis* to questions of claim construction. According to Defendants, *stare decisis* does not attach to the Federal Circuit's legal determination of the term's "proper definition" because, within the line of *Phonometrics* cases I through VI, "[i]t was [only] in post-*Phonometrics II* cases … where the Federal Circuit refused to revisit the prior construction on *stare decisis* grounds." Dkt. 974 at 7. Defendants mislead the Court. The Federal Circuit only applied *stare decisis* to its claim constructions in post-*Phonometrics II* cases because the pre-*Phonometrics II* cases were also **pre-*Markman***. That is, they preceded the Supreme Court's holding that *stare decisis* applies to the construction of claim terms. Furthermore, never in **any** *Phonometrics* case did the Federal Circuit revisit the construction of a term previously construed by another panel. To the contrary, as the Federal Circuit itself explained, *Phonometrics I* construed the term "digital display," *Phonometrics II* construed the term "substantially instantaneous," and under the principles of *stare decisis*, the construction of those terms was not subject to re-litigation.

In short, Defendants seriously mischaracterize the *Phonometrics* line of cases, and fail to point the Court to any authority suggesting that it is free to revisit the construction of a term

already construed by the Federal Circuit. Indeed, if Defendants were right, then the "proper definition" of a claim term would change with the facts of each new case. But Defendants are not right, as that proposition was squarely rejected by the Supreme Court in *Markman*.

II. ARGUMENT IN REPLY

A. The Direct Conflict With Controlling Federal Circuit Authority Justifies This Motion to Reconsider.

Contrary to Defendants' suggestion, the direct conflict with controlling Federal Circuit authority justifies this motion to reconsider. Dkt. 974 at 1-2; Dkt. 965 at 3.

B. *Stare Decisis* Compels This Court to Follow the Federal Circuit's Construction of the Term "Executable Application."

Defendants next suggest that, under the *Phonometrics* line of cases, this Court is free to revisit the construction of a term already construed by the Federal Circuit. Dkt. 974 at 3-8. But the *Phonometrics* line stands for no such proposition.[1]

As noted above, the district and Federal Circuit decisions in *Phonometrics I* were both pre-*Markman*. They were thus litigated in a world with no *Markman* hearing; with no phrase-by-phrase holding that term "x" means "y"; and with no directive that the construction of claim terms is subject to *stare decisis*. The district court decision in *Phonometrics II* was also a product of this pre-*Markman* world, and when the Federal Circuit looked back on these pre-*Markman* opinions in *Phonometrics II*, it asked what "issue preclusive effect" they might have on the appeal. 133 F.3d at 1464. Enter *Markman*, where the Supreme Court expressly rejected the application of "issue preclusion" to questions of claim construction. *Markman v. Westview Instr.*,

[1] The *Phonometrics* line includes: *Intellical, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384 (Fed. Cir. 1992) (I); *Phonometrics, Inc. v. N. Telecom*, 133 F.3d 1459 (Fed. Cir. 1998) (II); *Phonometrics, Inc. v. Choice Hotels Int'l, Inc.*, 21 Fed. Appx. 910 (Fed. Cir. 2001) (unpublished) (III); *Phonometrics, Inc. v. Westin Hotel Co.*, 319 F.3d 1328, 1330 (Fed. Cir. 2003) (IV); *Phonometrics, Inc. v. Economy Inns of Am.*, 349 F.3d 1356, 1358-60 (Fed. Cir. 2003) (V); and *Phonometrics, Inc. v. Westin Hotel Co.*, 350 F.3d 1242, 1243-44 (Fed. Cir. 2003) (VI).

517 U.S. 370, 391 (1996). The need for real finality and uniformity in this context, the Court held, required "the application of *stare decisis* on those questions." *Id.* This newly mandated application of *stare decisis* was reflected for the first time in *Phonometrics III*, where the Federal Circuit explained that:

> [u]nder principles of *stare decisis*, moreover, future panels like the present panel will follow the claim construction set forth by our court in the two decisions cited above and, therefore, we would not welcome further appeals seeking to re-litigate the meaning of that phrase.

21 Fed. Appx. at 912. *Phonometrics IV*, *V*, and *VI* reflected this same application of *stare decisis* to the constructions already issued by another Federal Circuit panel. Dkt. 965 at 5. In short, Defendants mislead the Court when they suggest that the early and later *Phonometrics* cases reflect differing applications of *stare decisis* to issues of claim construction. Dkt. 974 at 4-8. Only the later *Phonometrics* cases applied *stare decisis*; the early cases expressly applied issue preclusion in this context—an approach now squarely rejected by the Supreme Court, by the Federal Circuit, and by the substantial district court authority cited in Eolas' motion, none of which is addressed by Defendants. Dkt. 965 at 5-8; Dkt. 974 at 4-8.

Defendants further mislead the Court by suggesting that **any** of the *Phonometrics* cases stands for the proposition that courts may revisit the construction of a particular term construed by a prior panel. To the contrary, the Federal Circuit carefully explained—in decision IV, V and again in VI—that *Phonometrics I* construed only the term "digital display"; that *Phonometrics II* construed only the term "substantially instantaneous"; and that, under principles of *stare decisis*, the construction of these particular terms was not subject to re-litigation. *Phonometrics IV*, 319 F.3d at 1330; *Phonometrics V*, 349 F.3d at 1359-1360; *Phonometrics VI*, 350 F.3d at 1243-44.

Defendants also briefly suggest that reexaminations of the '906 patent makes *stare decisis* inapplicable here. Dkt. 974 at 9. But they cite no authority for this proposition, and they

point to nothing in the reexaminations that could possibly have overruled the Federal Circuit's construction. *Id.* The tired assertion that some unilateral statement of the examiner has relevance here has been fully debunked in the prior briefing. Dkt. 537 at 9; Dkt. 581 at 3. Indeed, if a subsequent panel cannot change the Federal Circuit's construction even with a considered decision, it is inconceivable that a PTO examiner could do so with a unilateral statement.

C. The Court's Construction Is Otherwise in Error.

Defendants focus their merits-related response on the point that the Court's construction of "executable application" improperly gives independent claim 1 a more narrow scope than dependent claim 2. Dkt. 965 at 9-10; Dkt. 974 at 10-11. Defendants offer an example involving a "transportation apparatus" and "aircraft," but then treat that example in a manner that has no connection to this Court's analysis, the prosecution history, or the prior decisions at issue. This Court reasoned that a shift in focus during prosecution from "controllable" to "executable" reflected an intention to move from a broad application including scripts to a narrow application excluding them. Dkt. 914 at 8-9. Critically, that conclusion is contradicted by the Illinois district court's express holding on this point. Dkt. 965 at 9-10. But in any event, using Defendants' example, this would be as if the Court found that a shift during prosecution from "aircraft" to "transportation apparatus" reflected an intention to narrow the claim to exclude aircraft, thus justifying the construction of "transportation apparatus" as "a machine for transport that excludes aircraft." Plainly this would make little sense if the patent included a dependent claim "in which the transportation apparatus is an aircraft." It is the same here with respect to "executable application" and "controllable application." *Id.*

Defendants offer no response to Eolas' explanation that the "compiled program" and "native machine code" limitations are neither drawn from the specification nor the subject of any prosecution-history disclaimer. Dkt. 965 at 8-9. Defendants further ignore the specification's

teaching that the TYPE element may identify executable applications written in languages such as postscript. '906 Patent at 13:5-7 ("[o]ther types are possible such as … 'application/postscript'."). And as Adobe explains, **PostScript is an interpreted language**: "The PostScript interpreter executes the Postscript language …." *See* http://www.adobe.com/products/postscript/pdfs/PLRM.pdf.[2]

D. Alternatively, Interlocutory Appeal of the *Stare Decisis* Issue Is Appropriate.

In urging the Court to deny interlocutory certification, Defendants assert that the Federal Circuit discourages such appeals on claim construction and that fact-specific rulings are not well-suited for certification. Dkt. 974 at 12-13. The issue for interlocutory appeal, however, is not an "ordinary claim construction issue", nor a fact specific ruling. Rather, the question is whether the Court is bound by *stare decisis* to apply the Federal Circuit's construction of "executable application" as a matter of law. Accordingly, Defendants' suggestion that the Federal Circuit would need to review the reexamination record is incorrect—nothing in the reexaminations could overrule the Federal Circuit's construction. Considering that a subsequent panel cannot change the Federal Circuit's construction even with a considered decision, a PTO examiner certainly cannot not do so with a unilateral statement. Defendants also represent that the *stare decisis* issue is not a "controlling" question in this case, citing *Quantum Corp. v. Tandon Corp.*, 940 F.2d 642 (Fed. Cir. 1991). Dkt. 974 at 13-14. Defendants incorrectly imply that to be "controlling," the question must decide the lawsuit. *Id*. In *Quantum*, the two orders whose certifications were denied involved "discovery and a refusal to defer the willfulness issue." 940 F.2d at 644. Whether *stare decisis* governs a *Markman* order certainly presents a legal determination that would present a "controlling issue of law."

[2] Defendants offer only conclusory responses to Eolas' other merits-related points. Dkt. 974 at 10-11; Dkt. 965 at 8-10.

Dated: September 16, 2011.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been served on all counsel of record via the Court's ECF system on September 16, 2011. Per the Court's request, a true and correct copy of the above and foregoing document has also been delivered to Mr. Michael T. McLemore, the Technical Advisor in this case, via Federal Express.

/s/ Josh Budwin
Josh Budwin