

**IN THE UNITED STATES COURT
FOR THE DISTRICT OF DELAWARE**

LEADER TECHNOLOGIES, INC., a Delaware corporation,)	
)	CIVIL ACTION
)	
Plaintiff and Counterdefendant,)	No. 1:08-cv-00862-JJF
)	
v.)	
)	
FACEBOOK, INC., a Delaware corporation,)	
)	
Defendant and Counterclaimant.)	
)	

**DEFENDANT FACEBOOK, INC'S MOTION FOR
JUDGMENT AS A MATTER OF LAW UNDER FED. R. CIV. P. 50(a)**

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Pursuant to Federal Rule of Civil Procedure 50(a) and the Court’s statements on the record on July 26, prior to the submission of this case to the jury, Facebook respectfully moves for judgment as a matter of law on the grounds set forth below and in open court on July 26. “A motion for judgment as a matter of law may be made at any time before the case is submitted to the jury. The motion must specify the judgment sought and the law and facts that entitle the movant to the judgment.” Fed. R. Civ. P. 50(a)(2). A court may grant judgment as a matter of law against an adverse party if “the court finds that a reasonable jury would not have a legally sufficient evidentiary basis to find for the party on that issue.” Fed. R. Civ. P. 50(a)(1).

I. JUDGMENT AS A MATTER OF LAW ON LEADER’S CLAIMS OF INFRINGEMENT

LTI asserted claims 1, 4, 7, 9, 11, 16, 21, 23, 25, 31 and 32 of the ’761 patent at trial (“asserted claims”). The standards for direct patent infringement under 35 U.S.C. § 271(a) are well established; the plaintiff must prove that each and every limitation of each asserted claim is performed or met by the defendant, either literally or under the doctrine of equivalents.

1. Unasserted Claims

Facebook seeks judgment as a matter of law with respect to all of the claims in the ’761 patent for which no evidence was presented at trial, including claims 2, 3, 5, 6, 8, 10, 12, 13, 14, 15, 17, 18, 19, 20, 22, 24, 26-30, 33-35, several of which were previously asserted but dropped during discovery. No evidence was presented with respect to any of these claims. As such, no reasonable jury could find infringement of any these claims, literally or under the doctrine of equivalents, through any theory based on direct infringement.

2. No “Control or Direction” Over “Users”

Facebook additionally seeks judgment as a matter of law of non-infringement with respect to all asserted claims on the ground that Leader has presented no legally sufficient evidentiary basis for a reasonable jury to find that Facebook exercises direction or control over any user (including Facebook employees or third parties) with respect to the claim elements that user must satisfy, or the claim step that user must perform, as required by, for example,

Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318 (Fed. Cir. 2008) and *BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir. 2007). Claims 1, 9, 21 and 23 contain at least one claim step or claim element that requires user involvement to satisfy all elements of such claim, such as the creation by a user of user-defined or user-created data in a first context, user environment or user workspace, and the user accessing or employing that data and/or an application in a second context, user environment or user workspace. *Muniauction* applies to both the apparatus and method claims asserted, as both include an explicit step that a distinct third party, the user, must perform. Additionally, asserted claim 16 requires the act of accessing the user environment via a portable wireless device.

LTI has presented no legally sufficient evidentiary basis that Facebook exercised “control or direction” over any user with respect to any of these claims. No such evidence was presented to support such a claim, and the evidence that was presented affirmatively negated the existence of the requisite direction or control, including by way of example the testimony of Facebook employees Christopher Cox, Andrew Bosworth and Joshua Wiseman, Michael Kearns, during the cross examination of Dr. Vigna, and the terms of use entered into evidence during Dr. Vigna’s examination, and other evidence presented at the trial. No reasonable jury could find that Facebook, in accordance with the standards provided by controlling law, controls or directs the actions, decisions or choices a user makes when using the Facebook website, and users remain free to use the site as they wish. This includes each and every user step required under each of the usage scenarios presented in Dr. Vigna’s testimony – including by way of example, uploading of photos, navigation throughout the site and adding content to other pages.

Muniauction holds that the control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of the claim steps. Facebook neither performed every step of the asserted claims nor had another party perform steps on its behalf, and Leader has identified no legal theory under which Leader might be vicariously liable for the actions of users. Leader’s claim of direction and control fails both

factually and as a matter of law under the controlling *Muniauction* and *BMC Resources* decisions, and no reasonable jury could find for Leader on this issue.

3. No Direct Infringement.

Facebook seeks judgment as a matter of law with respect to Leader's claim for direct patent infringement on the ground that Leader has presented no legally sufficient evidentiary basis from which a reasonable jury could find that Facebook performs each and every element of any asserted claim, literally or under the doctrine of equivalents, under the claims as properly construed. With respect to each of the independent claims, they include: claim 1 ("a computer-implemented tracking component of the network-based system for tracking a change of the user from the first context to a second context of the network-based system and dynamically updating the stored metadata based on the change, wherein the user accesses the data from the second context"), claim 9 ("tracking movement of the user from the user environment of the web-based computing platform to a second user environment of the web-based computing platform; and dynamically updating the stored metadata with an association of the data, the application, and the second user environment wherein the user employs at least one of the application and the data from the second environment"), claim 21 ("tracking movement of the user from the user workspace to a second user workspace of the web-based computing platform; dynamically associating the data and the application with the second user workspace in the metadata such that the user employs the application and data from the second user workspace.") and claim 23 ("a computer-implemented tracking component of the web-based server for tracking change information associated with a change in access of the user from the first user workspace to a second user workspace, and dynamically storing the change information on the storage component as part of the metadata, wherein the user accesses the data from the second user workspace.").

With respect to each of these claim elements, Leader has not presented a legally sufficient evidentiary basis from which a reasonable jury could find that any aspect of these

claim elements is satisfied by Facebook. By way of example, Leader has presented no evidence of the claimed tracking or tracking component that tracks change or movement of the user from a first to a second context, environment or workspace. Leader has also failed to show any instance in which the user's movement or change, or any other action identified in any of the infringement usage scenarios presented by Leader at trial through the testimony of Dr. Vigna, results in a dynamic update, modification, amendment or any other form of change whatsoever to any metadata stored in a first context, environment or workspace, including by way of example the photo table data identified by Dr. Vigna during his testimony.

The evidence also establishes that the alleged metadata that Dr. Vigna identifies in the alleged second context, workspace or environment is separate and distinct from the metadata he identifies in the first context, contrary to the language of the claims requiring an update or change to "the stored metadata" or "the metadata," the antecedent basis "the" making clear that the update or change must operate on the same metadata in both contexts, environments or workspaces. No evidence was presented on this point, and the evidence at trial through witnesses Cox, Bosworth, Wiseman and Kearns, as well as Vigna, affirmatively established the absence of this element in the accused Facebook site. No reasonable jury could find for Leader on this claim element.

Leader has also not presented any legally sufficient evidentiary basis from which a reasonable jury could find that the elements of dynamically updating, dynamically associating, or dynamically storing information in the metadata in the second context, environment or workspace are satisfied. Leader has presented no evidence from which a reasonable jury could conclude that any updating, associating or storing of metadata as recited in these claim elements of claims 1, 9, 21 and 23, respectively, occurs "automatically and in response to the preceding event" of the movement or tracked movement or change of the user to the second context, environment or workspace, as required by the claim construction order and memorandum of Judge Farnan dated March 8, 2010. Even under the manner in which Leader has interpreted the claims, these claim elements are not met because the evidence establishes that the information

Dr. Vigna identifies as the metadata in the second context, or environment, is not updated “when” the user accesses the user-defined data the photo from that second context, environment or workspace.

With respect to each of the asserted independent claims, they also include the following requirements, which are not met: claim 1 (“a computer-implemented context component of the network-based system for capturing context information associated with user-defined data created by user interaction of a user in a first context of the network-based system, the context component dynamically storing the context information in metadata associated with the user-defined data, the user-defined data and metadata stored on a storage component of the network-based system”), claim 9 (“creating data within a user environment of a web-based computing platform via user interaction with the user environment by a user using an application, the data in the form of at least files and documents”), claim 21 (“creating data related to user interaction of a user within a user workspace of a web-based computing platform using an application”), claim 23 (“a computer-implemented context component of a web-based server for defining a first user workspace of the web-based server, assigning one or more applications to the first user workspace, capturing context data associated with user interaction of a user while in the first user workspace, and for dynamically storing the context data as metadata on a storage component of the web-based server, which metadata is dynamically associated with data created in the first user workspace”).

With respect to each of these claim elements, Leader has not presented a legally sufficient evidentiary basis from which a reasonable jury could find that each aspect of these claim elements is satisfied by Facebook. By way of example, Leader has presented no evidence of the creation of user-defined or user-created data in the first context, environment or workspace. Dr. Vigna’s testimony indicates that Leader relies instead on the uploading or provision of previously-created content from the user’s computer, not on the creation of the data within the first context, environment or workspace as the claims require.

Leader has also produced no legally sufficient evidentiary basis as to any other element of any asserted claim. This includes the additional elements set forth in each dependent claim. Leader has also failed to show the actual performance by anyone of the claimed methods set forth in claims 9, 11 and 16.

Leader has therefore failed to show infringement of any asserted claim of the '761 patent, either literally or under the doctrine of equivalents. Because literal infringement requires that each and every element of the claim be exactly met by the accused system, and because no reasonable jury could find that each element is met, judgment as a matter of law is appropriate under Fed. R. Civ. P. 50(a).

Additionally, with respect to the doctrine of equivalents, Leader has presented no legally sufficient evidentiary basis for a reasonable jury to find that Facebook infringes any claim under the doctrine of equivalents, which requires Leader to show that the differences between the accused product and the allegedly equivalent claim limitations are insubstantial to one of ordinary skill in the art, or that the accused product performs substantially the same function, in substantially the same way and achieving substantially the same result as the claim element. *DeMarini Sports, Inc. v. Worth, Inc.*, 239 F.3d 1314 (Fed. Cir. 2001).

With respect to the doctrine of equivalents, Leader has failed to present evidence from which a reasonable jury could find equivalence with respect to any claim element. Dr. Vigna's testimony established that Leader's evidence and argument on the doctrine of equivalents is merely subsumed into its claim of literal infringement, contrary to *PC Connector Solutions LLC v. SmartDisk Corp.*, 406 F.3d 1359 (Fed. Cir. 2005). Dr. Vigna was not able to identify even a single difference, or a single not literally present claim element, that he applied to his analysis. When asked in cross-examination if there are any "scars" on the Facebook website, referring to differences between Facebook and the claim elements, Dr. Vigna said there were none. Leader has also therefore also failed to present the particularized evidence and linking argument as to either the insubstantiality of differences between the claimed invention and the accused device,

or with respect to the function, way and result test, as required by *Motionless Keyboard Co. v. Microsoft Corp.*, 486 F.3d 1376, 1382 (Fed. Cir. 2007).

Additionally, to the extent Dr. Vigna gave testimony on the doctrine of equivalents, it was tied only to the independent claims and not to dependent claims. As no evidence was presented with respect to the asserted dependent claims, no reasonable jury could find for Leader on those claims, and judgment as a matter of law should be entered as to them as well.

Further, Federal Circuit law is clear that the doctrine of equivalents may not be employed in a manner that wholly vitiates a claim limitation. *Scimed Life Systems, Inc. v. Advanced Cardiovascular Systems, Inc.*, 242 F.3d 1337, 1346 (Fed. Cir. 2001). The evidence and testimony of Facebook witnesses and Dr. Kearns, as well as the cross-examination of Dr. Vigna, and other evidence presented at trial, established the complete absence of each of the claim elements in the asserted claims, including the elements discussed above in connection with Leader's literal infringement claim. To apply the doctrine of equivalents as Leader has suggested would entirely vitiate each of these claim elements.

Additionally, the claim of doctrine of equivalents is barred by the doctrine of prosecution history estoppel under *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722 (2002), and its progeny. Each of the claims was the subject of substantial narrowing amendments throughout the prosecution of the '761 patent, in which the applicants were forced to surrender subject matter in response to rejections by the Patent Office relating to the patentability of the alleged invention. These surrenders are detailed in Leader's responses in the file history of the '761 patent filed with the PTO on November 3, 2005, May 5, 2006, and in the Examiner's Amendment dated August 30, 2006. By way of example, Leader is estopped from attempting to apply the doctrine of equivalents with respect to any system that does not dynamically update or modify the stored metadata, automatically and in response to the user's tracked movement to a second context, environment or workspace, an element that was added in an Examiner's amendment, or the claim elements requiring creation of data in the first context,

environment or workspace in May 5, 2006 amendments. Facebook incorporates its arguments set forth in its summary judgment motion on non-infringement (Motion No. 3) on this issue.

Finally, the doctrine of equivalents likewise cannot be applied in the manner suggested by Leader because to do so would ensnare the prior art. The claims, if written in a way to cover the accused Facebook website, would impermissibly ensnare the Yahoo, eBay and Amazon websites that pre-dated the patent as detailed in the testimony of Professor Kearns.

Leader has therefore failed to show infringement, literally or under the doctrine of equivalents, with respect to any asserted claim of the '761 patent.

4. No Indirect Infringement.

The Court has properly refused to give an instruction on Leader's claims for indirect infringement under 35 U.S.C. §§ 271(b), (c). Judgment as a matter of law should be formally entered as to these claims because Leader has presented no legally sufficient evidentiary basis as discussed by the Court.

II. JUDGMENT AS A MATTER OF LAW ON FACEBOOK'S INVALIDITY DEFENSES.

A. On Sale Bar

Facebook's defense of invalidity of the '761 patent based on the on sale bar is governed by 35 U.S.C. § 102(b), which provides that a claim is invalid if the alleged invention described in the claim was "in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States."

1. Priority Date.

With respect to the effective filing date of the '761 patent, Leader has presented no legally sufficient evidentiary basis for a reasonable jury to find that the '761 patent is entitled to the filing date of the provisional application, December 11, 2002. Additionally, no reasonable jury could fail to find that the '761 patent is not entitled to the filing date of the provisional application. Under *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299 (Fed. Cir. 2008),

Leader bears the burden of proving that it is entitled to the priority date of its provisional application. Facebook has presented a *prima facie* case of anticipation of each claim of the '761 patent through the testimony of Mr. McKibben, Leader's documents and discovery responses, which establish both Leader's admissions that the Leader2Leader product practiced each asserted claim, and that the product was offered for sale more than one year before the December 10, 2003 filing date. The question of whether the '761 patent is entitled to the benefit of the provisional application's filing date was not considered by the PTO during prosecution of the patent. Leader therefore bears the burden of showing that the provisional application fully discloses each and every element of each asserted claim, and that it enables one of ordinary skill in the art to make and use the claimed invention, as is required under 35 U.S.C. § 119(e)(1) and 35 U.S.C. § 112, ¶ 1.

The evidence at trial, including the provisional application itself, the testimony of Jeffrey Lamb and the testimony of Professor Greenberg, and the testimony of Dr. Herbsleb, showed that the provisional application fails to fully disclose or enable multiple elements of each asserted claim, including the tracking of user movement from one context, workspace or environment to another, the storage and updating of metadata in more than one context, workspace or environment, and the dynamic update or change of the metadata as recited in the claims. Accordingly, no reasonable jury could find that the '761 patent is entitled to the benefit of the provisional patent application's filing date.

2. Offers for Sale

With respect to the on sale bar, the law requires that the invention was both the subject of a commercial sale or offer of sale, and ready for patenting before the critical date. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67 (1998). No reasonable jury could fail to find that both of these requirements were satisfied based on the evidence. An invention is ready for patenting either when it is reduced to practice or when the inventor prepares drawings or other descriptions of the invention that are sufficiently specific to enable a person skilled in the art to practice the

invention. *Id.* at 67-68. Both variants of ready for patenting are met here, as the trial evidence including the testimony of Mr. McKibben and the documents entered into trial showed that Leader2Leader was operational no later than late 2001 and early 2002 and, in any case, well before the offers for sale that occurred before the critical date. Additionally, Leader prepared documents, including the August 1999 functional specification entered into evidence and on which Mr. McKibben testified as supporting an early invention date, establishing readiness for patenting years before the provisional patent filing. No reasonable jury could therefore fail to find that the alleged invention was ready for patenting prior to the critical date.

Additionally, no reasonable jury could fail to find that the Leader2Leader embodied the asserted claims of the '761 patent for the reasons discussed earlier, in light of Leader's interrogatory responses entered into evidence, the admissions of Mr. McKibben at trial and in deposition, and the documents entered into evidence at trial.

Additionally, no reasonable jury could fail to find that Leader2Leader was subject to at least three offers for sale, to The Limited, Boston Scientific and Wright-Patterson Air Force Base, to whom Leader made commercial offers for sale as detailed in the testimony of Mr. McKibben and the documents entered into evidence.

B. Anticipation

Facebook's defense of anticipation of the '761 patent is based 35 U.S.C. § 102, which requires that Facebook show that each element of each asserted claim whose validity is challenged is disclosed, either explicitly or inherently, by the prior art references upon which Facebook relies. With respect to the prior art, no reasonable jury could fail to find that U.S. Patent No. 6,236,994 to Swartz, Published European Patent Application EP 1 087 306 to Laurence Hubert, U.S. Patent No. 7,647,349 to Laurence Hubert (which contains the disclosures of its published European counterpart), and iManage as described in the iManage DeskSite 6.0 User Reference Manual, each anticipate claims 1, 4, 7, 9, 11, 21, 23, 25, 31 and 32. With respect to claim 16, it is separately anticipated by iManage as described by Professor Greenberg.

No reasonable jury could fail to find that each of these references qualifies as a printed publication prior art reference that discloses, either expressly or inherently, each element of these asserted claims as explained during the testimony of Professor Greenberg. No reasonable jury could fail to find that each of these references provides an enabling disclosure because each is either entitled to a presumption of enablement as an issued U.S. patent that has not been rebutted, or because no reasonable jury could fail to find enablement in light of the evidence presented by Dr. Greenberg and other evidence at trial.

Separately with respect to the Hubert '349 issued U.S. patent, it is prior art under 35 U.S.C. § 102(e) because it is entitled to a priority date of September 24, 1999 as a continuation to an earlier U.S. Application to which priority was properly claimed under 35 U.S.C. § 120. With respect to Leader's claim of entitlement to an invention date of August 1999 that pre-dates Hubert '349, which was asserted during the testimony of Mr. McKibben, Leader has presented no legally sufficient evidentiary basis upon which a reasonable jury could find that Leader has provided adequate corroboration of its claimed date of conception, or that Leader exercised reasonable diligence from such date to the date of actual or constructive reduction to practice.

C. Obviousness

Facebook's defense of obviousness of the '761 patent is governed by 35 U.S.C. § 103(a) and the Supreme Court's decision in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). The factors to consider include the scope and content of the prior art, the differences between the prior art and the claims of the patent and the level of ordinary skill in the art.

With respect to claim 16, no reasonable jury could fail to find that it is rendered obvious in light of the combination of Swartz '994 and U.S. Patent No. 6,434,403 to Ausems, the combination of either Hubert '306 or Hubert '349 with Ausems, or the combination of iManage with Ausems, as detailed during the testimony of Professor Greenberg. Obviousness is a question of law based on underlying facts, and no reasonable jury could conclude that the factors for obviousness were not satisfied by the prior art presented by Dr. Greenberg.

With respect to claims 1, 4, 7, 9, 11, 21, 23, 25, 31 and 32, no reasonable jury could fail to find that these claims are obvious in view of the combination of Swartz '994, the Hubert references, and iManage and the other combinations explained by Professor Greenberg.

D. Indefiniteness

Facebook also moves for judgment as a matter of law with respect to claims 1, 4, 7, 21, 23, 25, 31 and 32 on the ground that these claims are invalid as indefinite under *IPXL Holdings, L.L.C. v. Amazon.com, Inc.*, 430 F.3d 1377 (Fed. Cir. 2005), because these claims impermissibly attempt to claim an apparatus or computer-readable medium, as well as an explicit step that must be performed by a user. These grounds are set forth in the pending motion for summary judgment of invalidity that has been deferred until after the completion of phase 1, which are incorporated by reference, but judgment as a matter of law is also sought and is also appropriate on this legal question pursuant to Fed. R. Civ. P. 50(a).

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