

United States District Court  
For the Northern District of California

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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

No. C 10-04947 CW

EBAY INC. and MICROSOFT CORPORATION,  
Plaintiffs,  
v.  
PARTSRIVER, INC. and KELORA SYSTEMS,  
LLC,  
Defendants.

ORDER GRANTING IN  
PART AND DENYING  
IN PART  
PLAINTIFFS'  
MOTION FOR  
SUMMARY JUDGMENT  
(Docket No. 41)  
AND CONSOLIDATING  
CASES

\_\_\_\_\_  
EBAY INC.,  
Plaintiff,  
v.  
PARTSRIVER, INC. and KELORA SYSTEMS,  
LLC,  
Defendants.

No. C 10-05106 CW  
(Docket No. 46)

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MICROSOFT CORPORATION,  
Plaintiff,  
v.  
PARTSRIVER, INC. and KELORA SYSTEMS,  
LLC,  
Defendants.

No. C 10-05108 CW  
(Docket No. 43)

\_\_\_\_\_  
AND ALL RELATED COUNTERCLAIMS  
\_\_\_\_\_

In these related cases, Plaintiffs eBay Inc. and Microsoft Corporation move for summary judgment of invalidity of Defendant Kelora Systems, LLC's U.S. Patent No. 6,275,821 ('821 patent)

1 and/or for summary adjudication that the '821 patent cannot give  
2 rise to liability for infringement before November 2, 2010. Kelora  
3 opposes the motion. The motion was heard on May 5, 2011. Having  
4 considered oral argument and the papers submitted by the parties,  
5 the Court GRANTS Plaintiffs' motion in part and DENIES it in part.

6 BACKGROUND

7 The '821 patent, which is entitled, "Method and System for  
8 Executing a Guided Parametric Search," claims a "process for  
9 identifying a single item from a family of items." '821 patent,  
10 Abstract. The invention is intended "to provide a guided  
11 parametric search to isolate a subfamily of items within a family  
12 of items based on alternatives associated with each item." Id.  
13 3:36-39. The patent specification describes two embodiments of the  
14 invention: (1) an embodiment that runs on a single, local computer,  
15 see id. 5:50-18:9; and (2) an embodiment that runs over the  
16 Internet and requires a server and client computer, see id. 18:10-  
17 19:34. Over the Internet, "the invention . . . may be used as an  
18 electronic catalog, providing an electronic alternative to updating  
19 and distributing product and/or service information." Id. 4:6-9.

20 A previous iteration of the '821 patent was at issue in  
21 PartsRiver, Inc. v. Shopzilla, Inc., Case No. C 09-0811 CW. There,  
22 PartsRiver, the previous owner of the '821 patent, charged eBay and  
23 Microsoft with infringement. eBay and Microsoft counterclaimed for  
24 judgment of non-infringement and invalidity. The Court held that  
25 the patent's claim 1 and claim 2, which was dependent on claim 1,  
26 were invalid based on the on-sale bar, 35 U.S.C. § 102(b). On  
27 September 18, 2009, PartsRiver appealed the Court's judgment of  
28

1 invalidity to the Federal Circuit.

2 While litigation before this Court was ongoing, the U.S.  
3 Patent and Trademark Office (PTO) was conducting an ex parte  
4 reexamination of claims 1 and 2. There, the patent examiner  
5 initially rejected claims 1 and 2 as being clearly anticipated by  
6 prior art. PartsRiver sought reconsideration of this conclusion,  
7 arguing the prior art clearly did not teach the subject matter  
8 contained in claim 1. The patent examiner dismissed PartsRiver's  
9 arguments, concluding that PartsRiver relied on features that did  
10 not appear in the language of the claims subject to reexamination.  
11 On or about September 18, 2009, PartsRiver appealed the patent  
12 examiner's final rejection to the Board of Patent Appeals and  
13 Interferences (BPAI).

14 During the pendency of its appeals to the Federal Circuit and  
15 the BPAI, PartsRiver proposed amending claim 1 and adding a ninth  
16 claim to the '821 patent. PartsRiver's amendments to claim 1  
17 necessarily changed dependent claim 2. PartsRiver's additions to  
18 and deletion from claim 1, which are indicated below in underlined  
19 and stricken text respectively, were as follows:

20 A method for assisting a user in identifying a subfamily  
21 of items within a family of items said method performed  
with a server connected to a client computer through a  
computer network, comprising the steps of: . . .

22  
23 (h) accepting a second selection criteria  
~~comprising~~ from said client computer via said  
computer network at said server wherein the  
24 second selection criteria comprises a  
25 resubmission to the server of the alternative  
26 or alternatives of the first selection criteria  
plus at least one alternative selected from the  
revised feature screen, . . .

27 Pls.' Mot. for Summ. J, Ex. 2, at 1:25-52. In relevant part,

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1 PartsRiver's new claim 9 discussed,

2 A method for assisting a user in identifying a subfamily  
3 of items within a family of items, the method comprising  
4 the following steps which are performed with a server  
5 connected to a computer network: . . .

6 (d) receiving and accepting a first selection  
7 criteria of at least one alternative from said  
8 client computer, said first selection criteria  
9 being received by said server from said client  
10 computer via said computer network, . . .

11 (h) receiving and accepting a second selection  
12 criteria from said client computer via said  
13 computer network, in which said second  
14 selection criteria comprises (1) a resubmission  
15 by said client computer of the alternative or  
16 alternatives of the first selection criteria  
17 along with (2) at least one alternative  
18 selected from the revised feature  
19 screen, . . . .

20 Id. at 2:8-41. The patent examiner deemed claim 1, as amended, and  
21 new claim 9 to be patentable. Thereafter, PartsRiver's BPAI appeal  
22 was dismissed. And, after a reexamination certificate for the '821  
23 patent issued on November 2, 2010, PartsRiver filed a motion to  
24 dismiss its appeal of this Court's judgment, which the Federal  
25 Circuit granted.<sup>1</sup>

26 Plaintiffs filed these related cases in November and December  
27 2010, seeking declarations of non-infringement, invalidity and  
28 intervening rights. On PartsRiver's motion, the Court dismissed  
Plaintiffs' claims against PartsRiver because it disavowed any  
remaining interest in the '821 patent. Kelora, now the sole  
Defendant in these actions, has counterclaimed against Plaintiffs  
for infringement of the '821 patent.

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<sup>1</sup> The Federal Circuit remanded to this Court PartsRiver's  
request to vacate the judgment of invalidity. The Court denied  
PartsRiver's motion.

LEGAL STANDARD

Summary judgment is properly granted when no genuine and disputed issues of material fact remain, and when, viewing the evidence most favorably to the non-moving party, the movant is clearly entitled to prevail as a matter of law. Fed. R. Civ. P. 56; Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986); Eisenberg v. Ins. Co. of N. Am., 815 F.2d 1285, 1288-89 (9th Cir. 1987).

DISCUSSION

I. Identity Between Claims Contained in Amended '821 Patent and Claims Held Invalid By This Court

Plaintiffs argue that claims 1, 2 and 9 of the '821 patent, as amended, are identical in scope to original claims 1 and 2, which the Court held to be invalid. Thus, Plaintiffs argue, the Court's invalidity judgment in PartsRiver applies in these actions.

Plaintiffs cite PartsRiver's contention that, "although the text of claim 1 has been altered by amendment, the claim scope is legally identical to that of originally issued claim 1." Pls.' Mot. for Summ. J., Ex. 28, at 7. Kelora claims that they are not identical.

PartsRiver's assertion does not establish, as a matter of law, that the Court's previous invalidity judgment applies to amended claims 1 and 2 and new claim 9. Indeed, Plaintiffs acknowledge that the claims are not identical in scope, noting that PartsRiver's amendments "narrowed claims 1 and 2 to overcome the rejection based on the Granacki prior-art reference." Pls.' Mot. for Summ. J. at 10:28-11:1. Further, that the examiner deemed the claims to be patentable only after they were amended suggests a

1 lack of identity.

2 Accordingly, Plaintiffs' motion is denied insofar as it seeks  
3 summary adjudication that amended claims 1 and 2 and new claim 9  
4 are identical in scope to original claims 1 and 2 and are invalid  
5 as a result.

6 II. Limitations on Liability Based on 35 U.S.C. § 252

7 The owner of a "reexamined patent is entitled to infringement  
8 damages, inter alia, for the period between the date of issuance of  
9 the original claims and the date of issuance of the reexamined  
10 claims if the original and reexamined claims are 'identical.'" Laitram Corp. v. NEC Corp., 163 F.3d 1342, 1346 (Fed. Cir. 1998)  
11 (citing 35 U.S.C. §§ 252, 307(b) (1994)). "Reexamined claims are  
12 'identical' to their original counterparts if they are 'without  
13 substantive change.'" Laitram, 163 F.3d at 1346.

14 "There is no absolute rule for determining whether an amended  
15 claim is legally identical to an original claim." Bloom Eng'g Co.,  
16 Inc. v. N. Am. Mfg. Co., Inc., 129 F.3d 1247, 1250 (Fed. Cir.  
17 1997). Amendments that simply clarify a claim or make the claim  
18 "more definite without affecting its scope" are generally viewed as  
19 "identical" for the purposes of section 252. Id. (citation  
20 omitted). However, "a claim amendment made during reexamination  
21 following a prior art rejection is not per se a substantive  
22 change." Laitram, 163 F.3d at 1347 (citation omitted).

23 "Determination of whether a claim change during reexamination is  
24 substantive requires analysis of the scope of the original and  
25 reexamined claims in light of the specification, with attention to  
26 the references that occasioned the reexamination, as well as the  
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1 prosecution history and any other relevant information." Bloom,  
2 129 F.3d at 1250.

3 Whether amended claims are identical in scope to the original  
4 claims is a question of law. Laitram, 163 F.3d at 1346-47. "This  
5 rule flows from the general principle that 'the interpretation and  
6 construction of patent claims, which define the scope of the  
7 patentee's rights under the patent, is a matter of law, exclusively  
8 for the court.'" Id. at 1347 (quoting Markman v. Westview  
9 Instruments, Inc., 52 F.3d 967, 970-71 (Fed. Cir. 1995)).

10 A plain reading of amended claims 1 and 2 and new claim 9  
11 shows that these claims are substantively different from original  
12 claims 1 and 2. Amended claim 1 states that the steps of the  
13 method it addresses are "performed with a server connected to a  
14 client computer through a computer network." Pls.' Mot. for Summ.  
15 J., Ex. 2, at 1:25-29. Original claim 1 did not contain this  
16 limitation, which effectively excludes the local embodiment  
17 described in the specification.<sup>2</sup> Further, original claim 1's  
18 language did not delineate the roles of the server and the client  
19 computer at step (h), which calls for "accepting a second selection  
20 criteria comprising the alternative or alternatives of the first  
21 selection criteria plus at least one alternative selected from the  
22 revised feature screen." Id., Ex. 1, at 19:56-59. Amended claim 1  
23 defines these roles. The amended claim indicates that, at step  
24 (h), the client computer combines "the alternative or alternatives

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26 <sup>2</sup> The local embodiment required only a single "computing  
27 system." See Pls.' Mot. for Summ. J., Ex. 1, at 7:1-10; see also  
28 Danish Decl. ¶ 8 (stating that claims 1 and 9 involve steps to be  
performed "with a server").

1 of the first selection criteria plus at least one alternative  
2 selected from the revised feature screen," which, together,  
3 constitute the "second selection criteria." Id., Ex. 2, at 1:47-  
4 52. This "second selection criteria," in turn, is accepted by the  
5 server. See id. Because amended claim 2 is dependent on amended  
6 claim 1, it is equally different from original claim 2. New claim  
7 9 reiterates this division of tasks between the server and client  
8 computer. Kelora does not cite any portion of the specification to  
9 argue that PartsRiver's amendments did not substantially change the  
10 scope of the original claims 1 and 2.<sup>3</sup>

11 The reexamination proceedings further support the conclusion  
12 that PartsRiver's amendments narrowed original claim 1. The patent  
13 examiner rejected PartsRiver's argument that original claim 1  
14 reflected these limitations, stating that "there is nothing in  
15 claim 1 about concatenation. The claim makes no reference to how  
16 the data in a search instruction is actually formatted prior to  
17 being sent to a controller to perform the selection." Id., Ex. 19,  
18 at 7. PartsRiver responded to this contention with the amendments  
19 already described.

20 Accordingly, the Court summarily adjudicates that Kelora may

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22 <sup>3</sup> Kelora insists that it has no burden of production, arguing  
23 that Plaintiffs have the burden to show they are entitled to  
24 intervening rights under paragraph 2 of 35 U.S.C. § 252. However,  
25 on this motion, Plaintiffs are not seeking a declaration that they  
26 have intervening rights. Instead, they contend that, under  
27 paragraph 1 of section 252, Kelora is precluded from recovering  
28 damages incurred before November 2, 2010 for infringement of claims  
1, 2 and 9 of the amended '821 patent. See Kaufman Co., Inc. v.  
Lantech, Inc., 807 F.2d 970, 976 (Fed. Cir. 1986) (stating that  
limitation on patentee's rights contained in paragraph 1 of section  
252 "is not . . . so-called 'intervening rights' set out in the  
second paragraph of § 252").

1 not seek damages for infringement before November 2, 2010, the  
2 issue date of the ex parte reexamination certificate.

3 III. Invalidity under 35 U.S.C. § 305

4 Under 35 U.S.C. § 305, during the reexamination process,  
5 patent owners are permitted to add new claims in order to  
6 distinguish the invention as claimed from prior art. However,  
7 "[n]o proposed amended or new claim enlarging the scope of a claim  
8 of the patent will be permitted in a reexamination proceeding under  
9 this chapter." 35 U.S.C. § 305. Whether the scope of a claim has  
10 been impermissibly broadened on reexamination is a matter of claim  
11 construction, Quantum Corp. v. Rodime, PLC, 65 F.3d 1577, 1580  
12 (Fed. Cir. 1995), and thus a question of law for the Court. Under  
13 section 305, "a claim of a reissue application is broader in scope  
14 than the original claims if it contains within its scope any  
15 conceivable apparatus or process which would not have infringed the  
16 original patent." In re Freeman, 30 F.3d 1459, 1464 (Fed. Cir.  
17 1994). "A claim that is broader in any respect is considered to be  
18 broader than the original claims even though it may be narrower in  
19 other respects." Id. To overcome the presumption that patents are  
20 valid, clear and convincing evidence is required. Oakley, Inc. v.  
21 Sunglass Hut Int'l, 316 F.3d 1331, 1339 (Fed. Cir. 2003).

22 Plaintiffs contend that step (h) of original claim 1 provided  
23 that the user of the client computer performed the task of  
24 "accepting a second selection criteria comprising the alternative  
25 or alternatives of the first selection criteria plus at least one  
26 alternative selected from the revised feature screen." In  
27 contrast, as explained above, step (h) of amended claim 1 provides  
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1 that the server performs this task. Thus, Plaintiffs argue,  
2 amended claim 1 is broader because original claim 1 could not be  
3 infringed by a server.

4 The Court is not convinced that the language of the original  
5 claims supports the limitation advocated by Plaintiffs. Plaintiffs  
6 have not identified anything in the original claims indicating that  
7 the user necessarily performed the "accepting" task as defined in  
8 step (h).

9 Accordingly, the Court denies Plaintiffs' motion, to the  
10 extent it seeks summary judgment of invalidity under 35 U.S.C.  
11 § 305. This denial is without prejudice to renewal in connection  
12 with their motion for claim construction and summary judgment.

13 CONCLUSION

14 For the foregoing reasons, the Court GRANTS Plaintiffs' motion  
15 in part and DENIES it in part. (Case No. C 10-4947 CW, Docket No.  
16 41; Case No. C 10-5106 CW, Docket No. 46; Case No. C 10-5108 CW,  
17 Docket No. 43.) The Court summarily adjudicates that Kelora may  
18 not seek damages for infringement before November 2, 2010.

19 Plaintiffs' motion is denied to the extent that it seeks summary  
20 judgment of invalidity based on the Court's invalidity judgment in  
21 PartsRiver. Plaintiffs' motion is denied without prejudice to the  
22 extent that it seeks summary judgment of invalidity based on 35  
23 U.S.C. § 305; they may renew this request in connection with their  
24 motion for claim construction and summary judgment.

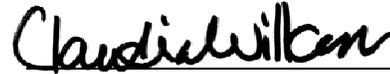
25 As discussed at the May 5, 2011 hearing, Case Nos. C 10-5106  
26 CW and C 10-5108 CW shall be consolidated with Case No. C 10-4947  
27 CW. The Clerk shall administratively close Case Nos. C 10-5106 CW  
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1 and C 10-5108 CW. All future filings shall be made in Case No.  
2 C 10-4947 CW.

3 The hearing on claim construction and the parties' dispositive  
4 motions will be held on November 17, 2011 at 2:00 p.m.

5 IT IS SO ORDERED.

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7 Dated: 5/9/2011



CLAUDIA WILKEN  
United States District Judge

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