

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

FACEBOOK, INC,

Plaintiff,

v.

PHOENIX MEDIA/COMMUNICATIONS
GROUP, INC., PEOPLE2PEOPLE GROUP,
INC., TELE-PUBLISHING, INC., AND FNX
BROADCASTING LLC,

Defendants.

C.A. No. 1:10-cv-11917-DPW

**FACEBOOK, INC.'S SUR-REPLY IN RESPONSE TO PHOENIX
MEDIA/COMMUNICATIONS GROUP, INC.'S AND PEOPLE2PEOPLE GROUP,
INC.'S "REPLY" IN SUPPORT OF THEIR
MOTION FOR PARTIAL SUMMARY JUDGMENT**

I. INTRODUCTION

Having failed to demonstrate that any prior art reference discloses each element of any claim of the '157 patent, PMC has now filed a “reply” that walks away from its original motion and alleges invalidity based on an entirely different statute, 35 U.S.C. § 101. Moreover, PMC’s arguments in its “reply” brief, even if considered on their merits, should be rejected.

II. ARGUMENT

A. PMC’s “Reply” Confirms The Lack of Merit in PMC’s Original Motion

As explained in more detail in Facebook’s motion to strike (D.I. 77), PMC’s “reply” brief should be stricken because it is not a reply brief at all, but rather, an entirely new motion for summary judgment on grounds that were not addressed, raised or even suggested in PMC’s opening brief. The sole question addressed by PMC’s opening brief was whether the '157 patent was anticipated by prior art under 35 U.S.C. § 102. Facebook opposed the motion by pointing out that PMC failed to show that any prior art reference anticipated any claim of the '157 patent. PMC’s “reply” brief responded by walking away from its original motion and raising the entirely separate question of patent eligibility under § 101. *See Diamond v. Diehr*, 450 U.S. 175, 190 (1981) (“The question [] of whether a particular invention is novel [under § 102] is wholly apart from whether the invention falls into a category of statutory subject matter [under § 101].”). PMC’s decision to radically change its position and walk away from the theory on which its opening brief was based is not only improper, but confirms the lack of merit of its original motion. Because PMC has apparently abandoned its original motion for summary judgment, and for the reasons stated in Facebook’s opposition to that motion, it should be denied.

B. The '157 Patent Is Patent Eligible Under § 101.

In *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323 (Fed. Cir. 2011), the Federal Circuit held that “[i]n line with the broadly permissive nature of § 101’s subject matter eligibility

principles, judicial case law has created only three categories of subject matter outside the eligibility bounds of § 101—laws of nature, physical phenomena, and abstract ideas.” *Id.* at 1326. PMC has not suggested that the ’157 patent claims a law of nature or a physical phenomenon, making two of those three categories entirely inapplicable. Nor has PMC shown that the ’157 patent encompasses an abstract idea, as explained below.

PMC relies on the Federal Circuit’s decision in *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011), which invalidated claims directed at a method of verifying the validity of a credit card transaction. The court found the claims invalid under § 101 because they covered a mental process that included claim steps that “can be performed in the human mind, or by a human using a pen and paper.” *Id.* at 1372.

The Federal Circuit subsequently underscored the narrowness of *CyberSource* by noting that “[t]he eligibility exclusion for *purely* mental steps is particularly narrow.” *Ultramercial*, 657 F.3d at 1329-30 (emphasis in original). “Although abstract principles are not eligible for patent protection, an application of an abstract idea may well be deserving of patent protection.” *Id.* at 1327. The court in *Ultramercial* upheld claims covering a method for distribution of products over the Internet because “the claimed invention purports to improve existing technology in the marketplace. By its terms, the claimed invention invokes computers and applications of computer technology.” *Id.* at 1328. The court noted that many of the claim steps “are likely to require intricate and complex computer programming,” and that certain steps “clearly require specific application to the Internet and a cyber-market environment.” *Id.*

The claims of the ’157 patent are not directed at “purely mental steps” or “abstract ideas,” and are much closer to the claims in *Ultramercial* than the ones in *CyberSource*. PMC tellingly fails to analyze a single claim of the ’157 patent, or even recite the claim language, resorting

instead to cherry-picking single words and phrases from one of the patent's 26 claims in an effort to misrepresent its scope and obscure its particular limitations. (Reply at 4-5.) The plain language of claim 1 makes clear that its process could not be performed entirely within the human mind, but rather, cover a specific application of computer technology:

A computer-implemented method for configuring an item, wherein said item comprises two or more optional components, comprising the steps of:

- (1) creating two or more options, wherein said two or more options correspond to said two or more optional components;
- (2) associating attributes with each of said two or more options, wherein said attributes relate to characteristics of said two or more components;
- (3) creating, from said two or more options, a hierarchical option tree;
- (4) selecting one or more options from said option tree;
- (5) implementing, responsive to said step (4), at least one attribute corresponding to said one or more selected options, and placing said at least one attribute into an instance creation file; and
- (6) accessing and utilizing said instance creation file during the operation of said item.

Claim 1 recites a “computer-implemented” method that includes, among other things, the step of implementing at least one attribute and placing it “into an instance creation file” and “accessing and utilizing said instance creation file during the operation of said item.” (*See, e.g.*, '157 patent, claims 1-11 (emphasis added).) The specification makes clear that the “instance creation file” is a computer-readable collection of stored information representing one or more selected options. (*See id.*, col. 6:48-7:12; 8:25-34; Fig 4 (showing example instance creation file).)

Claim 1 further requires that the instance creation file be accessed and utilized during operation of the item. (*See id.*, claims 1-11.) The specification explains that the instance creation file “is accessed so that the attributes stored therein can be accessed and executed during operation of the configured machine. The attributes of the ICF [instance creation file] would

themselves be used as inputs for this software.” (*Id.*, col. 7:7-12.) There is no indication in the specification or the language of the claim that the instance creation file, or its access and use, could be performed in the human mind. Claim 1 of the ’157 patent, like the claims in *Ultramercial*, plainly involve “computers and applications of computer technology” that “are likely to require intricate and complex computer programming.” 657 F.3d at 1328. Further confirmation claim 1 is not directed to purely mental steps is found in other elements that recite the creation of “options,” the association of options with “attributes,” and the creation of a “hierarchical option tree” from which one or more options are selected. These steps facilitate a specific computer-to-human interaction that inherently requires a computer to accomplish. (*See* ’157 patent, claim 1, steps (1)-(4).) *See, e.g., VS Techs. v. Twitter, Inc.*, 2011 WL 4744911, at *5 (E.D. Va. Oct. 5, 2011) (upholding claims covering creation of virtual communities; claim steps were “far removed from purely mental steps” because they were “combined with an interactive element” that “cannot be accomplished without a computer.”).

PMC’s argument that the embodiment in the ’157 specification regarding customization of an instruction manual could be performed “with scissors and tape” (Reply at 5) is irrelevant and misleading. The claims of the ’157 patent cover computer-implemented methods and systems for *configuring* items, *not the items themselves*. The instruction manual example in the specification merely illustrates that an “item” as recited in the claims is not necessarily limited to a machine. (’157 patent, col. 5:40-59.) The actual steps of claim 1 require the application of computer technology to configure an “item,” even if the underlying item does not.

PMC does not attempt to address any of the other claims of the ’157 patent notwithstanding that the patent contains five independent claims (i.e., claims 1, 6, 12, 18, and 22), which must *each*, along with all their dependent claims, be considered for eligibility under §

101. (D.I. 74-1 at 4-5.) Ten of those claims cover a “system” and not a “process” at all (claims 12-21), let alone a purely mental process. Four of those claims are further directed at configuring a “machine” (claims 18-21) and five other claims cover a method for “configuring an item, wherein said item comprises two or more optional machine components” (claims 6-11). Nor does PMC address any of the dependent claims, which include additional steps such as “associating a designated option of said two or more options with an option class, wherein said option class contains inheritable attributes, and wherein at least some attributes of said designated option are thereby inherited from said option class” (claim 2), and “associating an option constraint with a first option of said two or more options, wherein said option constraint implements a relation between said first option and a second option” (claim 3). These additional steps are likewise performed by computer hardware and software. (’157 patent, col. 2:36-46; 2:56-61, 5:16-6:17; 7:17-64; 8:40-9:7; 10:9-45.) These claims, like claim 1, require computer technology and complex programming and cannot be performed in the human mind.

PMC cites certain non-controlling Board of Patent Appeals decisions that are unpersuasive and distinguishable. PMC relies most heavily on *Ex Parte Vilalta*, 2011 WL 6012377, (B.P.A.I. Nov. 29, 2011), which invalidated claims directed at a method of partitioning a set of data. *Id.* at *1. The court reasoned that because the specific steps of the data partitioning method could be performed entirely in the human mind, the claim was ineligible for patent protection under § 101. *Id.* at *2-3. The claims of the ’157 patent, on the other hand, include specific steps, including the creation of a hierarchical option tree and the use of an instance creation file, that tie the claimed invention to a specific application of computer technology.¹

¹ The decision in *Vilalta* contains little analysis and relies almost entirely on *CyberSource*, but does not cite, let alone attempt to apply, the Federal Circuit’s decision in *Ulramercial*.

C. The Claims of the '157 Patent Meet the Machine-or-Transformation Test.

“Under the machine-or-transformation test, a claimed process is patent eligible if it (1) is tied to a particular machine or apparatus, *or* (2) transforms a particular article into a different state or thing.” *Prometheus Laboratories, Inc. v. Mayo Collaborative Services*, 628 F.3d 1347, 1352 (Fed. Cir. 2010). The Supreme Court has held that the machine-or-transformation test is a “useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under § 101,” but not the exclusive test for deciding whether an invention is patent-eligible. *Bilski v. Kappos*, 130 S.Ct. 3218, 3227 (2010). The Federal Circuit has held, however, that “[w]hile machine-or-transformation logic served well as a tool to evaluate the subject matter of Industrial Age processes, that test has far less application to the inventions of the Information Age.” *Ultramercial*, 657 F.3d at 1327. The claims of the '157 patent nonetheless qualify under both prongs of the alternative machine-or-transformation test.

With respect to the machine portion of the machine-or-transformation test, as explained above, the claims of the '157 patent includes limitations that require “intricate and complex computer programming.” *Id.* at 1328. These limitations, among various claims, include: “creating, from said two or more options, a hierarchical option tree”; “placing said at least one attribute into an instance creation file”; “accessing and utilizing said instance creation file during the operation of said item”; “associating a designated option of said two or more options with an option class, wherein said option class contains inheritable attributes, and wherein at least some attributes of said designated option are thereby inherited from said option class” and “associating an option constraint with a first option of said two or more options, wherein said option constraint implements a relation between said first option and a second option.” (*See, e.g.*, '157 patent claims 1-3.) The claims therefore embody a “particular machine” as “programming creates a new machine, because a general purpose computer in effect becomes a special purpose

CERTIFICATE OF SERVICE

I, Reuben H. Chen, hereby certify that pursuant to Local Rule 5.4(C), this document has been filed through the ECF system and will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF). For those parties indicated as non-registered participants, if any, a paper copy will be sent by facsimile and/or U.S. First Class Mail on December 13, 2011.

/s/ Reuben H. Chen

Reuben H. Chen

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