EXHIBIT C

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
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WIRELESS INK CORPORATION,

Plaintiff and
Counterclaim Defendant,

v. 11 Civ. 1751 (PKC)

FACEBOOK, INC.,

Markman Hearing

Defendant and
Counterclaim Plaintiff.

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New York, N.Y.
November 17, 2011
3:30 p.m.

Before:

HON. P. KEVIN CASTEL

District Judge

APPEARANCES

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BY: HEIDI L. KEEFE
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(Case called)

THE COURT: Good afternoon.

THE CLERK: Plaintiff ready?

MS. KEEFE: Absolutely. Your Honor, have happy news. We sent your Honor via fax last night and then again this morning a new, revised chart which eliminated three of the terms, so your Honor doesn't have to construe those. They have been moved from our contested definitions to our claim terms to which the parties agree.

Within the last short amount Mr. Pitcock and we have managed to also come to an agreement regarding the word "implementing," which appears in both claim term number 9 in the chart and claim term number 18. The parties would like to propose for your Honor that we agree that "implementing" means "putting into effect according to or by means of a definite plan or procedure."

After that word is construed, we think that the rest of the words will be dealt with with other constructions, so your Honor doesn't need to deal with those terms either, because we have come to an understanding among and between ourselves as to what "implementing" means.

THE COURT: Do you agree with that, Mr. Pitcock?

MR. PITCOCK: Yes, your Honor, I believe that's correct.

THE COURT: I am adopting that as the Court's

construction.

MS. KEEFE: We appreciate that very much, your Honor.

Your Honor, I would like on the record to thank Mr. Pitcock for engaging with us up to and including before court started so we could try to reduce the terms for your Honor.

With the rest of the terms, I believe that any of them rise and fall under different interpretations of what the, if you will call it, gist of the invention of the '157 patent is. One of the most fundamental disputes between the parties is whether the patent is limited to machines or whether it is to be read more broadly to include things that are not just machines but could be something other than a machine.

When the '157 patent was being written up, was being created, the problem at hand was basically that you want to be able to make unique instances of things. People want things to be user-configurable. They want a specialized car, not just a regular car on the lot. They want their car to have automatic transmission and leather seats as opposed to automatic transmission and cloth seats. Or you would like a user manual that has the paragraphs according to just the things that you want to learn about, not all of the extraneous text, etc.

What happened with the invention in the patent was that configuration and customization of items was really what was at issue. The patent solves the problem of how difficult and time-consuming it can be to customize items, to customize

things like manuals or things like machines through computer-implemented techniques. We use the modern technology of a computer to keep track of the different elements or options that we might want to be able to configure something in its own unique and special way. It simplifies that task.

The invention, though, has broad applicability, and the specification is incredibly clear to point out that it is not limited to machines. There are specific embodiments described in the specification that describe configuring machines; however, there are also embodiments in the specification, one in particular which describes configuring a user manual which could be either electronic or paper and giving different paragraphs of a user manual, not a machine itself.

We even have language from the specification that specifically says, the inventor was clear, "It should be understood that the present invention contemplates use with all types of various items other than configuring machines and creating manuals." Those are just two of the possibilities.

We go back to the claim itself, always one of our best places to go. We look, for example, at claim 1. Claim 1 tells us exactly why I'm fussing with all of this, is it a machine or is it not a machine. Claim 1 calls out that we are going to have a computer-implemented method like we talked about. The invention is using a computer to solve this task of configuring

or customizing, a computer-implemented method for configuring an item. Not a machine, not a specific piece of hardware, but just an item. A very broad term was specifically chosen.

Throughout the case we are going to be talking about what is it that we are configuring, what is that item? Then, depending on what type of an item you're configuring, almost all of the rest of the terms will naturally fall into other categories.

If you are configuring, for example, a car, the options for your car may actually be physical components. I may have a car with an automatic transmission which itself would have the necessary machine pieces that allow the transmission to automatically go to the right speed, with the 1, 2, 3, 4 drive, all of that kind of thing, depending on how I'm driving. Versus, for example, if I were configuring a user manual, the options would be the various paragraphs that we are talking about.

In fact, your Honor, the specification specifically called out -- Liz, can you show the specification -- that specification that talks about the user manual. The specification in column 5/lines 40 through 56 specifically talks about the embodiment of this invention, the one embodiment that is not limited to a machine.

It talks about using the present invention for other concepts than configuring machines. In other words, please use

my idea of configuring things, of picking options and having options follow different characteristics and attributes, use that for things other than configuring machines. The exact language from column 5/lines 40 to 43: "Embodiments of the present invention contemplate that the building block contents could also be used for concepts other than for configuring machines."

It goes on to say that one example is where the building blocks are parts of text for an instruction manual. It talks about how you may be at a car dealership and your Honor decides which car you're going to purchase and which options you like.

Then, for example, if I were the salesman, I would go back into my office and I would say the judge has chosen a car with options A, B, and C. I type into the computer, I need a manual that makes sure to address those options, that makes sure to include those paragraphs of text. The claim tells us how all of that is going to be done.

For example, if we walk all the way through the claim, the computer-implemented method for configuring a user manual per the example in the specification wherein the user manual comprises two or more optional components. In this case, for example, the optional component described in this portion of the specification is air conditioning. We read through a specific example. If the buyer chooses a car with air

conditioning, then the user of the present invention, in other words the car salesman, could choose an air conditioning option when setting up the manual.

So, we have to comprise two or more optional components. The options are air conditioning and maybe air conditioning with a thermostat. If we go down, in the rest of this embodiment it talks about how the option can be the air conditioning -- may I approach the screen, your Honor?

THE COURT: You may.

MS. KEEFE: The option chosen may be air conditioning. But it goes on and says if the user, meaning the person who is typing up the manual, further chooses that the air conditioning unit contain a thermostat, he then chooses the thermostat option.

When I first read this, I have to admit, your Honor, I thought to myself, that's kind of crazy, don't all air conditions have thermostats? I called my father, and he reminded me that in fact that is not true, that you can have an air conditioner without a thermostat. Some of the original air conditioners just blew cold air. They didn't care what the temperature was, they just continuously continued to blow the cold air. And they had two positions, on and off. You were either on or off. Those were your speeds. That's how that air conditioner worked.

But in modern air conditioners, especially ones in

cars that have, for example, an autosetting, you can pick if you want your side of the car to be at 76 degrees. You need a thermostat in order to do that so that you can tell temperaturewise has your air conditioner reached the appropriate level or not. But the ones with the thermostat probably cost a little more. So you want to have the option of having the lower-end conditioner with no thermostat versus the air conditioner with thermostat, separate option. So the option is for air conditioner or air conditioner with thermostat in our claim.

The optional component would basically be the thing that you need. In our manual the optional component is actually the paragraph that describes the air conditioner. We have to create a manual that goes only to our car with an air conditioner, not the car with the air conditioner with the thermostat, because we don't need all those additional paragraphs about how to set it at 79 degrees and how to make sure that the fan speed goes the right way. The optional components are the paragraphs that relate to the option that is we have chosen.

Now again we are configuring our manual wherein the manual comprises two or more optional components. Our manual now has just the paragraphs that we have actually wanted.

Then we go on in the rest of the claim to talk about how we're going to do that. We have to create two or more

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options. The options were like we talked about. It is the one with the thermostat or the one without the thermostat, wherein those options correspond to two or more of the optional components.

The one with the thermostat is just paragraph A, the one without the thermostat is paragraph B. Or vice versa. I think I said it backwards. The one without the thermostat is A and the one with the thermostat is B. We then associate attributes to each of those options. But we have to figure out what an attribute is, because attributes relate to characteristics of those components.

If we continue our hypothetical of building this manual for the car, the characteristic of our paragraph that describes just the air conditioner, the one without the thermostat, is that it is found in the database that talks just about the interior of the car.

All of this has been written before. All of these paragraphs have been previously written. The characteristic of the paragraph about the air conditioner is that it is in the section of the big, long document that you are choosing paragraphs from about the interior of the car. The characteristic of the thermostat paragraph is that it is over in the special section called extras. Now you know where they kind of are.

According to the specification, the characteristic

defines a feature, the features that are in the particular part of this long grouping of words and paragraphs that we are choosing from. The attribute is then actually exactly which lines you're going to take. They are going to go page 2, paragraphs 1 and 2 and maybe even 3. Whenever you pick the one about just the air conditioner, attribute is page 2. Whenever you pick the one about the thermostat, go find it at page 6/lines 5 through whatever.

According to the claim, after we do that, we now know the characteristic tells us a feature of the paragraph we want, where it is we're going to find it. The attribute is exactly these lines, exactly these paragraphs. That makes sense because we're going to use that to create this instance creation file so that later on, when we want to build this manual, we know exactly where to go and get the stuff.

The instance creation file contains that paragraph and line number. You just put the data into that file: This paragraph, this line. When we go to create the manual and we push go, the software that is creating the manual knows to go and grab just those paragraphs as opposed to some other paragraphs.

The only other part that we have here, your Honor, is the notion of a hierarchal option tree. Basically, that goes to the notion that when I was choosing the car, when I was building this manual, I had the option of an air conditioner or

an air conditioner with a thermostat. Obviously, I can't have an air conditioner with a thermostat if I don't also have an air conditioner.

This is one of the ideas that in a hierarchal option tree, to give meaning to the word "hierarchy," one has to sit above the other. It is kind of a forced choice. There can also be a deselection. You can think of any type of one option sits above the other.

That's the background to the claim. I just wanted to give that to your Honor to show how the specification fits right within the claim.

You can also use the same exact type of example for a machine. We could build the car itself. In building the car itself, the item would be the car, the options would be air conditioning or automatic air conditioning with a thermostat, the optional component would be the machine parts that make up the thermostat for one or the machine parts that make up just the air conditioner with the vents and no thermostat for the other.

The characteristics could be how many speeds they have. The air conditioner without a thermostat only has two speeds, on and off, whereas the air conditioner with the thermostat potentially has a many as five: Off, low, medium, high, or auto, meaning it goes to whatever temperature you set it at. The attributes could be as simple as number of speeds.

That information goes into the instance creation file. When the manufacturer goes to build that car, they pull the data out of the instance creation file, and they know only grab the one with two speeds, don't grab the one with five speeds, because we are building one that has just the air conditioner, not the air conditioner with the thermostat, or vice versa.

If we go to the very first term that the parties are having a dispute with, the first term is "configure an item." The main dispute between the parties has to do with the fact that defendants here, counterclaim defendants, Wireless Ink, are saying that the item somehow should be limited to a device, hardware or machine, must be a physical component. They go on and on about the fact that our specification goes on at length about configuring hard disk drives and configuring machines or designs.

But, as I have pointed out to your Honor, the specification is absolutely clear that it did not intend to limit itself the machines. Instead, it used the term "item" broadly because it considered itself to apply broadly, both to machines and to things like user manuals, and even goes so far under the example of creating the user manual to say not only am I not limited to machines, I'm also not limited to user manuals. I have broad applicability to configuring any item.

We know that this is also correct, your Honor, that no definition of configuring an item can be limited to a machine,

because we have other claims in the patent. If your Honor were to turn, for example, to claim 6, claim 6 specifically calls out configuring an item by picking machine components. So, the inventor knew how to limit himself to machines or devices when he chose to and in fact claim 6 is limited to a machine.

THE COURT: Let me hear from Mr. Pitcock.

MR. PITCOCK: Your Honor, I'll try to go through this pretty quickly. First of all, most of what they are arguing about is don't limit some term strictly to the embodiments. Of course, as a general rule that's fine.

But patent claims are supposed to be definite. They are supposed to point out and distinctly claim what it is that you cover with the patent claim and what is not covered, so that somebody like Wireless Ink can read the patent and figure out is what I'm doing infringing, is what I'm doing not infringing. You have to be able to tell the meaning of claim terms with some particularity.

Under their construction, they essentially are saying "item" means anything under the sun. You have no idea whether an item is a chemistry molecule, you have no idea whether it is limited to anything. They essentially are arguing that there is no limitation, which is the entire point of the claim.

The example that they choose is particularly misleading. I can use my slides or theirs. If you look at their slide number 5, your Honor -- and they make a lot of this

because creating a manual is the only thing other than choosing software to go along with different components. I apologize, your Honor. Do you mind if I approach?

THE COURT: You absolutely can.

MR. PITCOCK: They misleadingly try to say that the item in this example is a manual. They base it on this sort of very bad language which says the invention can be used in all sorts of items other than creating a manual or configuring a machine. But "creating" is a verb and "item" would be a noun. It is very difficult to line that up.

In fact, what is really going on is right from the beginning of this embodiment, as you can see on slide 5, it says this invention, this general idea, could be used for something other than configuring machines, it could be used for something other than choosing the software that goes along with the particular components that you choose for a machine. But here the item is the car, the item isn't the manual.

THE COURT: Why do you say that?

MR. PITCOCK: Because the whole idea is you have an item with optional components. The item is the car.

THE COURT: The manual has optional components as well.

MR. PITCOCK: First of all, I'd say that the whole thing is very difficult to try to wedge into a claim that covers something that is expressly different than creating a

manual. The beginning of this says, "Embodiments of the present invention contemplate that the building block contents of options could also be used for concepts other than for configuring machines."

So, when you are looking at all the claims of the patent which talk about --

THE COURT: By the way, an automobile is a machine, correct?

MR. PITCOCK: It is.

THE COURT: All right.

MR. PITCOCK: What I'm saying is she is trying to make this correlation where the item is the manual. No, the item is a car.

THE COURT: You said that twice now. I'm not getting that from reading the language.

MR. PITCOCK: Here the optional accessories, which are the optional components, the optional accessories are chosen by the buyer.

THE COURT: There are indeed in the examples optional accessories chosen by the buyer. There is no question about that. I'm not yet convinced that those are the optional components in claim 1. Remember, there are two sets of options here. There are the physical, real-world, three-dimensional air conditioner and the three-dimensional thermostat, and then there is also the optional text corresponding to an air

conditioner with a thermostat, an air conditioner without a thermostat.

You could look at either as the optional component or both as the optional component or perhaps only one of them as the optional component. But I would not say, based on my reading, that the optional component could not be the text corresponding to the three-dimensional object, corresponding to the accessory, so to speak.

MR. PITCOCK: OK. You have configuring an item, which has to be something. Then, the item comprises two or more optional components. I guess you're saying the optional components here could be pieces of text, right?

THE COURT: That's what I'm positing. I'm not ruling, I'm positing.

MR. PITCOCK: I understand. Then you create two or more options, which are I guess data abstractions which correspond to the text, right, or correspond to the -- see, this where I'm having trouble.

THE COURT: The components may be, in essence, the descriptor or the presence or absence of this item, not the actual text that corresponds. The descriptor, there is the real-world, three-dimensional thing, and then in the world of the text there is the concept that this manual as well as this car will have air conditioning and thermostat.

Then, under air conditioning with or without

thermostat exists the actual text, and the optional component, corresponds to what exists in the three-dimensional world. Also, in the two-dimensional world there exists the components as well. And under the component name is the text.

MR. PITCOCK: OK. Maybe I should start at the beginning a little bit.

You're trying to figure out what the specification conveys as the invention. The specification talks about in order to allow the user to not only choose a particular configuration for a desired machine but also to ensure that a sound configuration is chosen.

The present invention contemplates that the structures are implemented so that the appropriate properties are conveniently associated with each other option, enabling the appropriate software and appropriate attributes thereof for the corresponding machine component to be implemented as a result of choosing the option.

Again, there is a level of abstraction, but the patent is describing the problem that is being solved and configuring is specifically described as choosing the appropriate software for an item, not creating a manual. So, it is in fact contrasted with creating a manual.

THE COURT: Let me ask you, why wouldn't this claim read on the development of some kind of instructional book or history book and there are optional components? Maybe a

component is the Civil War and another component is Reconstruction, and one might want to cover the Civil War but not Reconstruction or Reconstruction but not the Civil War. There might even be a hierarchy under that. Maybe in certain instances you really are not talking about the Battle of Gettysburg unless you checked off Civil War. Why wouldn't this read on that circumstance?

MR. PITCOCK: The reason why is I don't believe that's what -- "configured" is a term that is used over and over again in the patent specification to mean choosing software and not choosing text. Generating a user manual is contrasted with configuring a machine, it is not considered a subset of configuring a machine.

THE COURT: Maybe you're speaking loosely here. I would hardly categorize selecting text or selecting the categories of text to be included as selecting software. The term "software" wouldn't fit, wouldn't seem to fit, to me.

MR. PITCOCK: The patent nowhere says that configuring is selecting text. All this is just a hypothetical trying to read this embodiment which covers creating a manual onto this claim which is expressing configuring an item.

THE COURT: Let's use your words, choosing appropriate software.

MR. PITCOCK: OK.

THE COURT: I would hardly describe that as choosing

appropriate software.

MR. PITCOCK: You would hardly describe? I'm sorry, your Honor.

THE COURT: The circumstance you have described, I would not call text ever software.

MR. PITCOCK: I agree, your Honor. That's why creating a manual is not covered by these claims.

THE COURT: Where do you come off with software in your proposed definition? I don't get that at all.

MR. PITCOCK: Because these claims are drawn to configuring, which is repeatedly described as choosing the software. The whole invention, what you are trying to solve -- right here at the very beginning, "The problem solved by the invention is software is increasingly found in various types of electrical and electromechanical devices. For example, over the past few years, devices, such as automobiles" -- so here is your car where the device, the item --

THE COURT: What slide number is this, sir?

MR. PITCOCK: Slide number 5 in my presentation, your Honor.

THE COURT: Thank you.

MR. PITCOCK: -- "and toaster ovens are incorporated with more and increasingly sophisticated software. There are also many situations where a base model machine has numerous optional components that can be chosen regarding a change in

the software that is used to operate the machine."

The problem that is being solved, your Honor, is you've got all of these -- I wouldn't say it's strictly limited to a machine. That's not what I'm arguing. You can have, for example, a network that has optional physical components, like a number of different computers that could be involved. Or it could be something that isn't computer-specific. It could be a lighting system which has different physical components, and you need software, depending on the components you choose, to run that particular instance of the item.

So, looking at the patent and the teaching, if you were going to try to read -- the whole purpose of this invention is to allow a machine with a variety of different potential components repeatedly described as different physical components to be flexibly and efficiently configured. For example, to have appropriate software attributes implemented to operate the machine once.

THE COURT: Let me ask you, wouldn't that read one of the embodiments out of the patent, the automobile manual?

MR. PITCOCK: I don't think it would, because these claims, none of them are drafted to cover creating a manual. They describe creating a manual as something that you could do with the same basic concept, but none of the claims cover creating a manual. They all cover different software configurations. Attributes, every single term used here is

talking about choosing software depending on the different physical components of your item.

THE COURT: There is a preferred embodiment. I certainly don't define a claim term by just looking at embodiments in the specification, but one would suppose that the inventor, in drafting the claim language, intended the claim language to encompass the preferred embodiment.

I could posit a situation where the inventor failed in that quest. That, I suppose, is possible. But a more natural construction -- and you're welcome to tell me there is no such rule of construction -- is that looking at the claim language, which is the only thing I'm construing, it would be reasonable to endeavor to construe it in a manner that covered the inventor's preferred embodiments. Is that not a reasonable principle of construction?

MR. PITCOCK: Actually, the rule, as I understand it, your Honor, of claims construction is if you have a term that is used in the patent, then the embodiments that are used with relation to that, the embodiments in the patent, should be presumed to be included within its scope. I would agree with that.

But there is actually a lot of Federal Circuit case law that says claims aren't presumed to cover every embodiment in your patent. You can have all sorts of embodiments disclosed that are not covered by the claims. So, it is not a

rule that every embodiment in your patent --

In fact, that is exactly what I think is going on here, which is that 99 percent of this patent describes what was considered to be the invention, which was generating the software to configure a physical machine that has already been constructed or that you are constructing as you choose software.

THE COURT: Why isn't that just an embodiment, the software, that's one of the ways?

MR. PITCOCK: Because what you are trying to figure out is what does "configure" mean.

THE COURT: Right.

MR. PITCOCK: There is nothing in the patent that indicates that "configure" means generating a manual. It's just the opposite. The one example of creating a manual is specifically contrasted with configuring. There is no reason to presume that this embodiment is somehow covered under claims that talk about configuring.

You're allowed to describe various options. In fact, that is exactly what's going on here. You're allowed to describe various options for what you think is within the scope of your invention. Some of the claims will cover some of the options, some of the claims may not. Here, for whatever reason, the patentee did not choose to draft any claims that cover generating manuals.

THE COURT: Let me hear from Ms. Keefe.

MS. KEEFE: Your Honor, I think one of the biggest problems we have been having is that Mr. Pitcock seems to think that "configure" has to mean choose software. But if we look back right away, for example, at column 4/lines 9 through 10, the patentee tells us what he means by "configure." It doesn't mean go choose software. It literally means prepare for use. Configure: Make it look a different way, prepare it for use. We have it here on the screen, your Honor. "Configure, e.g., prepare for use."

I'm not sure that I understand Mr. Pitcock's argument that somehow the configuration of a machine is contrasted from making a manual because of the word "configure." That's not it at all. If your Honor looks at the paragraph we were talking about, all that the inventor is saying in column 5/lines 40 through 60 is that one thing you can do is configure machines, another thing you can do is configure a user manual, because "configure" just means put into use. So, put it into the appropriate use. You can either configure a machine or you can configure a user manual.

When we go back to the claim itself and the claim language, all we are doing is configuring an item. The specification makes clear that the item could be anything. It's not limited to a machine nor to a manual. In fact, it could be even beyond that.

THE COURT: Thank you, Ms. Keefe.

I am prepared to construe "configuring an item" to mean "preparing an item for use such that it contains desired optional components."

Next term, please.

MS. KEEFE: The next term, your Honor, is "optional component." The key dispute here is again whether or not the optional component has to be limited to an electrical or mechanical part. That is truly the real difference between the parties' construction.

Facebook is proposing that an optional component is just like it sounds. It's a part or portion. "Component: Part or portion of an item that may or may not be selected." "May or may not be selected" is just our way of saying optional, you can choose it. What is a component? It's a part or portion.

If we go back to the user manual, the optional components are the paragraphs of the item, the user manual.

THE COURT: Thank you, Ms. Keefe.

MS. KEEFE: Thank you.

THE COURT: Mr. Pitcock?

MR. PITCOCK: I'll just say -- well, it is what it is. There is no example given in the patent where an optional component isn't an electrical or electromechanical part that is a physical component. There is nothing in the spec that

indicates that. There is nothing in the spec that would let one with skill in the art prepare anything under the sun for use. The patent law does not allow claims to be construed this abstractly. To just say it's a part of anything under the sun, I don't believe it's supported by the specification.

THE COURT: You made the point in your briefing that it may be that the construction renders the patent invalid. I haven't a clue. You may lose the battle and win the war on some of this. I have no idea. I'm not up to that point yet.

I do gather that I should be construing claim language consistent with I guess a presumption of validity, I shouldn't be construing it in a way to reach for an invalidity. What I have been trying to do is construe the terms as a person of ordinary skill in the art would understand them and how the inventor intended them to be understood. That's what I'm doing. It may be tomorrow's problem for what the consequences of that are.

MR. PITCOCK: Fair enough. If you will look at slide 10, your Honor, in our presentation.

THE COURT: All right.

MR. PITCOCK: It's that all the components, and I'll skip to line 12, all the components are always described as physical. If you're talking about actually building the machine, which is also contemplated by the patent, that also is talking about physical components. It talks about physical

assembly.

If you look at slide 13, when it's talking about the option tree, it displays the corresponding physical components. The options are a data abstraction that are supposed to match actual physical components, such as air conditioning or a thermostat or other physical parts of an item, if we are not going to define it in particular. That is how it is used in the patent repeatedly.

THE COURT: Thank you, Mr. Pitcock.

I'm construing the term "optional components" to mean "a part or portion of an item that may or may not be selected."

I'll hear the next term.

MS. KEEFE: Your Honor, the next term is "options." With respect to "options," we attempted to come as close to Mr. Pitcock's language as possible to eliminate the disputes. What remains is that we are proposing that options are data that correspond to the optional components of an item. The only dispute is whether the data must be user-manipulated, as Mr. Pitcock suggests, and whether it's limited to physical components.

Options, your Honor, are not user-manipulated. They are user-selectable but not user-manipulated. User-manipulated would mean that the option itself has to be somehow fussed around with. The option is air conditioning or air conditioning with a thermostat. That is nothing that the user

is actually monkeying with. It's just something that the user is choosing. In fact, "manipulated" doesn't appear anywhere in the specification at all.

The last part about whether or not the component may be physical is the exact thing that we have discussed previously. We tried to come as close to Wireless Ink's construction as possible: Data that corresponds to optional components of an item. We just don't see any reason for putting in "user-manipulated," because it is absolutely not supported. If anything, it is user-selectable but not user-manipulated. And it is not limited to a physical component.

Thank you, your Honor.

THE COURT: Mr. Pitcock.

MR. PITCOCK: If you will turn to slide 15, your Honor, "options," in quotes, is defined again and again in this patent as representative of machine components, physical components. They are supposed to be, she says, selectable. That's what I meant by "manipulable." The options are described in the various embodiments as being able to have certain things that the user can also change about them themselves.

If you look at slide 15, "Options: Representative machine components. The necessary aspects: For example, software for operating the desired machine to be implemented."

If you look at slide 16, "Options represented by data

and computer" corresponds to optional components of the machine. They are selected by the user according to the optional components that the user desires to have as part of the machine. Each option is envisioned to be created to contain the necessary information to appropriately configure the corresponding optional component of the machine.

Then look at 17 with reference to embodiments envisioning configuring a machine, again selecting software based on the different physical components. "The present invention allows the user to choose from various 'options' representative of machine components so that the necessary aspects, for example, software for operating the desired machine, can be implemented."

It's defined repeatedly in the specification as data that corresponds to physical machine components, and that definition in the specification given by the patentee ought to control.

THE COURT: Ms. Keefe?

MS. KEEFE: Your Honor, that would leave out the preferred embodiment of a user manual where there are not physical components at all. The option is for a manual that has text about air conditioning or a manual that has text about air conditioning with a thermostat. That's where our definition comes from. Unless your Honor has other questions.

THE COURT: Mr. Pitcock, any last word on that?

MR. PITCOCK: The word "options" is not used at all with respect to creating a manual. There is nothing that indicates that the meaning particularly given by the patentee for that term is somehow overruled by a discussion of generating a manual which is specifically contrasted with configuring a machine.

THE COURT: I'm construing the term "options" to mean "data that corresponds to optional components of an item."

Next item, please.

MS. KEEFE: Your Honor, the next term that we have a dispute regarding is "correspond." I think, your Honor, this is a relatively simple dispute. We believe "correspond" can have its ordinary meaning, but Mr. Pitcock is proposing that "correspond" mean match.

The only problem I have with the world "match," the problem I should say, not the only, is that "match" implies identicality. In fact, throughout the patent "correspond" does not mean match. Multiple characteristics, multiple attributes can correspond to a same option. In other words, you have to be able to have them relate to each other, be associated with each other, but not match.

The problem I have here is that "match" implies identicality. That's why we propose that "correspond" does not mean match but instead, in the alternative, means that each option has a counterpart optional component.

THE COURT: Let me hear from Mr. Pitcock.
MR. PITCOCK: This is actually a term that we argued about, if you will remember, in the first Wireless Ink patent over and over again. The specification talks about how you're supposed to be choosing things that match the options.
If you look at slide 28 -- I have these in a slightly different order -- and if you look then at 29, the software that you are putting in the instance creation file, which is admittedly a computer file, is supposed to match. You don't want to have to keep a complete copy of all the software that may be necessary for the different components of your item.
THE COURT: Let me make sure I have where the term is in the claim language. I know the word "corresponding" is in claim 1. Help me out. Where is the word "correspond," or is it simply the word "corresponding"?
MR. PITCOCK: It appears twice, your Honor. I'm holding up their demonstrative.
THE COURT: I see. "Create two or more options wherein said two or more options correspond to said two or more optional components." I have it. Thank you.
MR. PITCOCK: There is another place, your Honor. The attributes corresponding to the selected options.
THE COURT: Right. In both cases.
MR. PITCOCK: In both cases. Again, the whole point is that you are trying to match what you put into the instance

creation file, this computer file, which is software, you're supposed to be matching it based on the particular options that the user selects. So it is used in the specification "correspond." Options, they correspond to the optional components. Match, they have to match.

Then, on slide 31, each option is envisioned to contain the necessary information to appropriately configure the corresponding optional component of the machine. If they don't match, then it's not going to work. Even under the broad construction of "prepare for use," it doesn't make any sense. Even in the manual example, if you somehow read it into these claims, if you choose the air conditioning, you want the air conditioning text. If you choose the thermostat, you want the thermostat text. It has to match.

THE COURT: It appears to me that the word "correspond" likely doesn't need any construction to a person of ordinary skill in the art. It would be understood. I will say and will construe it to mean the same as "correlate."

"Attribute."

MS. KEEFE: Thank you, your Honor. For "attribute" we have boiled the dispute down very simply here to whether or not the attribute must be software. The examples given of attributes in the specification clearly indicate that the attributes are not themselves software but instead are data.

For example, the example given regarding the hard disk

controller that we have in figure 3 and the corresponding text --

THE COURT: Which slide is this now?

MS. KEEFE: This is in our slide number 18. The attributes are not limited to software per se, but instead the attributes are just data about the characteristics. The specific example given would be read out by Mr. Pitcock's construction.

The example given in Figure 3 is if you chose user computer A, which had hard disk controller A, it would have X tracks. In other words, it would have this many tracks within the hard disk itself. As opposed to if you chose user computer A with hard disk controller A and Y sectors per track. Different attributes.

The specification describing the exact same figure says, "Though 'attributes' include, e.g., X tracks, it should be understood that embodiments of the present invention also envision that X could be a specific number." So, in fact, the attribute could be limited to a number.

This is why, your Honor, when we were going through the example of how you're going to pick the text that you are going to use, the attribute is essentially the number, the data, that you are going to have in order to know which portion of text to use versus which component to use.

In the example of the car with the thermostat-

controlled air conditioner as the options, the attribute was five speeds, so go pick the five-speeded one, number 5 is the attribute, as opposed to attribute 2 for the nonthermostat-controlled air conditioner, on-off. Here, X tracks versus Y sectors per track. Therefore, an attribute has to be defined to include options, not simply data.

THE COURT: Mr. Pitcock.

MR. PITCOCK: Again, this is her five-speed fan. That is not in the patent. That's just a made-up example hypothetically applying this manual thing to these other claims. What the patent actually talks about is the attributes.

If you look, your Honor, at slide 21, it talks about configuring appropriate software attributes. This data specifying in her example the number of sectors and track, yes, it would include data like that. But attributes are software. It would be software that would include that data. Again, if you chose various disks, you also have to have that data included if you're going to operate a machine with the software. The attributes include that data, there is no doubt about that, but the attributes are software.

If you look again at slide 21, it talks about software attributes. All of these attributes are being saved in a file, which there doesn't seem to be any dispute is a computer file.

THE COURT: This is what I don't quite get with both of your proposed definitions. Yours is software which matches

the characteristics of the particular optional components chosen. The patentee's is data that represents a characteristic or property of an optional component associated with at least one option.

Why wouldn't I, to use yours, but I could do something similar with theirs, start "attribute" with the characteristics of the particular optional component chosen, or in the case of the patentee's, an attribute is a characteristic or property of an optional component associated with at least one option? Why isn't that a better, more accurate definition of "attribute" rather than resolving in this particular instance the data versus software debate?

MR. PITCOCK: I think because "attribute" does have a broad meaning to anyone reading a dictionary what will what you are saying. I think that the patent claims use characteristics and then they use attribute. The characteristics are the features of the optional component, and the attribute is the data or software that corresponds to those characteristics. So, "attribute" in the patent is repeatedly used to describe the data and not the characteristics of the thing that it describes.

THE COURT: I see. Thank you.

I'm going to construe the term "attribute" as the data that represents a character or property of an optional component associated with at least one option."

Next term.
MS. KEEFE: Your Honor, the next term is "characteristics." I think here again we are down to a very, very, very small dispute. Mr. Pitcock wants to add in the word "distinguishing." That is simply not in the specification. It reads in a limitation that doesn't exist.
The characteristic is a feature or property of the optional component. It may be that it distinguishes it, it may be that it does not. We simply propose a feature, property, or quality of the optional component. That is supported because a characteristic can in fact be shared by more than one optional component.
THE COURT: Let me hear from Mr. Pitcock.
MR. PITCOCK: I would also like to say that we have been talking about one of ordinary skill in the art. That's the lens through which we are supposed to be doing these things. I'm not sure who that person is if the art is preparing anything under the sun on earth for use.
THE COURT: Who do you think the person of ordinary skill in the art is?
MR. PITCOCK: Under your construction, if it's really that broad, they would have to be a person with 3 to 7 years of experience in putting together anything.
THE COURT: You flipped it and you said under my construction.

MR. PITCOCK: Yes.
THE COURT: Who do you think is the person of ordinary skill in this art?
MR. PITCOCK: I think properly construed to the invention, it would be a person who has 3 to 4 years of experience in programming optional accessories that are electrical or electromechanical.
THE COURT: Same question for Ms. Keefe.
MS. KEEFE: Your Honor, I think that the level of ordinary skill is not that dissimilar to that which we are using in the first portion of this case. I would probably go along with the notion of someone with 3 to 4 years' programming experience or other real-world experience, but it doesn't have to be limited to physical or optical components.
THE COURT: All right.
MR. PITCOCK: We were talking about "characteristic." I think "characteristic" is a word with an ordinary connotation. I don't think it means anything different to anyone of ordinary skill here than it would to anyone else. A characteristic is normally a distinguishing feature, something that characterizes something. It isn't just a feature, it's something that distinguishes it from something else.
THE COURT: It would mean that if two optional components shared the same call it feature or property, then that feature or property would not be a characteristic,

correct, under your definition?
MR. PITCOCK: It would have to distinguish it. This patent is all about choosing different parts. There has to be some option. There has to be something optional about it. There has to be a difference between the two things being chosen, which is the characteristic. If it were the exact same thing, air conditioner versus air conditioner, there wouldn't be any characteristic.
THE COURT: No, but one could posit that there could be in the hierarchical tree other characteristics that could be shared with both: I don't know, maybe an on-off switch, maybe an analog on-off switch or a digital/analog on-off switch, and that on-off switch could be common to several optional components.
MR. PITCOCK: I agree. Again, for them to be different optional components, there has to be some difference between them. I just think that is the ordinary understanding of the word.
THE COURT: I'm construing "characteristics" as "features, properties, or qualities of the optional components."
Next item.
MS. KEEFE: The next term, your Honor, is "hierarchical option tree."
THE COURT: Good drawing. Thank you.

MS. KEEFE: You have been using it, your Honor. I think you have been using it quite well. We make sure to define "hierarchy." The reason I believe Facebook's construction actually works the best is that it takes into account all the different things we need to take into account to give definition to the words that are there. The words here are "hierarchical option tree." It's "a collection of two or more options arranged such that at least one option sits at a higher level than the other."

Mr. Pitcock's definition ignores the notion of hierarchy. It ignores the fact that we actually have to have one seated at an option level that is higher than another. In fact, he circularly defines "hierarchical option tree" with items arranged in a hierarchical order.

The specification makes clear that hierarchical option tree, for example, has things like parent options and child options and that parent options are higher-level components to the lower-level child options. Standard, normal hierarchical tree. If you choose air conditioning, you may also choose, below that, the thermostat option.

As odd as it is, I'm not sure you're going to be able to see my pen drawing, but if we have the trunk of the tree being, for example, the car, we have a branch here which is air conditioning, in a hierarchical option tree we must have another option that is subliminal to that which could be the

thermostat. That's what our definition contemplates.

We think Mr. Pitcock's definition is a little circular, a little confusing, and this is what the specification talks about.

THE COURT: Let me throw this out. Maybe either or both of you will disagree with it or agree with it. "An organizational framework for two or more options wherein one option sits at a higher level and branches into at least one other option." Let me amend that further and say, "An organizational framework for two or more related options where one option sits at a higher level and branches into at least one other option."

MS. KEEFE: I want to read what my associate took down as notes. I'll stop talking before I read it.

Your Honor, we would be fine with that.

Mr. Pitcock, if you want to look at the notes, you're welcome to. I think that works well.

MR. PITCOCK: I would only add, your Honor, that it is critical that it's a visual structure where you can see both options. If you look at my slide 37, the option tree hierarchy is distinguished from other techniques for structuring and implementing the option. One of the advantages to the option tree is that you be able to see the hierarchy that you are describing.

THE COURT: I'm going to adhere to the proposed

construction that I read to the parties. Next term, please.
MS. KEEFE: Your Honor, that also covers "option tree wherein two or more options are associated within a hierarchy"? I believe your definition covers that as well, is that correct?
THE COURT: "Hierarchical option tree," is that what you are asking me?
MS. KEEFE: There are two phrases, your Honor. One is "hierarchical option tree." That definition works very well. The second term, very related, same dispute, was just an "option tree wherein said two or more options are associated with a hierarchy." I think your definition fits there just as easily.
THE COURT: I think it does also.
MS. KEEFE: Thank you, your Honor.
Now, we have eliminated on what used to be the chart term 9 because your Honor agreed to our agreed construction of the term "implementing." That means that I think what we have next would be "instance creation file." I apologize. On the chart I think I put "instance creation file" at number 11 and I put "placing it into that" at number 10.
THE COURT: I have my own notes which I have had put together for me by my clerks with my input, etc. I have it in front of me.
MS. KEEFE: Thank you, your Honor. Our proposition is simply that "an instance creation file is a stored collection

of information representing the one or more selected options." A file is a stored collection of information, so we have given definition to what a file is. And the instance creation represents one or more selected options that we have.

The key dispute here is whether or not the instance creation file will have to contain software. Does it actually have to have software within it? I would argue that of course it does not, because the instance creation file sits almost as a repository to which data, the attributes or characteristics, can be placed into. So, the instance creation file is merely the stored collection of information representing the one or more selected options.

When the system goes to build the manual or build the device, it looks to that file to figure out what's inside, which data am I going to use. Then any software that it needs to can act on that data. The file itself is not the software. The file itself is the data. Just like on your Honor's computer right now, a file could include your documents; it doesn't include the word processing file that makes those documents run. The file is the data itself.

THE COURT: Mr. Pitcock?

MR. PITCOCK: One of ordinary skill in the art would see "file" as I think a computer file. There is nothing in the specification which indicates otherwise. In her proposal for one of ordinary skill in the art, she mentioned programming

experience. They cite from the "file" definition of the Microsoft Press Computer Dictionary, which seemingly would indicate that "file" means what it means in computer parlance.

THE COURT: Which is?

MR. PITCOCK: Which is "a complete named collection of information, such as a program, a set of data used by a program, or a user-created document. A file is the basic unit of storage that enables a computer to distinguish one set of information from another."

The thing is that it's not just a collection of information. It has to be a distinguishable set of information.

THE COURT: Your definition doesn't even define "file."

MR. PITCOCK: "File" was used in our two patents, and no one seemed to have the need to construe it. "File" has a meaning to one of ordinary skill in the art. I think everyone knows what a computer file is. And I think most people realize that a collection of information is just too broad, that you can have databases, you can have a book, you can have whatever, and it's not a computer file.

THE COURT: Let me see whether this is truly a matter of dispute or not. What is your position, Ms. Keefe, on the definition being "a computer-readable collection of stored information representing the one or more selected options"?

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MS. KEEFE: Could you repeat that one more time, your Honor?

THE COURT: Yes. "A computer-readable collection of stored information representing the one or more selected options."

MS. KEEFE: Give me one second, your Honor.

THE COURT: Sure.

MS. KEEFE: That's fine, your Honor.

THE COURT: Mr. Pitcock?

MR. PITCOCK: A file is a single unit. That's the only thing I think that is missing from your construction. And it's what one of ordinary skill in the art would understand.

THE COURT: I think "collection" does it. I think the word "collection" is a collection. It's not information scattered across a universe that happens to be computer-readable. It's a collection. That's the concept captured there.

MR. PITCOCK: Your Honor, I don't mean to be argumentative.

THE COURT: You're not being argumentative. I'll let you know if you are.

MR. PITCOCK: You may be right with that understanding. I guess it's fine. It's just that a computer file, when you say something is a file, it's not just a collection. We're saying this collection of information is a

unit. You're able to manipulate the unit. You can send the file, you can save a file. It's a unit of information that can be distinguished from another file. For example, when you work on a word processor and you save your file, that's one collection of information that's in one document. You have to be able to distinguish it.

THE COURT: I take your point. I'm going to adhere to my proposed construction. Thank you.

MS. KEEFE: Next, your Honor, we have "placing said at least one attribute into an instance creation file." Our proposal is simply that you are saving or storing the attribute in an instance creation file. The real term that we are looking at here is what does it mean to place the attribute into the ICF. "Placing" here, according to the specification, is saving or storing.

Wireless Ink's proposal adds too much information. Instead of defining just the terms that are there, he wants to reiterate the step that came before, the "in addition to implementing the software," etc. If you were to read that portion into this definition, you would actually be reading out the remainder of the claim, you would be rendering that language superfluous.

Here, your Honor, we ask you to construe the exact words that are there. Placing at least one attribute into an ICF is saving or storing the attribute in an ICF. We have

already defined attribute and ICF, so there is no need to go any further.

MR. PITCOCK: Your Honor, I say this only because I think it will make it simpler. Because we have now agreed upon the meaning of "implementing," which was a separate step from placing --

THE COURT: Yes.

MR. PITCOCK: -- I would agree that "placing" means saving and storing. I don't believe the rest of this needs to be construed, or it is covered by other constructions.

THE COURT: I tend to agree with you, and I think their proposed definition acknowledges that. It's going to be construed as "saving or storing the attribute in an instance creation file."

MS. KEEFE: Your Honor, at this time I'm very, very proud to turn over the discussion to Ms. Stameshkin.

THE COURT: Thank you.

MS. STAMESHKIN: Thank you, your Honor. The first term I'll be dealing with is "option class." The parties I believe were extremely close on this. In Wireless's response to our opening claim construction, they stated that they would propose essentially the same meaning that is being offered but that ours did not take into account a critical element, which is that options associated with the option class take on the class properties.

We have been discussing it. Our final compromise proposal, which we believe takes it into account and comes from the specification, is "a set of properties that can be associated with specified options such that those options then take on the properties of the option class either in whole or in part."
THE COURT: Mr. Pitcock?
MS. STAMESHKIN: Do you want that again?
THE COURT: Not yet.
MR. PITCOCK: We have been discussing this, trying to reach an agreement. It is very close. It is just that the option class is technically a noun that contains the set of properties. We have been unable to agree on what that noun is. If your Honor thinks that "set" is sufficient, then that's fine. It certainly encompasses the idea.
THE COURT: I think "set" does it. Let me hear it one more time, please.
MS. STAMESHKIN: Sure. "A set of properties that can be associated with specified options such that those options then take on the properties of the option class either in whole or in part." The "either in whole or in part" is in parentheses, coming straight from the specification.
THE COURT: Anything further, Mr. Pitcock?
MR. PITCOCK: No, your Honor.
THE COURT: I'm going to adopt that.

MS. STAMESHKIN: The next term we are also actually quite close on. We propose a compromise again.

THE COURT: Which term is it?

MS. STAMESHKIN: The term is "option constraint." We propose a compromise which is "a rule requiring that choice of further options as limited by previous choices." All we did is put the "a rule requiring" in front of plaintiff's proposed construction.

MR. PITCOCK: That's fine, your Honor.

THE COURT: Read it one more time, please.

MS. STAMESHKIN: "A rule requiring that choice of further options is limited by previous choices."

THE COURT: That's the construction adopted. Go ahead.

MS. STAMESHKIN: The next two terms can be dealt with together. They are inheritable attributes and inheritable constraints. Basically, the specification explains that an option class is associated with options and then options derive attributes and constraints from the option class. Ours reflect that.

I think a lot of the issues here related to the issues we had with regard to "option constraint" and "attributes." I think that ours use those terms within the definition, and therefore we don't need to deal with anything beyond just whether they are attributes that are derived from an associated

option class or constraints that are derived from an associated option class.

THE COURT: Mr. Pitcock?

MR. PITCOCK: I would say, your Honor, without limiting all of my previous objections to other terms, that these are fine.

THE COURT: All right. So, "inheritable attributes" is defined as "attributes that are derived from an associated option class" and "inheritable constraints" are "option constraints that are derived from an associated option class."

MS. STAMESHKIN: I think we are down to the last few terms, which also can be considered together, "configuration selector" and "configuration generator." Again the parties are very close.

Facebook's construction simply puts "software and/or hardware that" in front of the same construction that plaintiff is offering. These terms are nouns. The terms should be construed as nouns. Within the specification, on column 11/lines 8 through 18, it explains that the components, including the selector and the generator, can be implemented in hardware, software, or a combination thereof, and it explains some examples.

THE COURT: What slide that?

MS. STAMESHKIN: This is slide 37.

THE COURT: Let me hear from Mr. Pitcock. Your

proposed definition does not have a noun that it starts with. I think having a noun is needed.

MR. PITCOCK: I understand your point, and this is sort of a patent point. This is a noun that is described solely in terms of its function. "Configuration selector" might as well say "means for selecting the configuration." Same thing for "configuration generator," might as well read means "for generating a configuration." It is written as a noun, but it doesn't do anything but describe a function. It's like saying I'm a tackler or I'm a judger instead of a judge.

If you look at the patent specification, "configuring" is constantly described only in terms of software. But they want to read in this very broad, hey, you can do anything in hardware, software, or combination thereof even though there is no description of how to do that in the patent. That is my only point. It is just described as a function. There is no particular structure in the patent that corresponds to this thing.

MS. STAMESHKIN: The structure is right there: Hardware, software, or a combination thereof. That is the structure that can both be the components and thus practice the patent claims.

THE COURT: Let me throw this out, Mr. Pitcock, and see what you think. "Configuration selector: A structure that allows selection of one or more options from the option tree."

Is "structure" the right word?

MR. PITCOCK: I would agree with that, your Honor.

THE COURT: Let me hear from the defendants.

MS. STAMESHKIN: As long as the structure could include hardware and/or software as per the specification.

THE COURT: I'm not deciding that. It seems to me there is no reason why it couldn't be. It is my intention that it include that. But I think that your definition was limiting, and that is part of what my issue was.

MS. STAMESHKIN: We're fine with that.

THE COURT: "Configuration generator: A structure that implements at least one attribute corresponding to selected options and places attributes into an instance creation file." Mr. Pitcock, is that acceptable?

MR. PITCOCK: Yes, your Honor.

THE COURT: Is that acceptable?

MS. STAMESHKIN: With the same caveats, yes.

THE COURT: What else?

MS. KEEFE: I know you're going to be stunned, your Honor, but that's it.

THE COURT: Thank you. I could not have done this but for the fine briefing and the very fine arguments presented. I thank you for making this task easier for me.

We are adjourned.

(Adjourned)