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 1              IN THE UNITED STATES DISTRICT COURT
               FOR THE EASTERN DISTRICT OF TEXAS
 2                     MARSHALL DIVISION

 3   FUNCTION MEDIA, L.L.C.    :
                              :
 4   VS.                      :      No. 2:07-cv-279(CE)
                              :
 5   GOOGLE, INC., ET AL      :

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 7         ********************************

 8                   REPORTER'S RECORD
                     MARKMAN HEARING
 9                   August 25, 2009

10         ********************************

11   APPEARANCES:

12   (See Attached Sign-In Sheet)

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19         Proceedings reported by machine shorthand,

20   real-time translation and transcribed with

21   computer-assisted transcription.

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23   Deputy Court Reporter:   Judith G. Werlinger, CSR

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INDEX

PROCEEDINGS

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2   COURT SECURITY OFFICER: All rise.

3   THE COURT: Please be seated.

4   All right. Got a claim construction

5 hearing set in Case 2:07-cv-279, Function Media against

6 Google.

7   What says the Plaintiff?

8   MR. TRIBBLE: Plaintiff is ready, Your

9 Honor.

10   THE COURT: Mr. Tribble.

11   For the Defendants?

12   MR. GILLAM: Your Honor, on behalf of

13 Google, Gil Gillam. Also, we have Charles Verhoeven, Ed

14 DeFranco, on the back row, Amy Candido and Jason Wolff,

15 and on behalf of Google with us today is Shana Stanton

16 and Doug Hudson. We're ready.

17   THE COURT: Mr. Gillam. Good to see all

18 of y'all.

19   All right. Pass out the awards first.

20   Thank you for your agreements, I guess,

21 that you sent in.

22   You need to -- I've got an hour and a

23 half a side set -- you know, set aside to conduct the

24 hearing, and then I'll go into the issues related to the

25 protective order, the motion to compel, after we

 1 conclude the Markman presentation.

 2   But, Mr. Tribble, who's going to speak on

 3 y'all's side?

 4   MR. TRIBBLE: Your Honor, I'm going to

 5 speak and then Mr. Grinstein is going to speak, and

 6 Mr. Nelson is going to speak.

 7   THE COURT: All right. Well, y'all need

 8 to know the usual rule -- well, are y'all wanting to do

 9 this term-by-term, or y'all want to do it just the

10 standard way I would do it?

11   MR. TRIBBLE: We've arranged our

12 presentation according to the standard way that the

13 Court proceeds.

14   THE COURT: Okay. Well, you -- then in

15 that case, you need to use at least half of your time in

16 your opening presentation or you're going to be limited

17 to a like amount of time in rebuttal.

18   MR. TRIBBLE: I understand, Your Honor.

19   THE COURT: You may proceed.

20   MR. TRIBBLE: Thank you.

21   And, Your Honor, I didn't make

22 introductions, but with me today is Joe Grinstein and

23 Justin Nelson, Otis Carroll, Charlie Ainsworth, and

24 Calvin Capshaw.

25   Also, we have our client, the president

1 of Function Media and the inventor, Mr. Michael Dean.

2   THE COURT: Okay.

3   MR. TRIBBLE: Your Honor, we've arranged

4 our presentation in the manner shown. I'm going to

5 speak first about the proper function and structure of

6 the means-plus-function claims in the '045 patent; then

7 Mr. Grinstein is going to discuss the law and apply that

8 law to the issue of whether the claims are indefinite or

9 not; and then Mr. Nelson will cover the terms in the

10 '025 and the '059 patents.

11   And so just going through it, this is

12 Claim 1 of the '045. Four of the five

13 means-plus-function terms that are in dispute are in

14 this patent, and the first one is the means for applying

15 corresponding guidelines of the media venues.

16   The parties agree that the function of

17 this is just what it says, to apply the corresponding

18 guidelines of the media venues. They disagree as to the

19 structure. And this slide sets out both sides'

20 contentions.

21   Now, I should say that Google's first

22 position is that this claim is indefinite; but in the

23 alternative, it proposes the structure set forth in the

24 right column. And basically is -- we have identified

25 the structure for the means-for-applying term. It is a

1 computer software executable on a processor capable of

2 identifying one or more selected media venues for

3 publication, accessing data representing each identified

4 media venues guidelines, accessing data representing

5 Seller information, and executing a systematic sequence

6 of mathematical or logical operations upon the accessed

7 Seller information to create a presentation customized

8 for each identified media venue in a form that complies

9 with the accessed guidelines of the media venue, plus

10 any equivalents of that structure.

11   So here's the -- the primary dispute as

12 to this term is basically where are the presentations

13 which include advertisements? Where are the

14 presentations being created in the system?

15   As we saw, Claim 1 is a method claim, and

16 it is a method of using a network of computers. And so

17 there are computers, the Seller has a computer, the

18 media venue will have a computer, and then there's a

19 central system. It's set forth in Figure 1b in the

20 patent, and there's a central processor.

21   Function Media believes that the

22 specification clearly discloses that the ads or

23 presentations are created by the Presentation Generation

24 Program, or the PGP, which is located at the Central

25 Controller and Presentation Processor which is Item 1000

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 1  in Figure 1b.
 2              And so we believe the -- the spec clearly
 3  discloses that it's created in the Central Controller,
 4  the -- the central computer system operated by the
 5  system operator.
 6              Google, on the other hand, maintains that
 7  the ads or presentations are created by the Seller, and
 8  let's walk through that.
 9              The disclosure is pretty clear, in our
10  view, that the PGP at the central computer is where the
11  guidelines are applied in this set.
12              And first of all, the Presentation
13  Generation Program, the very name of that software
14  module itself says that it's -- it's -- it's the
15  presentation generator right there.  But if that's not
16  enough, over and over again in the spec, it says the
17  Presentation Generation Program creates a presentation
18  for each and every media outlet.
19              And I've listed these and have the
20  citations in the slides, and so I won't walk through
21  them word-for-word.  But it says it over and over and
22  over again in the spec.  And this is a point that in the
23  briefing was unresponded to by Google.  I'm not sure
24  what they're going to say about this.
25              Now, here's the basis of Google's
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1 argument. The preamble of Claim 1 is as shown on the

2 slide, and it talks about that it's a method of using a

3 -- a network of computers to contract for, facilitate,

4 and control the creating and publishing of

5 presentations, comma, via Seller, comma. And so that's

6 basically -- in their specifica -- there's certain parts

7 of the specification that they pull out, but this is the

8 gist of it.

9   But in fact, when you look at the

10 language, it's clear that the Seller -- the only sense

11 that the Seller is creating a presentation is through

12 the use of the invention, through the use of a network

13 of computers.

14   It's a method of using a network of

15 computers. The Seller's using it, the media venues are

16 using it, the central operator is using it. They're all

17 using it to create presentations, but it's -- it's

18 actually -- the central system itself is actually

19 creating and generating the presentations.

20   Is that by the Seller or on behalf of the

21 Seller? I suppose you could say that. It's just like

22 someone could say they're -- as we say in our brief, you

23 could say, well, I made coffee, but, you know, it's the

24 coffee pot that's actually making the coffee. And

25 that's basically the situation that we have here.

1   And -- and I'll just point out, at the

2 end of the claim, there's a whereby clause that -- we'll

3 talk about it a little later -- but the

4 means-plus-function elements are all elements that the

5 en -- the entire claim is modified by, whereby the

6 Seller may -- one of the things they may do, it says

7 create a presentation that complies with the guidelines.

8   But it also says, and transmit the

9 presentation to the selected media venues.

10   I don't think there will be any dispute,

11 Your Honor, that the Seller does not transmit anything

12 directly to the media venues. It -- the Seller -- the

13 only thing transmitted is from the central system to the

14 media venues. I think that point will be undisputed,

15 and so this -- this language about what the Seller can

16 do in a -- in some sense, it doesn't mean that the

17 Seller's actually creating the presentations.

18   In column 41 of the specification, for

19 example, it -- this is a discussion of using

20 presentation rules on the Seller's computer.

21   But if you read what it says, it says:

22 In -- in the software that's on the Seller's computer is

23 the PACP, the Presentation and Configuration Program.

24 And it says right here it would prompt the Seller for

25 the necessary optional information to complete the

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 1  presentations.
 2              And in -- if you look in the flow charts
 3  at Figure 4g, for example, I believe it's -- excuse me,
 4  Figure 4a.  It's Item 11142.  If you look at that item
 5  in the flow chart, it -- basically it says that the
 6  guidelines are being used to restrict the input by the
 7  Seller.  That's how it's described in the flow chart,
 8  not as generating a presentation.  And this talks about
 9  -- this column 41 talks about controlling and monitoring
10  the input of information.
11              And so are the rules present at the
12  Seller's computer in the preferred embodiment?  Yes.
13  But are they being used to generate a presentation at
14  the Seller's computer?  No.  Not a presentation that is
15  the object of the invention, the presentations that are
16  being transmitted to the media venues.  It's a
17  restriction on input.
18              And as I said, Google has no answer for
19  the mountain of references in the spec that say that
20  it's the PGP in the central computer that creates the
21  ads or presentations.
22              Another reason that Google's argument is
23  wrong is the specification makes clear in column 42 that
24  the only mandatory application of the presentation rules
25  occurs at the PGP.
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1   And this language here in lines 48

2   through 50, after saying that the PGP generates the

3   presentations using the guidelines, it says: This

4   duplication of function also ensures that the latest

5   version of the presentation rules database has been

6   applied to every presentation.

7   It talks about duplication of function

8   and redundancy. Because the rules are in use at the

9   Seller when they're inputting the information, but --

10 and then they're used again to create the presentations

11 at the PGP.

12   But note, the real version of the rules,

13 the only version that you can be sure are the actual

14 guidelines of the media venues, which that's what's

15 required by this function, it has to apply the

16 corresponding rules of the selected media venues.

17   The rules -- the only copy of the rules

18 that's always up-to-date is the copy of the presentation

19 rules that are at the PGP. Because the Seller could

20 input information using a set of rules, but those rules,

21 even though they're synchronized, the rules come from

22 the media venue into the central computer to the PGP.

23 And so those changes are eventually replicated to the

24 Seller's side.

25   But the only current version of the

 1 rules, which is what the claim language and the function

 2 of this term requires be applied, that's the only place

 3 that that's always residing is at the PGP.

 4   THE COURT: Well, even though or even

 5 assuming the PGP is the program that's performing the

 6 function, don't you still have to drill down and show me

 7 what algorithms are being carried out?

 8   MR. TRIBBLE: Well, we believe we've done

 9 that in our language. We have those four steps --

10   THE COURT: I mean --

11   MR. TRIBBLE: -- to walk through.

12   THE COURT: Well --

13   MR. TRIBBLE: The algorithm -- you know,

14 they have to obtain the rules, obtain the information

15 for the ad and -- and go through it. And then for each

16 rule, the specification discloses that there are many

17 different types of rules. And for each rule -- you

18 know, the software would implement each rule on the

19 information supplied by the Seller, which is disclosed

20 in the specification.

21   The -- and this -- just hitting this

22 creation argument of whether it's created at the central

23 computer by the PGP module -- software module on the

24 Seller's side, even if there's some activity going on on

25 the Seller's side, the only required mandatory

 1 application of the guidelines is being done at the PGP,

 2 because those are the presentations that are then

 3 transmitted to the media venues.

 4   And so what that means is, in this

 5 invention, the -- the other use of rules being made at

 6 the Seller's computer is not required for this

 7 invention.

 8   Under the **Wenger** case, the structure --

 9 you should not -- the Court should not import structural

10 limitations from the written descriptions that are

11 unnecessary to perform the claimed function.

12   And so in this case, the invention would

13 work fine if there were no presentation rules, nothing

14 was done with them, and the Seller's side, they just

15 input the information. It says, the checking is done by

16 the PGP, and that information is used to create the

17 presentations. That's all that's necessary. And so it

18 would be improper to import additional structural

19 limitations.

20   You know, we cite column 43 in the

21 specification where it talks about new presentations are

22 created in their entirety at the PGP. This is not a

23 joint creation. The creation of the real presentation's

24 going on at the PGP.

25   Now, I did want to point out something

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 1  from the file history.
 2                 The original Claim 1 of the '045 as
 3  applied for, didn't contain this limitation, the means
 4  for applying limitation.  And we've set -- set out the
 5  history in this slide that the Examiner rejected Claim 1
 6  due to a prior art reference named Mandeberg.
 7                 And in the response to that office
 8  action, the response dated January 22nd, 2002, the
 9  applicants amended their claim to add the means for
10  applying and argued that that distinguished Mandeberg by
11  adding a creation element to the claim.
12                 And look at what they said.  And this is
13  the intrinsic evidence.  This is right in the file
14  history.  The creation of multiple open-access
15  presentations being done without the Seller making
16  changes within a code editor is new to the art, and
17  being practiced only within our invention and its
18  commercial application.
19                 And so this shows that -- you know, this
20  confirms that the creation is going on in the central
21  system, and that the -- anything going on at the
22  Seller's side is superfluous.
23                 And, again, in the notice for allowance,
24  the Examiner actually noted that the closest prior art
25  did not disclose a system for selecting media venues
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owned by other than the Seller and creating a

presentation that complies with the proper guidelines.

And then amazingly, on the final point on

this creation issue, Google's own expert -- we asked him

in deposition where the presentations were being

generated. We actually pointed out the Presentation

Configuration Program -- and the Presentation Generation

Program, and he said we were right, that Google, it's

new argument is just wrong. It's the Presentation

Generation Program that does the creation.

Now, the next term is means for

transmitting said presentations to a selected media

venue of the media venues.

And, again, Google says this term is

indefinite. Mr. Grinstein will address that in more

detail. But the structure disclosed in the spec is

computer software executable on a processor capable of

initiating a data transmission to a specified electronic

destination, and equivalents.

Now, to -- I think it's implied -- it's

implicit in our proposed construction, but we did last

night put a little more granularity. And you had asked,

you know, about drilling down in -- in steps, and so we

believe that --

THE COURT: Well, I'm not sure how far

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 1  down you got to drill.
 2              MR. TRIBBLE:  Of course.
 3              THE COURT:  -- but -- but I -- but I know
 4  you have to start.
 5              MR. TRIBBLE:  Of course, Your Honor.
 6              And so we're happy with our original
 7  proposed construction; but if it pleases the Court to
 8  have more detail about what steps the software module is
 9  performing, we've set it out in this slide, and
10  basically it's programmed to recognize each of the
11  selected media venues, obtain the location of each of
12  those venues, and initiate the transmission to those
13  venues.  And we incorporated some of the language, I
14  believe, out of Google's proposal by putting in the
15  phone lines and the network and Internet connections.
16              And -- and basically here we set out the
17  support in the spec for each of these parts of the
18  structure.  It refers -- it mentions that the PGP
19  transmits the information.  I want to point out, it
20  transmits the presentation to the appropriate
21  destination.  That's the appropriate selected media
22  venue and the address.
23              The components about the Internet and the
24  phone lines, et cetera, come from column 13.
25              And then also in Figure 4g it
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1 specifically calls out in flow chart forum that the

2 Central Controller and Presentation Processor, that's

3 where the PGP resides, it identifies internal directory

4 indices and references affected by edits or new

5 presentation and adds to the required publication list,

6 and then it publishes. And that's basically the steps

7 that are set out in the construction that I just showed

8 the Court.

9   The next term is means for a Seller to

10 select.

11   Again, Google says this is indefinite;

12 but in the alternative does propose structure. And we

13 believe we've set out the proper structure of this

14 software component of the invention. It's basically

15 software executable on a processor capable of presenting

16 electronic forms, allowing the selection of media venues

17 and equivalents.

18   And, you know -- you know, basically the

19 software, it presents the forms that the Seller can use

20 to input the information, and then it recognizes the

21 Seller's responses. And that's the means by which the

22 Seller selects the media venues. And the supporting

23 spec is partly in column 40.

24   Oh, this is an important part, Your

25 Honor, and we'll talk about this. But basically the

spec makes clear that the -- basically these are aspects

of the Seller interface that we're talking about, and

the Seller interface, it's called out in the spec in

column 40. That's sent by the system operator to the

Seller on CD-ROM or DVD or a download file can be

transmitted to them, and then it's installed on the

Seller's computer.

And I just wanted to point out that the

Seller's getting the software module from the system

operator, and then installs it on his computer.

And it talks about how it allows the

Seller to choose the venues. And then it sets forth in

column 40 and 41, in Slide 34 here, this quoted part, it

talks about the Seller is presented with a series of

forms containing yes/no choices, text entry area --

areas, menu-driven choices, and other data and

information entry methods, and it leads the Seller

through the process. And so that's basically the

structure for the means for a Seller to select.

THE COURT: Basic user interface --

MR. TRIBBLE: Yes, Your Honor.

THE COURT: -- is what you're saying?

Okay.

MR. TRIBBLE: Now, one argument I'm --

that we thought had gone away during the briefing, to be

1 honest, but then when we were trying to work out

2 agreements on certain aspects of the proposed

3 constructions, it became apparent that Google is

4 sticking with this idea that hardware must be

5 incorporated in every single one of these

6 means-plus-function terms. And we just believe that's

7 improper, and -- and here's why.

8   First of all, the claim is a method of

9 using a network of computers which is necessarily done

10 through software. Each of these aspects have software

11 that relate to the using of the network of computers.

12   Each claim element begins with the word

13 "providing," and this is important. The claim is

14 written -- as I said, there -- Sellers are using the

15 network, media venues are using the network, system

16 operators are using the network. They're all using it

17 to do the -- to accomplish the things in the whereby

18 clause, you know, by creating the presentations and

19 transmitting them.

20   This claim is written from the viewpoint

21 of the system operator because it's the only one that's

22 doing any of the providing of any of these items. And

23 -- and this is important.

24   You know, for example, we just saw, a few

25 slides ago, providing means for the Seller to input

1   information. We saw how the system operator would

2   literally send a CD-ROM or transmit a download file to

3   the Seller and the Seller would then install it on the

4   Seller's computer. Okay? Not the system operator's

5   computer, but -- and so this is written from the

6   viewpoint of the system operator.

7   This -- this installation of the Seller

8   interface and the media interface is made clear in the

9   example at the end of the patent, right before the

10 claims in column 53.

11   DEF is a media venue, and it talks about

12 how the system operator sends the necessary software to

13 the media venue DEF, and the DEF installs the software

14 on their computer, the media venue computer.

15   Same with the Seller Interface in column

16 54. The system operator sends the software to be

17 installed to the Seller. The Seller installs it at the

18 Seller's computer.

19   The patent never contemplates or

20 discloses that the system operator provides any of that

21 hardware to the Seller or to the media venue. And, in

22 fact, it disclaims it. It shows just the opposite,

23 okay, that they already have their computers. There's

24 this preexisting network of computers that can

25 communicate to -- together over the Internet or so

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 1  forth.  But what's being sent out or provided is the
 2  software, not the hardware.
 3              And so what that means is, not -- not as
 4  to every element.  We saw means for transmission that
 5  does have a hardware component, but the preferred
 6  embodiment disclosed -- it doesn't have any providing of
 7  hardware for means for Seller input, means for Seller
 8  selecting media venues, means for media venue to submit
 9  information about guidelines.  It doesn't have -- and so
10  including hardware in those terms would exclude the
11  preferred embodiment, which we know from *Vitronics* is
12  rarely, if ever, correct.
13              And so what's being disclosed as to these
14  aspects to a person of ordinary skill, they would look
15  at this providing.  It's providing a software module,
16  and that's why the structure is the software.  And we
17  refer the Court to Judge Davis' very recent opinion in
18  the *IP Innovations* case where he construed the term
19  "control means," and he specifically in the last
20  paragraph of his -- and we have made the Court aware of
21  this through a filing of notice of supplemental
22  authority, I believe -- the -- but it talks about that
23  the means -- when discussing "control means," the means
24  specified in the patents call for structure within the
25  executable program that inter -- interacts with the
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1 workspace data structure.

2   And he notes that it -- it is, of course,

3 the user who makes a selection of workspace displays

4 through the use of a pointer control device, such as a

5 mouse, and thus the control means must necessarily be

6 those program components that facilitate the user

7 selection of the workplace -- workspace. But he

8 concludes therefore the structure recited in the

9 specification for the control means term is executable

10 computer code implementing selectable graphical user

11 interface pop-up menus and icons and equivalents. It's

12 just a software module and none of the hardware.

13   And so if you look at it, this invention

14 -- okay, this invention, it doesn't include all these

15 hardware aspects that Google is trying to load up into

16 the structure.

17   And as I said, basically what we're

18 talking about on the means for inputting and the means

19 for selecting, these are aspects of the software code

20 that is the Seller Interface. And, you know, we asked

21 Yahoo!'s expert -- Yahoo! is no longer in the case, but

22 they were a Defendant and fighting vigorously at the

23 time. And their claim construction expert, you know, he

24 confirmed that it's actually the software that does the

25 prompting. The prompting is used for the means for

1 selecting the media venues. That's what's being

2 discussed here.

3   Dictionary definitions confirm. The

4 Microsoft Computer Dictionary from 1999 confirms

5 Definition No. 2, software that enables a program to

6 work, et cetera, is software. It doesn't say hardware

7 and software.

8   Ironically -- and I'll be honest, I don't

9 remember if it was Google or Yahoo!, one of the

10 Defendants in the -- their claim construction expert was

11 relying on the Microsoft Computer Dictionary, but on a

12 prior version that I believe said --

13   THE COURT: Some parts of it may be

14 correct, Mr. Tribble.

15   MR. TRIBBLE: The -- and so it was

16 recognized as authoritative.

17   But then, of course, the application data

18 of the patent is closer in time to 1999 than it is to

19 that prior version. And, of course, the 1999 definition

20 supports our position and refutes Google's, and it was

21 Yahoo!'s expert and he did admit that it defines the

22 interface as software.

23   And he then had to admit at the end that

24 if he were rewriting his expert report today, noting the

25 application date of the -- the '045 patent, that he

 1 would certainly use our version, the 1999 dictionary,

 2 and not the prior one that he had decided.

 3   And now here's another example in the

 4 specification where it makes clear that the invention

 5 doesn't include the Seller's computer or the media

 6 venues's computer. It says in column 5, the present

 7 invention partially resides on the Seller's computers.

 8 Hardware doesn't reside on hardware; software resides on

 9 -- on hardware.

10   A person of ordinary skill looking at

11 this would understand that the invention as to the

12 Seller and media venue interfaces is just a software.

13   That's what the invention is because it's

14 -- it's residing on the Seller's computers, and because

15 the operator is not providing -- as required by the

16 claim language, is not providing any hardware, other

17 than what hardware is present in the central system,

18 such as part of the means for transmission, for example.

19   And so looking at that, a person of -- of

20 ordinary skill would understand that the structure of

21 this aspect of the invention, the structure of the

22 invention is just software.

23   Google's own expert did make some

24 admissions himself. He had drawn a -- a diagram of what

25 he felt was the user interface, and he didn't include

1 any hardware in that; it was only the software modules.

2 He understood that it was software. He admits there's

3 no -- no hardware included in how he represented the

4 user interface.

5   And -- and as I said, we honestly thought

6 that this issue had been dropped. We briefed it for

7 three pages in our opening brief, and the only response

8 ever in any briefing by Google is one-and-a-half lines

9 in a footnote. And they say, while the specification,

10 indeed common sense, dictates that hardware, such as the

11 computer, is a necessary part of an interface to the

12 claimed system, the critical issue is where the

13 interface is located.

14   And so that goes as to the creation issue

15 which I discussed earlier. You know, the -- the

16 statement about the interface, of course, is refuted by

17 Google's own expert where he admits that the interface

18 is just software.

19   Now, the next term is means for the

20 Seller to input information.

21   I referred to this, and -- and we've set

22 forth the structure here. It's computer software

23 executable on a processor capable of presenting

24 electronic forms allowing the Seller to input

25 information, and equivalents.

1   And this is the only means-plus-function

2 term where there's a dispute over the function. We say

3 that the function is what it says, it's enabling a

4 Seller to input information. Google says it's input

5 information to do all of the following...which basically

6 sets forth every aspect of the invention. Okay. And

7 the basis for their argument is -- is simple.

8   Here is a blowup of a picture of Claim 1

9 as it's shown in the '045 patent. There's a whereby

10 clause. And so basically Google argues that that

11 whereby clause modifies only limitation e). And we say

12 no, no, no. That's -- you know, that's an object of the

13 invention. That's what the invention as a whole is

14 doing. It's -- it's achieving those or performing

15 those, you know, selecting of the venues, the crea --

16 creation of the presentations and transmissions and so

17 forth. And the reason we say that is very simple.

18   One of the things -- as I pointed out

19 earlier, one of the things is it transmits the

20 presentation to the selected media venues. That's not

21 part of the Seller inputting information. If you look

22 at Diagram 1b, it's just not in there. If you look at

23 the flow charts in Figure 4 -- Figures 4a through g,

24 it's just not in there.

25   The Seller doesn't transmit anything to a

1 media venue. The Seller only transmits information to

2 the central processor. It's the central processor that

3 does the transmitting to the media venues.

4   And so this whereby clause can't possibly

5 be modifying limitation e). It's -- it's applicable to

6 the claimed invention as a whole.

7   We point out that there are semicolons

8 after A, B, C, D, and E, and then there's the whereby

9 clause. A semicolon indicates it's just not part of

10 limitation e).

11   This is -- might seem a little

12 hypertechnical, but I mean, it's just so clear.

13   Limitation c), the first line goes all

14 the way to the right. It's right-justified because it

15 was all typed in as one line of text with no carriage

16 return.

17   Limitation e) doesn't go all the way to

18 the right. If -- if they even put the semicolon and

19 then put space whereby to keep modifying just limitation

20 e), then the information, semicolon, would have been

21 right-justified as the first line of element c) is.

22 Instead, they hit a carriage return, because it's not

23 modifying just limitation e).

24   We also dug up the file history. It says

25 "need site." This is in the amended application that I

1 referred to earlier. But you can see again when element

2 -- when Claim 1 was submitted, the amended Claim 1,

3 it -- there's a little extra space between element e)

4 and the next line where the whereby clause starts. And

5 you can see the information, it's -- the first line of

6 element e) is not right-justified.

7   And so just for comparison to Claim 1 of

8 the '025, it does have a whereby clause that only

9 modifies a particular element, and it was typed without

10 a semicolon, typed together on the same line,

11 right-justified, et cetera. It's completely different

12 than Claim 1 of the '045.

13   The structure we cited, just briefly

14 here's the support for that structure that's in the

15 specification, column 17, lines 25 through 45. It's --

16 calls out that the Seller Interface or the CAPC will

17 prompt the Seller for necessary information in

18 presentations they have selected.

19   The flow chart talks about the facilities

20 operator -- that's the Seller -- entering, editing --

21 excuse me, the media venue entering, editing, updating

22 presentation information. Excuse me, that is the

23 Seller. I apologize.

24   And -- and finally, in Claim 5 of the

25 '045, it's a dependent claim and it adds the following

means-plus-function: Means for said media venue to

input said guidelines and information.

Again, we've set forth the structure as

-- as previously discussed. This is -- the invention is

software that's sent to the media venue and resides on

their computer. So the structure of this invention is

this software element as we've set forth.

The -- the support in the specification

is in columns 33 and 53 as set forth here. It talks

about prompting and the setting of standards.

And basically, Your Honor, we believe

that we've set forth the appropriate structure for each

of those means-plus-function claims as they relate to

this invention as disclosed in the specification.

Thank you.

Now Mr. Grinstein will talk briefly.

THE COURT: Before you --

MR. TRIBBLE: Yes.

THE COURT: -- pass the ball to your

colleague, back on the means for transmitting.

MR. TRIBBLE: Yes, Your Honor.

THE COURT: You had --

MR. TRIBBLE: Do you have the -- okay.

I've got it.

THE COURT: You had supplied, I guess,

```
 1  updated constructions.
 2                 MR. TRIBBLE:  Can you go to 29?
 3                 THE COURT:  Are there cites that you can
 4  point me to in the specification where the patentee
 5  linked these steps to the function?
 6                 MR. TRIBBLE:  Oh, yes, Your Honor.
 7                 THE COURT:  And I may have missed it.  I
 8  think that you said it was implicit in your other
 9  construction.
10                 MR. TRIBBLE:  It was.  It was.  And
11  certainly column 3, lines 31 through 34, talks about the
12  PGP transmits the presentation to the appropriate
13  destination.
14                 And so -- and so that -- it recognizes
15  the appropriate destination and obtains the location for
16  the transmission.
17                 And in Figure 4g, it talks -- it doesn't
18  say PGP.  It says the Central Controller and
19  Presentation Processor identifies the internal directory
20  indices and references affected by the edits and adds
21  the required publication list.
22                 And basically these directories and
23  indices are shown as Item 3000 in Figure 1b.  And so we
24  believe that's the disclosed -- disclosure of the
25  structure for that element.
```

1   THE COURT: Thank you.

2   MR. TRIBBLE: Thank you.

3   MR. GRINSTEIN: Your Honor, my name is

4 Joe Grinstein. I'm going to be discussing the issue of

5 whether or not the claims of the '045 are indefinite, an

6 argument that's been raised by Google.

7   Google has contended that each of the

8 means-plus-function claims in Claim 1 of the '045 and

9 then again the additional limitation in Claim 5 of the

10 '045 are indefinite.

11   And as this Court is well aware, the

12 indefiniteness arguments that Google is asserting puts a

13 heavy burden on Google. Because the '045 patent was

14 issued; it's entitled to a presumption of validity; and

15 for that reason, in order for Google to prevail on its

16 indefiniteness arguments, it's got to show by clear and

17 convincing evidence that the claims of the

18 means-plus-function claims are indefinite.

19   Now, what exactly must be disclosed to

20 make a means-plus-function claim covering software

21 definite?

22   Well, the Federal Circuit acknowledged in

23 **WMS Gaming** and in the **Aristocrat** case, the patentee has

24 to disclose some sort of an algorithm in order to make a

25 software claim definite. But what exactly does that

1   mean?

2   Well, as the cases have further

3   explained, an algorithm is simply a logical operation.

4   It's a series of steps that the processor undertakes in

5   order to perform a particular function. And that

6   algorithmic disclosure does not have to be extensive.

7   It doesn't have to include source code. That's what the

8   *Aristocrat* case says. It doesn't have to be highly

9   detailed. That's also what the *Aristocrat* case says.

10   As Your Honor acknowledged in the

11   *SuperSpeed* case, a similar sort of language, there have

12   -- doesn't have to be some extensive entire detail

13   algorithmic disclosure in order to make a

14   means-plus-function software claim definite.

15   So in short, the test is, there's got to

16   be a description of an algorithm or a logical operation.

17   But there's no need to disclose code, there's no need to

18   disclose a highly detailed mathematical algorithm, none

19   of that. Just what needs to be disclosed is a series of

20   steps in order for a processor to perform a function.

21   And this inquiry as to definiteness

22   heavily favors the patentee.

23   As the Federal Circuit mentioned in the

24   *Biomedino* case, which is also a means-plus-function

25   software indefiniteness issue, that the specification

1 must contain structure links to claim means, but that is

2 not a high bar. All the patentee has to do is recite

3 some structure. And, in fact, if the issue is even

4 close on indefiniteness, the patentee wins. The Federal

5 Circuit explained that well -- as well in the *Exxon*

6 *Research* case.

7   So let's talk about the first

8 means-plus-function claim that's at issue, the first

9 means-plus-function limitation that is in Claim 1 of the

10 '045, the means for applying.

11   As Mr. Tribble indicated, this is the

12 structure that Function Media has identified for the

13 means-plus-function claim means for applying. I'm going

14 run quickly through each of these elements of the

15 algorithmic disclosure that Function Media made in the

16 '045 patent.

17   The first thing that Function Media did

18 was tie this means for applying down to the Presentation

19 Generation Program 1710. You can see the discussion of

20 1710 in Figure 2a of the '045 patent.

21   And the algorithm is a step-by-step

22 process perceived as follows: The PGP first -- it

23 actually doesn't have to be first -- but the PGP

24 identifies one or more selected media venues for that --

25 for which there's going to be a publication. The patent

1 describes that. Column 43 of the '045 talks about how

2 the PGP identifies specific media venues to which ad

3 content's going to be published.

4   The second thing the PGP does is it

5 accesses the data representing each of those media

6 venues' rules. Again, the '045 describes that in column

7 17, talks about the PGP access -- accessing a database

8 having the rules for the various media venues. Further

9 discussion in column 17 at 54 as to that particular

10 element.

11   Then the PGP accesses data representing

12 information from the Seller that the Seller has input in

13 terms of ad content. Again, the '045 talks about that

14 in column 18, among other places, how the PGP accesses

15 the information from the Sellers and is held in the

16 presentation database. See further disclosure of that

17 in column 17.

18   And, finally, the PGP processes -- it

19 executes mathematical or logical operations upon the

20 Seller information that its accessed and upon the media

21 rules that is accessed to create and format a final

22 presentation.

23   There's a variety of disclosures of that

24 in the specification. Mr. Tribble ran through about 10

25 or 12 of them in a row. I've decided a few

 1 representative examples.

 2   You see Figure 4e talking about that

 3 formatting step that -- that occurs. The '045 patent at

 4 column 43 does the same thing.

 5   So, in sum, the specification provides

 6 more than sufficient disclosure of an algorithmic

 7 operation.

 8   The first step, as we discussed, is a

 9 media venue is identified. Then the PGP obtains the

10 data for that media venue's rules. Then the PGP obtains

11 the data from the Seller regarding content. Then the

12 PGP applies that data to the media venue data to create

13 a presentation that complies with all of those rules.

14 And then it repeats all that as necessary for the

15 appropriate media venues. That is the algorithmic

16 disclosure in the '045.

17   And importantly, Function Media presented

18 expert testimony to this Court from Dr. Rhyne, one of

19 ordinary skill in the art, testified that somebody of

20 his skill would understand from the specification that

21 that is the particular algorithmic disclosure that

22 Function Media made with respect for the means for

23 applying. That's in his report at page 8.

24   So what are Google's indefiniteness

25 arguments? I think it summarizes them at page 6 of its

1 brief, and you can break them into three basic

2 arguments.

3   First, Google contends that all Function

4 Media is really doing is disclosing a desired result.

5   Second, it complains that F -- Function

6 Media has failed to disclose a step-by-step algorithm.

7   And third, Google complains that Function

8 Media's disclosure doesn't explain every possible

9 example of ad creation and therefore it's in --

10 indefinite. All of those are untrue.

11   First of all, Function Media did not

12 merely disclose the desired result in its structure. If

13 that were the case, you would hear Function Media here

14 asserting a structure for this claim that was a means

15 for applying a software running on a microprocessor that

16 applies rules. That would be an example of a structure

17 that merely discloses the desired result.

18   But, of course, that wasn't Function

19 Media's disclosure of algorithm. That's not our

20 asserted structure for this particular claim term. I've

21 just discussed that.

22   The second thing Google argues is that

23 Function Media has failed to disclose a step-by-step

24 algorithm and failed to identify that as part of the

25 structure.

1   Again, as I've just explained, there is a

2   multi-step algorithmic disclosure for this particular

3   function, for the means for applying. There's extensive

4   specification discussion of all of the steps of that

5   particular structure. There's flow charts that are

6   included within the patent, and if additional testimony,

7   additional evidence was needed, Function Media presented

8   expert testimony confirming the existence of that

9   structure to someone of ordinary skill in the art.

10   And the final argument that Google

11   asserts is that Function Media has to explain to the

12   public, via the patent, every single potential element

13   or every potential scenario by which a presentation

14   could get created. And so it gives the example in the

15   brief that Function Media has failed to disclose how the

16   invention could create a radio ad, how the invention

17   could create a television ad, so on and so forth.

18   But what Google is doing right there is

19   really trying to back door code argument into the case.

20   Because the only way that Function Media could possibly

21   disclose every theoretical example of how the PGP could

22   create a presentation would be to include a ton of code

23   within the patent disclosure to explain every single

24   particular little element of the issue of means for

25   applying.

 1   And, of course, the Federal Circuit

 2 doesn't require that. It's explicit that all you need

 3 is a generalized logical operation. You don't have to

 4 have a disclosure of code.

 5   But, essentially, that's what Google is

 6 asking for with respect to this claim term.

 7   Now, each of the parties have identified

 8 to this Court supplemental authority on this particular

 9 issue. Google submitted supplemental authority, the

10 *Blackboard* case. Function Media identified supplemental

11 authority, the *IP Innovation* case. Both of these cases

12 have come out in roughly the last month. I think it's

13 instructive to talk about those cases at this particular

14 point because the analysis in both of those decisions

15 supports Function Media's structure in this case.

16   The first case is the *Blackboard* case.

17 It's a Federal Circuit decision. The claim term at

18 issue in the *Blackboard* case was means for assigning a

19 level of access to and control of each data file based

20 on a user of the system's predetermined role in a

21 course.

22   And the patentee in *Blackboard* said the

23 structure for that means term is simply a server

24 computer with an access control manager, an ACM, and

25 equivalents thereof.

1   And I've reproduced right here the entire

2 specification support for that particular structure that

3 was cited in the Federal Circuit *Blackboard* case. Two

4 sentences. The first sentence said the ACM creates an

5 ACL, which is an access control list. And the second

6 sentence says there are various restrictions that you

7 might see in that particular access control list. That

8 was the extent of the structure disclosed, nothing else.

9   The Federal Circuit looked at that and

10 concluded that in this particular instance the ACM is

11 just a black box that performs recited function and how

12 it does it is left undisclosed. And for that reason it

13 shot down that particular means-plus-function software

14 term.

15   Here, on the other hand, Function Media

16 has easily satisfied that particular rule because

17 Function Media has described the means by which the PGP

18 creates a formatted ad, described the inputs for that

19 particular ad, it described the process for that ad, it

20 has -- it went on for far more than two sentences in the

21 specification describing that algorithm, and it included

22 flow charts, and on top of all that, had an expert, Dr.

23 Rhyne, confirm that structure.

24   So Function Media easily passes the

25 *Blackboard* rule in this particular case.

1   The second piece of supplemental

2 authority that's instructive here is the *IP Innovation*

3 case. This is a district court opinion from Judge

4 Davis, and this particular opinion is interesting for

5 several aspects.

6   First, it follows *Blackboard* and cites

7 and applies the *Blackboard* rule.

8   Secondly, it issues -- it deals with the

9 claim term display object means for generating a display

10 object. In other words, a generation term, much like in

11 this case we're talking about generation of

12 presentations.

13   The structure that the patentee asserted

14 was there, simply displays system object, and its

15 equivalents. And here's the entirety of the disclosed

16 structure that the *Blackboard* patentee cited in support

17 of that particular means.

18   The first paragraph up top there from the

19 '412 patent and then just those two highlighted lines at

20 the bottom, that's what's discussed in the *IP Innovation*

21 case.

22   Judge Davis applies *Blackboard* and *IP*

23 *Innovation* and says that the relevant inquiry under

24 *Blackboard* is whether or not a person of ordinary skill

25 would understand from the structure of the patent what

1 the algorithm disclosed is. And Judge Davis concludes

2 that, in that particular instance, it was easily

3 understood by persons of ordinary skill. And in so

4 doing, Judge Davis rejects the Defendant's argument

5 which was you didn't tell us a sufficient number of

6 instances of how it generates those display objects. We

7 need to see in every particular instance how a display

8 object could possibly be generated.

9   Judge Davis says, no, that's not what's

10 required under the Federal Circuit case law because to

11 do that would require the disclosure of code. And,

12 again, Function Media easily satisfies the standard that

13 Judge Davis instituted in the *IP Innovation* case for

14 satisfying the *Blackboard* rule.

15   There are four other means-plus-function

16 terms that Google has asserted are indefinite. It

17 spends about one-and-a-half pages in its brief doing

18 that. Not much argument as to any of those particular

19 terms. That alone probably indicates that Google hasn't

20 asserted clear and convincing evidence as to

21 indefiniteness. I will run through them quickly.

22   The means for transmitting. Function

23 Media's structure is disclosed there. There's also the

24 alternate construction which Mr. Tribble discussed with

25 you. And as you'll recall, he identified the structure

1 for that transmission upon this Court's questions.

2 Means for a Seller to select the media

3 venues. Again, the disclosure of the step-by-step

4 process for selecting the media venues is identified by

5 Function Media, and it appeared -- the structure

6 supporting that appears, among other places, at columns

7 40 and 27 of the '045 patent.

8 Means for a Seller to input information.

9 Again, the structure that Function Media identifies,

10 which Google doesn't do much to dispute in its briefing,

11 and the support for that particular structure in column

12 17 of the '045, as well as Figure 4a.

13 And finally, the same thing can be said

14 for means for the said media venue to input.

15 The only additional thing -- point I'd

16 like to make with respect to the means-plus-function

17 terms is I invite the Court, especially on the means to

18 input limitations, to review Judge Davis's recent

19 opinion in *IP Innovation*, especially as to the control

20 means term, in which he makes it quite clear that the

21 control means can be satisfied merely by a structure

22 that talks about pop-up menus, which is similar to the

23 forms structure that Function Media has identified.

24 MR. NELSON: Good afternoon, Your Honor.

25 Justin Nelson for the Plaintiffs.

1   THE COURT: Good afternoon.

2   MR. NELSON: I get the duty of going over

3 the claims of the '025 and the '059, first on the

4 disputed claim construction terms, and then on whether

5 the claims are indefinite. These are not

6 means-plus-function claim terms on the indefiniteness

7 claims. These are just straight up indefiniteness

8 terms.

9   First, here is the claim -- Claim 1 of

10 the '025 patent, and there are essentially three

11 disputed issues which I will walk through briefly.

12   The first is the first interface to the

13 computer system, which has two issues, the first of

14 which Mr. Tribble went over in his presentation, and

15 that's whether it's software which is what Function

16 Media says or whether it's software or hardware. And

17 then second, whether it's at the Internet venue

18 location, which is what Google says.

19   And to recap briefly here -- first of

20 all, so the Court is aware, their software or hardware

21 position is a change from the briefing. It was software

22 and hardware in the briefing, in their 4-5 disclosure or

23 their 4-5 chart it's software or hardware.

24   It's also a change from their position on

25 what they're saying in the '045, which is it's software

 1 and hardware.

 2   We think that they're both wrong. As

 3 discussed by Mr. Tribble, the proper definition here is

 4 software. We -- the patent specification talked about

 5 software. We looked at the Microsoft dictionary

 6 definition. The Kincaid deposition and the Jenevien,

 7 his own patent which discussed how one can have software

 8 only.

 9   The second part of this claim is whether

10 the interface has to be physically at -- or at least I

11 think it's physically at the Internet media venue

12 location. I think that's what they're driving at, Your

13 Honor, although the -- the construction still --

14 Google's proposed instruction is certainly unclear on

15 that point.

16   But the key thing here is that there is

17 absolutely no location requirement that appears in the

18 claim or specification. It is true that the preferred

19 embodiment here is the sending -- having it on a

20 Seller's computer, sending a CD-ROM. Mr. Tribble went

21 over specifications where it can be a downloadable file.

22 But it does not exclude having it elsewhere and --

23   THE COURT: Is there any disclosure of it

24 elsewhere, though?

25   MR. NELSON: No, Your Honor. It -- it is

1 just whether it is -- if we go back to Mr. Tribble's

2 slides, it talks about whether you can have a

3 downloadable file, and it lists multiple ways to have

4 it, but it does -- it does not have it on the --

5 anywhere that it is actually over the Internet per se.

6   But it certainly does not exclude that

7 specification. And this is from the *Intel* case. It's

8 in our briefs, where a specification does not require a

9 limitation, that limitation should not be read from the

10 specification into the claims.

11   And so what Google is trying to do is

12 improperly import the preferred -- the preferred

13 embodiment to -- to limit what the claim means.

14   And if we just go back to the actual

15 claim here, it just says a first interface to the

16 computer system through which each of the Internet media

17 venues is prompted to input presentation rules.

18   And so at the time the art was certainly

19 about CD-ROMs and downloadable files, but there's no

20 reason to just make it so limited.

21   And we do have what people of ordinary

22 skill think, and the three experts here, none of them

23 have said it's only done through CD-ROM or -- or on the

24 Seller's computer. This is our expert, Dr. Rhyne, that

25 does not require -- one of ordinary skill would not

1 require that the interface software be necessarily

2 installed on the Seller's computer.

3   This is Yahoo!'s expert Kincaid.

4   Question: Is it your belief that the

5 only way to infringe the claims of the '025 patent is to

6 install software via CD-ROM? No.

7   And notably, Google's expert here has no

8 opinion, is silent on this point.

9   The second interface is similar to the

10 first interface, except there's one more issue. The

11 first two are software versus hardware and at the

12 Seller's location.

13   The -- the other one is to enable the

14 Seller, which is -- essentially what Google wants it to

15 do is whether the Seller has to pick a specific website.

16 The specification in the patents made clear that the

17 answer to that is no. We cited one specification cite

18 here, the '025 patent at 28:45-49, and specifically 48

19 and 49, talking about the media and advertising channels

20 that the Seller wishes to participate in, and this is

21 claim differentiation. This is from the '025 patent,

22 Claims 21 through 24.

23   And if you look at what's going on,

24 Google wants to limit essentially the definition of

25 enablement or of the second interface to only be Claim

24, including identification of individual Internet

media venues. But the claim in the -- the -- the three

preceding claims clearly speak to having targeting other

than through individual Internet media venues.

And so what Google is trying to do here

is essentially create a loophole where none exists and

to muck up and make unclear the claim.

Their only real response here, Your

Honor, is essentially an estoppel argument, that we

somehow disavowed this indirect selection in the reexam,

but that's just not true.

First of all, to get the standard right,

the *Purdue Pharma* case, that there must be a clear and

unmistakable disavowal of the scope during prosecution,

and that just did not happen here. Nowhere, nowhere,

and I think Google will admit this, does Function Media

say that the Seller has to pick a specific site. What

they do say is that we -- there's some quotes about

direct selection, but that just begs the issue of what

direct selection means.

And so at most, the reexam makes clear

the obvious point, that the Seller participates in the

selection process.

Well, of course that's true, but it does

not discuss -- the reexam does not discuss how the

1 Seller participates, whether it's through individual

2 selection or the Internet media venue or by targeting

3 advertising channels or demographics or other methods

4 which is, of course, what the '025 patent goes over in

5 Claims 21 through 24, for example.

6   The third term is the computer

7 controller, which actually has a couple of terms built

8 in here. The first one is Function Media defining it to

9 be one whole term with processing and publishing built

10 in, and Google break -- breaking up just publishing and

11 processing.

12   And, first of all, to -- to give some --

13 some scope here, we do believe that the com -- the

14 preamble informs what is going on in this -- in this

15 term. And you can see that by the fact the computer

16 system is referred to in the preamble here. It's also

17 referred to in the very first element. The first

18 interface to the computer system which is followed all

19 the way down through the relevant claim term here, the

20 computer controller of the computer system. The same is

21 true with the Internet media, venue all the way down.

22   Now, interestingly enough, in the '045,

23 Google would have the whereby clause read on the entire

24 patent. But here they completely ignore the whereby

25 clause and pretend that it doesn't even exist; where it

1 clearly modifies, at the very least, this term itself.

2 And so we have the term where it talks

3 about how it must be in compliance with the presentation

4 rules of the Internet media venue, and the preamble

5 which talks about again creating and publishing

6 customized electronic advertisements. Google simply

7 ignores both the surrounding claim language and the

8 preamble.

9 So, first, let's talk about publishing.

10 And if you see on the term, the term says processing and

11 publishing, and so we have put publishing second in our

12 definition. Google talks about it first, so I will just

13 take them in the order Google does.

14 Our definition is directly from the

15 glossary. This is the '025 patent 11:49-52. The only

16 difference is the highlighted information presentation

17 or information. We have substituted in the specific of

18 what it is here, customized electronic advertisement,

19 instead of presentation or information.

20 I don't think Google really disagrees

21 with that. Its own definition says electronic

22 advertisement. The only question then is whether to add

23 the word "customize" there, which is what the preamble

24 itself says and also what the whereby clause certainly

25 implies, that it's customized there.

```
 1                    Google's position is inconsistent with
 2  the specification in the glossary.  It's inconsistent
 3  with the term as a whole.  And indeed there's an agreed
 4  construction of publishing on the '045 patent which
 5  talks about publishing, which is the publication --
 6  which is the definition from the glossary with, of
 7  course, the one exception is substituting in
 8  presentation or information for a customized electronic
 9  advertisement.  That's an agreed construction in the
10  '045.  This also applies to Claim 90 of the '025 patent.
11                    Computer controller is -- and the
12  processing is the second part of it.  And the question
13  here really is we say that processing means to take the
14  inputted information to create the presentation, and we
15  pulled that from the preamble itself which takes -- it
16  says the computer system for creating and publishing the
17  customized electronic advertisements.
18                    The specification is specific here on
19  this point as well.  This is 17 -- column 17, line 54
20  through 61.
21                    The -- the presentation rules database is
22  processed through the Presentation Generation Program
23  and that creates the presentations which are tra --
24  transmitted to the central presentation and selection
25  server.
```

1   And, again, here it's talking about --

2 this was 52:4-14. Go back here to -- I'm sorry, column

3 17, 54 through 61. Again, it's processing through

4 creation.

5   And then the '025 patent, 52:4-14, is

6 talking about the input of information prompting the

7 Seller for information that is then used for the

8 creation of presentation that then goes to the

9 Presentation Generation Program, along with the

10 presentation rules database that then creates the

11 presentation.

12   And, again, the term itself is what

13 specifies the central controller's performing the

14 processing. This is from the disputed term, the

15 language itself, the computer controller of the computer

16 system is processing and publishing the electronic

17 advertisement. And the structure of the claim gives

18 support to this as well.

19   If you look again at the preamble, it's

20 the computer system for creating and publishing the

21 customized electronic advertisements. And then this

22 last phrase, the last term, the computer controller of

23 the computer system processing and publishing, so that

24 the processing is -- creation is the end result of such

25 -- of such processing, in compliance with those

```
 1  presentation rules discussed in the patent.
 2              Google, by contrast, simply self defines.
 3  And if you take out the agreed language of executing a
 4  systematic sequence of mathematical and/or logical
 5  operations, what you really have is process meaning
 6  process.  That is, if you look -- go back to the
 7  highlighted language, processing means process.  And
 8  this is -- so they just refuse really to define the
 9  relevant case law.
10              Your Honor, we have -- yesterday the --
11  the -- Judge Folsom in the *Parallel Networks* decision
12  issued a similar related issue on the *O2* case about self
13  definition, and we have that as supplemental authority
14  if -- if the Court would like it.
15              May I approach the bench?
16              THE COURT:  Yes.
17              MR. NELSON:  And if you turn to page 24
18  of that decision, it tees up the issue of whether inter
19  -- intercepting just means intercepting, and citing *O2*,
20  the Defendants say that it can't just mean that.  And
21  then at the end of the discussion, on page 29, is what
22  the Court concludes which intercepting, it rejects that,
23  that intercepting cannot just mean intercepting, and
24  instead gives a definition that does not include the --
25  the word that's used in the claim.
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 1                    And this is exactly -- we have exactly

 2   what's going on in O2.   In deciding that "only if" needs

 3   no construction because the term has a well understood

 4   definition, the district court failed to resolve the

 5   parties' dispute because the parties disputed not the

 6   meaning of the words themselves, but the scope that

 7   should be encompassed by this language.

 8                    This is exactly what we have here.   And

 9   these same disputes apply also to the '025 patent and to

10   Claim 1 of the '059 patent.

11                    I'm briefly going to discuss

12   indefiniteness and -- but save most of that for

13   rebuttal.

14                    The way I understand it, and Google can

15   correct me if I'm wrong here, there were four

16   indefiniteness arguments in their briefs.   We are now

17   focusing on two, which is their cascading or's argument

18   and their argument that the claims are indefinite for

19   being purely functional.

20                    Their argument is that somehow the claims

21   are indefinite because they lack meaning or that -- that

22   they're subjective, number one, or that it's mixing

23   statutory classes by apparatus and method.   I believe

24   they dropped that -- those two arguments.   So if Google

25   addresses these two, we'll address those in rebuttal.
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 1                    Thank you, Your Honor.

 2                    THE COURT:  Okay.  Thank you.

 3                    You've got 19 minutes left for rebuttal.

 4                    MR. NELSON:  Thank you, Your Honor.

 5                    MR. VERHOEVEN:  Good afternoon, Your

 6  Honor.  Charles Verhoeven on behalf of Defendant Google.

 7                    THE COURT:  Good afternoon.

 8                    MR. VERHOEVEN:  If we could go to Slide

 9  5.

10                    There's a number of terms, Your Honor, in

11  the briefing papers and there's no way I can cover

12  everything and so I thought I would give you a road map

13  of what I intend to cover.  Of course, if Your Honor has

14  any questions about specific things, I'll do my best to

15  answer those questions.

16                    But essentially, Your Honor, the parties

17  have met and conferred and narrowed some of these

18  issues, and I think there's still sort of four

19  categories of issues that I'd like to address today,

20  Your Honor.

21                    The first is the selection of media

22  venues through the second interface, and then of the

23  '059 patent, the same language appears through the third

24  interface.  And there's basically two issues left over

25  on the -- on those elements, Your Honor.
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 1   The first is, who selects the media

 2 venues. Does the Seller select the media venues in the

 3 '025 patent or not? And in the '059 patent, does a

 4 third party select the media venues or not?

 5   The second point on the selection

 6 element, Your Honor, is whether there's a locational

 7 requirement, and I'll go into that, Your Honor.

 8   The second big -- at least as we see it,

 9 big issue for claim construction today, Your Honor,

10 appears in the same part of the claims. It's in the

11 Seller Interface part of the claims of the '025 and '059

12 patent, and that's what I'll call the creation language

13 where the Seller is prompted to create an electronic

14 advertisement.

15   And there, we've successfully negotiated

16 away half of the issues, but there still remains one

17 issue, Your Honor, and the issue is who creates the

18 electronic advertisement in that element, in the Seller

19 Interface element. Is it the Seller who creates the

20 electronic advertisement or not? And then in the '059,

21 is it the third party that creates the electronic

22 advertisement or not?

23   And then the second issue we've resolved,

24 which was, what does it mean, this phrase, creating an

25 electronic advertisement for publication to the selected

1 Internet media venue. So we've reached agreement on

2 that o. E, so the only issue on the creation is who

3 creates.

4   Next slide, please.

5   Then there's two other claim terms that,

6 at least from our viewpoint, besides the

7 means-plus-function claims, there's two other claim

8 terms that we -- I want to address today, the processing

9 claim and the publishing claim. And I'll address those

10 after talking about the -- the first subjects.

11   And then finally, Your Honor, I'll

12 address the indefiniteness. And I agree with counsel

13 for Plaintiffs in terms of how we reduced these issues.

14   So the first issue is the

15 means-plus-function limitation of the '045, which I'll

16 cover, Your Honor. And the second issue is what I'll

17 call the cascading or's, a purely functional language

18 issue.

19   So, Your Honor, first let me start with

20 the sele -- question of who selects, and I'm going to --

21 the evidence sort of -- over who selects the media venue

22 and who creates is very overlapping, so I'm going to

23 address the question of who selects or who creates at

24 the same time, if I may.

25   Next slide.

 1   So the fundamental dispute here, Your

 2   Honor, is Google's position is that -- and this is in

 3   the Seller Interface and we'll get to the claim language

 4   in the Seller Interface element. Google's position is

 5   it's the Seller that selects the media venues and it's

 6   the Seller that creates the presentations in that claim

 7   language. And it's Function Media's position that the

 8   Seller is not selecting the media venues and the Seller

 9   is not creating presentations; that happens at the

10   system -- on the systems side.

11   We believe that our position is correct,

12   Your Honor, and I'm just going to follow the traditional

13   claim construction rules of the road here, and I'll

14   start with the claim language, Your Honor.

15   And if you look at the '025 and the '059

16   patents, this is -- it's hard to read, Your Honor, but

17   we -- this is the element here. Just start with Claim 1

18   of the '025.

19   The claim language itself in our view

20   clearly states that it's the Seller that selects the

21   media venues. It says, quote, a second interface to the

22   computer system through which a Seller is prompted to

23   input information to select one or more of the Internet

24   media venues.

25   The language on its face says it's --

it's the second interface and the Seller is prompted to

do something. To do what? To input information to

select one or more of the identified media venues.

That's what the claim language says right on its face.

Same thing with the 179 independent claim

which is asserted, Your Honor. It says prompting the

Seller through a second interface to the computer system

to input information to select one or more of the

Internet media venues.

And, again, the same language appears in

Claim 1 of the '059 patent, Your Honor.

THE COURT: Well, may I interrupt you?

MR. VERHOEVEN: Yes, Your Honor.

THE COURT: If the claims meant what you

say they mean, why wouldn't the patentee have drafted

them just to read, "A Seller is prompted to select one

or more of the Internet media venues"?

MR. VERHOEVEN: Well, I -- I suppose you

could say it that way. But if we go to the next slide,

I think that if you look at the -- to answer your --

I'll attempt to answer your question, Your Honor.

If you look at the grammatical structure

of that sentence, right here, Your Honor, and I've just

taken the first quote out of the '025. So the language

is, quote, a Seller is prompted to input information to

1 select one or more of the Internet media venues, close

2 quote.

3 Grammatically, that clause has one

4 subject and two verbs, and the antecedent of those two

5 verbs is the subject, the subject now, which is the

6 Seller. The Seller is doing the actions. Grammatically

7 the way you should be reading that sentence -- forget

8 about the -- the specification. Just reading it in

9 isolation, I would submit that both of those verbs,

10 the --

11 THE COURT: The verb is prompted, though?

12 MR. VERHOEVEN: Well, the -- the

13 prompting does come from the interface. There's no

14 question about that. But who is being prompted? The

15 Seller is being prompted.

16 THE COURT: Right.

17 MR. VERHOEVEN: And -- and the sys -- the

18 interface is not selecting. It's prompting the Seller

19 to select.

20 So the way -- and we'll get into the spec

21 in a second, Your Honor. But the way that the spec

22 talks about it, and this has not been cited in the

23 argument so far today at least, is the interface

24 presents a menu. It presents options for the Seller,

25 and then the Seller inputs the information to select and

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 1  to create the presentation.  I'll go through that in

 2  detail.

 3              But you're right.  The prompting is done

 4  by the -- by the interface.  And -- and if you look

 5  at -- if we go back a slide, and you look at the larger

 6  clause, Your Honor, it does say a second interface to

 7  the computer system through which a Seller is prompted.

 8              So who prompts?  The Seller Interface

 9  prompts.  Okay.

10              But who -- what -- who is being prompted?

11  The Seller's being prompted.

12              And to do what?  Being prompted to input

13  information to select one or more of the Internet media

14  venues.

15              So we -- we would submit that the

16  reading -- the plain reading of the claim would indicate

17  that it's the Seller who's selecting.

18              If I could go to the -- two slides over.

19              And then all I've done here is, this is

20  the same quote, Your Honor, but I've highlighted the

21  creation language.

22              You can see that the grammatical setup in

23  the claims is the same for the creation language, too.

24              So just like the Seller being prompted to

25  input information to select, Claim 1 of the '025 says, a
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1 Seller is prompted to input information to create an

2 electronic advertisement for publication to selected

3 Internet media venues. So it's an identical grammatical

4 construct, Your Honor.

5   And, again, the subject that -- that's

6 being prompted is the Seller, and the thing the Seller

7 is being prompted to do is to input information to

8 create an electronic advertisement. This is true for

9 Claim 1. It's also true for Claim 179, and it's true

10 for Claim 1 of the '059. All of those claims has that

11 same grammatical const -- construct. Prompted to input

12 information to create.

13   Now, let's go to the spec. Slide 13.

14   And now, so we've looked at the claims,

15 Your Honor. Let's look and see what the spec says. I'm

16 going to spend a little bit of time on this spec, and

17 just please cut me off, Your Honor, if you have read all

18 this. But I think it's very helpful to look at the spec

19 because the -- Function Media's counsel's presentation

20 has left out all of these cites I'm going to go through

21 which all occur in the spec.

22   So right -- right at the start of the

23 patent in column 4, line 17 through 20, discussing the

24 invention in general, it says: The present invention

25 allows for lower cost to management when used with all

1 media outlets by creating a self-serve, automated

2 billing environment for the Seller's creation and

3 display of presentations. That's, again, column 4,

4 lines 17 through 20.

5   Next slide.

6   This is column 5, lines 1 through 4, Your

7 Honor. And this is characterized as one of the

8 improvements of, quote, the invention, close quote, over

9 the prior art. And it says, quote, this invention

10 improves on the prior art by creating a controlled,

11 managed environment for Sellers in which to create their

12 presentations. That's what it says.

13   Again, it's talking about the invention.

14 Not saying, oh, here's an example. This is one of the

15 improvements of the invention over the art.

16   Next slide, please.

17   This, Your Honor, is again in column 5.

18 This one's lines 28 to 31. And this is in the section

19 of the patent called objects of the invention.

20   And it lists one of the objects of the

21 invention, quote, to allow sellers to create

22 presentations on their computers that are automatically

23 transmitted to be published and viewed on electronic

24 networks and other traditional advertising media, close

25 quote.

1   So, again, column 5, lines 28 through 31,

2 objects of the invention, to allow Sellers to create

3 presentations. That supports this reading that I'm

4 advocating, Your Honor, for this claim language.

5   Let's go to the next slide, column 6,

6 lines 3 through 11.

7   Specification states, quote, by creating

8 a self-serve, automated, direct billing environment for

9 the Sellers to create their presentations in. And then

10 it goes on and the next sentence says, quote, allowing

11 the sellers to create their presentations with a

12 cafeteria-style selection and billing. And it goes on

13 again. Twice in the paragraph reiterating that what

14 this thing is doing is it allows the Sellers to create

15 their presentations.

16   Now, Your Honor, I'm going to go to

17 column 28 where it gets into a little bit more of the

18 specifics of how this thing works. Column 28, lines 42

19 through 48. All of these cites are to the '025. I

20 apologize for not mentioning that, Your Honor.

21   And here it says, quote, the Presentation

22 and Configuration Program 4715 is both the gateway to

23 the present inven -- invention and the controlling

24 software interface for the Seller. The Presentation and

25 Configuration Program 4715 introduces the Seller to the

1 instance of the present invention and allows the Seller

2 to choose in which presentations and which media or

3 advertising channels the Seller wishes to participate,

4 close quote.

5   And 4715 is a box illustrated in Figure

6 2c of the spec. I put it on the screen, Your Honor.

7 And this is, of course, 4000 Seller Interface.

8   So this language is, I would submit, the

9 portion of the spec that is talking, that they

10 corresponds, shall I say, to the second interface claim

11 language. It's this thing on the spec. It's called the

12 Seller Interface.

13   And the -- the thing that's -- the

14 gateway that allows the Sellers to choose is this

15 program called the Presentation and Configuration

16 Program, something that was not cited once by Plaintiff.

17   That's located -- where is that located?

18 Well, you can see that Seller -- the picture on 2c is

19 that the Seller Interface is its own computer. It's got

20 a CPU there. It's got a -- at 4500 says data storage

21 device. And then on the data -- data storage device is

22 a bunch of programs, and one of those programs is 4715,

23 the Presentation and Configuration Program.

24   Okay. Then the spec continues, Your

25 Honor, and I'm just walking step by step through this,

 1 and I apologize if this is hard to read.

 2   This is just right after that last

 3 sentence in the spec which is column 28, lines 48

 4 through 56. It says, the Presentation and Configuration

 5 Program 4715 offers the choices of media and

 6 presentations to the Seller, giving requirements and

 7 cost for each. Upon choosing media and presentations,

 8 the Seller is then presented with a series of questions

 9 to answer.

10   So this is saying that this program,

11 4715, which is located at the Seller Interface, offers

12 these choices to the Seller.

13   And who chooses? The Seller chooses.

14 The Seller chooses the media and the presentations.

15   After the Seller do -- does that, a

16 series of questions are presented by the interface, and

17 it says the answering of these questions contributes to

18 three other databases it refers to there, Your Honor.

19   Next slide.

20   This slide 19, Your Honor, is the next

21 sentence in the spec. This is column 28, lines 56

22 through 63.

23   It says, the responses to the question --

24 questions asked, text -- text entry areas, photos,

25 graphics, and other input, either required or optional,

1 are monitored by the Presentation and Configuration

2 Program 4715, using the information within the

3 presentation rules database 4650 to guide the Seller in

4 the creation of a presentation that meets the style,

5 editorial, and content guidelines of that instance of

6 the present invention for which media -- for each media

7 venue or outlet chosen.

8   So here we've got a reference to the

9 presentation rules database 4650. Where is that?

10 That's in Figure 2c. It's on the same data storage

11 device 4500 in Figure 2c, and I've highlighted it there

12 in the Seller's database.

13   So the Presentation and Configuration

14 Program 4715 is working with 4650 at the Seller

15 Interface to guide the Seller in the creation of a

16 presentation that meets the style editorial and content

17 guidelines, et cetera. And notice it says for each

18 media venue or outlet chosen. Okay.

19   So the spec here in column 28 where --

20 you just flipped over to the next slide, I think.

21   In column 28, using pretty general

22 language, pretty clearly says that this interface -- it

23 corresponds to the claim language that's the second

24 interface, that that's at the Seller Interface, that

25 it's got a program. It's not the -- it's not the PGP.

 1 It's the PACP program, and that's the program that's

 2 prompting the Seller to do what? To select the media

 3 venues and create the presentations.

 4   Now let's go to -- let's fast forward to

 5 column 47 -- or, excuse me, 41, Your Honor.

 6   Plaintiff has cited -- this is a -- a

 7 whole section of the spec, and it starts, the Seller's

 8 use of the present invention. And it goes on after that

 9 to talk about what happens when a Seller's done with the

10 Seller's inputs.

11   And what the Plaintiff counsel has done

12 is they've cited to what happens after the Seller is

13 done. What I want to walk through, Your Honor, is how

14 this describes what the Seller does at the Seller

15 Interface.

16   So column 41, lines 11 through 18,

17 Seller's use of the present invention. The preferred

18 embodiment of the present invention allows Sellers to

19 have a self-serve relationship. And it says, this

20 relationship in process is accomplished through the

21 Presentation and Configuration Program 4715, that we

22 already saw at column 28.

23   Next slide.

24   Then the spec continues at column 41,

25 line 60 through column 42, line 2. It says, upon

1 entering the information to establish the client

2 relationship -- again, this is column 41, 60 through

3 42:2. Upon entering the information to establish the

4 client relationship, the new Seller/client is presented

5 with the forms that give the choices of presentations.

6 And it goes on. And it says, this information comes

7 from the presentation rules database 4650.

8   Okay. Again, 4650 is on the Seller

9 Interface located at the Seller's location in this

10 Figure 2c.

11   Next slide.

12   The spec continues. As an example --

13 now, this is column 42, lines 8 through 16, Your Honor.

14   As an example, if the instance of the

15 present invention were configured to support "sailboats

16 for sale," the Seller may be given the choice of three

17 Internet directories that specialize in boating-related

18 goods and services, two printed magazines, and a subscri

19 -- subscription-based CD-ROM.

20   So on this example they're saying, we've

21 got this example of "sailboats for sale" and Seller goes

22 on to the Seller Interface and it's prompted with three

23 different possibilities.

24   Then it continues, quote, the Seller

25 could then choose one or two or all of the media/means

1 of communication in which to be represented, with all

2 presentations created by the Presentation and

3 Configuration Program 4715.

4   Well, we already saw 4715 is at the

5 Seller Interface, so what I have illustrated here is

6 Figure 4a, which corresponds to blocks 1130 and 1132.

7   If you look at Figure 4a, 11 -- 11130

8 says, quote, facilities operator chooses presentations.

9 Who's the facilities operator at 11130? That's the

10 person at the Seller's location operating the interface.

11   So, again, in the specific example, we

12 see the Seller has choices by the interface, but who

13 does the choosing? Who does the selecting? The Seller.

14   Next slide, Slide 23. And this is a

15 continuation of the same discussion in column 42, lines

16 16 through 24. The presence of the Seller's chosen.

17   Next thing, the Presentation and

18 Configuration Program 4715 would then prompt the Seller

19 for the necessary and optional information to complete

20 -- complete the presentations. It should be noted that

21 each presentation might have very different standards

22 for publishing the same information. In those cases,

23 the same questions or at least similar prompts, may be

24 presented to the Seller, requiring the entering of

25 virtually the same information in multiple locations on

1 the forms.

2   So what does this say? It's saying after

3 you choose your media venues -- in the example you have

4 three choices, say you choose all three, then you get

5 prompted to enter the information to create your

6 presentations. And you should note that each of these

7 different presentations, these three presentations,

8 might have different rules because they're different --

9 you know, one is a CD-ROM, one's a media outlet. They

10 have different rules for how you're supposed to create

11 your presentations.

12   And it -- then it continues. In those

13 cases, the Seller is going to have to answer the same

14 questions, or at least similar prompts, over and over

15 again. That's because the Seller's creating all the

16 presentations right there at the Seller Interface.

17   Next slide, Slide 24.

18   In the next sentence in the -- in the

19 spec, column 42, lines 25 through 28, continues,

20 although this may seem redundant to the Seller, the

21 differences will become apparent because each separate

22 entry is controlled by the information contained in the

23 Presentation Rules Database 4650.

24   So basically what -- at least as I read

25 this, Your Honor, what's being described is, you've got

1 all of these programs they're talking about on the data

2 storage device at the Seller Interface and the Seller is

3 choosing which media venues the Seller wants, and then

4 entering repeatedly information creating the Seller's

5 electronic advertisements in different formats,

6 depending upon the different rules which are provided

7 for in 4650 of 2c, the Presentation Rules Database,

8 which is also on the Seller's interface. All of this

9 happened so far on the Seller Interface.

10   Next slide.

11   Then at column -- then column 42

12 continues. It says, after the Seller -- and this is

13 column 42, lines 38 through 44 -- after the Seller has

14 chosen the channels and means of communication and has

15 entered the information necessary to create all the

16 selected presentations, the Presentation and

17 Configuration Program 4715 notifies the Seller of the

18 cost and payment methods.

19   So, in the spec at least, the Seller

20 creates -- makes all of its selection and creates all of

21 its presentations and then is told what the cost is.

22   Now, all of this happens, Your Honor,

23 before there's any transmission from the Seller

24 Interface to the Central Controller, which is

25 illustrated in different figures in the patents, and

1   I'll get to later. But I wanted you to see this --

2   these initial steps as described in the spec, before the

3   pre -- Presentation Generation Program and central

4   server is even involved that occur.

5   These steps that I just went through,

6   Your Honor, correspond to the element we're looking at,

7   which is the second interface; or the '059 patent, the

8   third interface. It's the interface where the Seller is

9   prompted to input the information.

10   The cites that we looked at from

11   Plaintiff's counsel were from a different part of the

12   spec, and I'll get to that later.

13   So we've looked at the claims, we've

14   looked at the spec. Looking at the prosecution history,

15   the last piece of the intrinsic evidence, we would

16   submit, Your Honor, the prosecution history also

17   supports Google and Google's position.

18   We believe the record will show that at

19   -- that Function Media distinguished the claims over

20   prior art by argue -- by arguing that the prior art did

21   not allow sellers to select Internet media venue. And

22   I've just cut and pasted out of here -- out of the

23   briefs and out of the prosecution history.

24   This is from a September 5th, 2006,

25   request for reconsideration on the '059 patent,

1 distinguishing a prior art reference, Sparks, Your

2 Honor. And in this request for reconsideration, the

3 patentee says, within Sparks there is no system or

4 method for a "client" to select an Internet media venue.

5   So it's distinguishing a piece of prior

6 art by saying, unlike its patent, in Sparks, the client,

7 which is the Seller in this case, the client can't

8 select the internet media venue.

9   Now, Your Honor, that's what they said to

10 the PTO. Now they're saying their invention does not

11 include the concept of a Seller selecting the media

12 venue. It's mutually exclusive. Either Sparks is not

13 distinguishable on this ground, or they have disclaimed

14 a system in which the Seller does not select.

15   Next slide.

16   In the reexam file histories, which are

17 going on right now, Your Honor, all three patents are in

18 reexam, Your Honor, Function Media also distinguished

19 over the prior art by arguing that it did not have --

20 that the prior art did not have the ability to directly

21 select media venues. And, again, one of the references

22 involved in the reexam is this Aaddzz system. It's

23 A-a-d-d-z-z.

24   And in distinguishing that, the patentee

25 said the Aaddzz references also lack a means for a

1 Seller to select media venues that is equivalent to the

2 operation of the Presentation and Configuration Program

3 4715. In fact, the Aaddzz system does not allow any

4 mechanism for a Seller to select particular media venues

5 in which it would like to display a presentation.

6   So before the PTO, contemporaneous with

7 this very case, Your Honor, the patentee is

8 distinguishing a piece of prior art by saying that in

9 that piece of prior art, the Aaddzz system, the system

10 does not allow any mechanism for a Seller to select

11 particular media venues.

12   But before this Court on claim

13 construction, Your Honor, on the second interface

14 limitation, they're saying there is no requirement that

15 the Seller selects any particular media venue. Mutually

16 inconsistent statements, Your Honor. Either their

17 patent is distinguishable from Aaddzz because their

18 patent does allow and require that the Seller selects

19 particular media venues. That's new. That's something

20 that's new over the Aaddzz art, or they've said

21 something to -- that's not correct to the Patent Office,

22 because they've said so explicitly in distinguishing

23 this reference. There's no ambiguity whatsoever about

24 it.

25   THE COURT: Is there a difference in

1 whether it allows or whether it requires?

2   MR. VERHOEVEN: No, there is not,

3 because -- because the -- because if you had a system --

4 according to their invention, it has to have -- it has

5 to include that you can do this. The Seller selects it.

6 That's how they distinguish it over the prior art. And

7 so what they're saying now is there's no requirement

8 that the Seller can do that. We can have our patent

9 without any selection. And -- and the reason they're

10 doing that is because the accused technology doesn't

11 have any ability for the advertisers to select any media

12 venues, and they want to walk away from it.

13   But, yes, the -- the patent itself has to

14 include this as -- as an innovation over Aaddzz, that

15 the Seller can do this. And they're saying, Claim 2

16 doesn't mean the Seller can do this.

17   Next. I'll be quick here. I know I'm

18 taking some time, Your Honor.

19   Next, Slide 28, from the same discussion,

20 the reexam history talking about the Aaddzz system. And

21 this is just crystal clear, Your Honor. They say the

22 Aaddzz system, not the advertiser, decides where to

23 display ads via automatic ad targeting. Accordingly,

24 advertisers using the Aaddzz system have no ability to

25 directly select media venues where their ads are to be

1 published, as required by Claim 1.

2   Your Honor, I don't know how more clear

3 you can get than that. They're saying before the PTO

4 that in the prior art system, it's the system, not the

5 advertiser that's doing the selection; whereas in their

6 invention, it's the advertiser who directly selects

7 media venues where the ads are to be published and

8 they -- just in case there's any doubt, "as

9 required." Okay?

10   But now, before this Court, they're

11 saying there's no requirement that the advertiser has to

12 select the media venue. That's not how you should read

13 that claim.

14   There's no way that you can hold these

15 state -- this statement here, together with the

16 statements they're making today in claim construction is

17 any -- is in any way consistent. They have clearly and

18 unambiguously disavowed their argument that they're

19 making today in their reexam representations to the

20 Patent & Trademark Office.

21   And I'm going to speed up a little bit,

22 Your Honor.

23   Slide 29. This isn't an isolated

24 incidence here, Your Honor. With respect to yet another

25 reference, they say in their reexam response, nor is the

apparatus and/or method for selecting particular media

venues, paren, quote, websites, ever discussed in the

Mason patent. Again, distinguishing a piece of prior

art saying it didn't allow the ability to particularly

select.

Next slide. And they did it again in

another reexam response on the '025, distinguishing the

Brown reference. And they say, quote, in fact, the sys

-- the system simply does not provide any means for a

Seller to select Internet media venues for display of

advertisements.

Why are they saying that? Because

they're saying their system, that's what it does, that's

what's new about it, that's what's unique about it. But

here they're saying, well, it's -- actually that's not

required at all. Inconsistent statements.

Next slide.

As Your Honor well knows, statements made

during the prosecution history will limit the scope of

the claims if there's any doubt about it, which we don't

think there is. And I like this quote from the Federal

Circuit. It -- claim construction is not a request for

a mulligan to erase statements made during prosecution,

and rather -- rather than read the whole quote, I'll

just let it sit there, Your Honor. The Court can read

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 1  it.
 2              THE COURT:  I tell you what, before you
 3  move on to your next slide --
 4              MR. VERHOEVEN:  Okay.
 5              THE COURT:  -- take about a 15-minute
 6  recess and see if I can't do something about the
 7  temperature in here.
 8              MR. VERHOEVEN:  Thank you, Your Honor.
 9              COURT SECURITY OFFICER:  All rise.
10              (Recess.)
11              COURT SECURITY OFFICER:  All rise.
12              THE COURT:  Please be seated.
13              All right.  Proceed.
14              MR. VERHOEVEN:  Thank you, Your Honor.
15              I -- I, too, would like to notify Your
16  Honor of another case that wasn't in the papers.  I
17  apologize for this, Your Honor.  This is a case in which
18  Google was a party; however, I was recently retained in
19  this case.  Wasn't involved in the briefing; otherwise,
20  I would have put it in there.  I have given a copy to
21  opposing counsel.
22              If I may approach and hand it up?
23              THE COURT:  Of course.
24              MR. VERHOEVEN:  Thank you, Your Honor.
25              This is a --
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 1   COURT REPORTER: Can you give me one

 2 second --

 3   MR. VERHOEVEN: Absolutely.

 4   COURT REPORTER: -- to go into a

 5 different file?

 6   (Pause.)

 7   THE COURT: Go ahead.

 8   MR. VERHOEVEN: Thank you, Your Honor.

 9   I bring this case to the Court's

10 attention because it is somewhat similar to the

11 selection issue which Your Honor is going to be looking

12 at.

13   This is the *Bid For Position versus AOL*,

14 *Google* case before Judge Friedman in the Eastern

15 District of Virginia, and as such it represents wisdom

16 and not binding precedent, but I thought it would be

17 useful for Your Honor to be aware of the case.

18   This had a claim -- basically the same

19 accused technology is accused -- was accused in that

20 case as this one for Google -- from Google's standpoint.

21 This had a claim that was somewhat similar. Talked

22 about at Claim 1, a method for automatically managing an

23 auction for determining relative priority for a service

24 in a system wherein priority is based on the relative

25 value of related bids. And the first step was receiving

1 bid management data, including information for selecting

2 one of the two or more positions of priority that the

3 first bidder wishes to maintain in the auction.

4   So you have this grammatical construct,

5 Your Honor. It's little bit broader than the one in our

6 case, but it says receiving -- so the system is

7 receiving bid management data, including information for

8 selecting a position of priority.

9   So instead of selecting a media venue,

10 here you're selecting a position of priority and

11 auction, but it has the same grammatical construct, Your

12 Honor.

13   And the -- and the dispute was almost

14 identical to the dispute today. Google argued that the

15 bidder, which is equivalent to the advertiser, Your

16 Honor -- that the bidder selected the one or more two --

17 one of the two or more positions of priority, that that

18 information for selecting language meant that the bidder

19 selected.

20   And the Def -- the Plaintiff in the case

21 said no, no, it's the sys -- the bidder just submits

22 information, and the system then selects position of

23 priority based on the information. So that was somewhat

24 similar.

25   Also, in the -- so if you'll -- and,

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 1  again, the claim language -- I think I just covered this
 2  -- is similar.  Information for selecting was the
 3  construct in *BFP*.  Information to select, which is
 4  narrower, I think, is the language here.
 5                    The next slide.
 6                    The spec in the *BFP* case also was similar
 7  to in this case where it described the bidder, which is
 8  equivalent to the advertiser here, choosing a position
 9  of priority, which is the same as what we have in the
10  spec here.
11                    And the next slide, please.
12                    Judge Friedman in that case held that the
13  information for selecting meant information entered by
14  the bidder that indicates the bidder's choice of the one
15  or more -- one of the two or more positions of priority.
16  And the Court explained the specification in the amended
17  claims, it is the bidder and not the system that chooses
18  the position of priority.
19                    So although there's differences in the
20  claims and there's differences in the facts a little
21  bit, it's somewhat similar to this case, and we've got
22  another district court that has found that it's the --
23  essentially the Seller -- the bidder is essentially the
24  Seller in that patent when you have even broader claim
25  language information for selection instead of prompted
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 1  information to select.
 2              One other thing, Your Honor.  You had
 3  asked me if this information to select, why do you
 4  have -- why don't you just say to select.  And my
 5  partner, Mr. DeFranco, on the break pointed out it to
 6  me.  I thought it would be useful to repeat this.
 7              That if you look at the claim in its
 8  entirety, it's talking about a computer system and
 9  different steps in the computer system.  And so it's got
10  this second interface.
11              And the reason it says information -- the
12  -- the Seller enters information to select is it's --
13  it's claiming how the Seller is selecting.  The Seller
14  is -- is on the system.  It's entering information
15  instead of picking up the phone or -- or doing some
16  other thing.  That's why that -- that's probably why
17  that language, enters information to select, is there,
18  instead of just to select.  So I thought I would relay
19  that to Your Honor.
20              Turning quickly to -- to finish off these
21  claim terms.
22              THE COURT:  Well, I always like an answer
23  to my question, even if it's after the break, okay, so I
24  appreciate you coming back with that.
25              MR. VERHOEVEN:  Thank you, Your Honor.
```

 1   Turning to, really briefly, and I'll move

 2 on to the next -- some of the other issues. I want to

 3 address just briefly some of Function Media's arguments

 4 in support of their proposal: The Seller doesn't

 5 select, and the Seller doesn't create.

 6   They cite to the specification, and they

 7 actually said that there were mountains of cites to the

 8 specifications in support of their position. But the

 9 cites on which Function Media rely don't correspond to

10 the Seller Interface claim language. That -- those are

11 cites to the specification where it's describing after

12 the Seller inputs the information, creates the

13 presentations, and transmits it to the Central

14 Controller. That's the first time. And I'll -- I'll go

15 into the specifics, but that's the first time this

16 Presentation Generation Program gets -- comes into play.

17 And that's after the Seller's already input all the

18 information.

19   And so if you look at the claims --

20   Go to the next slide.

21   And this is just a rough correlation, but

22 if you read the spec and then you look at, for example,

23 Claim 1 of the '025 where it's talking about this second

24 interface and this second database, if you read the

25 specs, there's no question that that's talking about

1 4000 Seller Interface that we already went through in

2 great detail. And the program involved in there is the

3 Presentation and Configuration Program.

4 Now, go to the next slide.

5 It's only when you go to -- when the

6 Seller's done and the Seller's transmitted all this --

7 the Seller Interface transmits all the information

8 entered by the Seller to the Central Controller and

9 Presentation Processor 1000, that you get to this --

10 this Presentation Generation Program which you can see

11 down there, it's 7 -- looks like 1710, which is resident

12 on a separate computer.

13 So by this point, at least in the spec,

14 Your Honor, the -- the presentations have already been

15 created, and we saw in detail how they're created. And

16 the Seller has already selected media venues.

17 So I would submit, Your Honor, that the

18 cites to this later part of the spec are not

19 particularly useful because they don't correspond to the

20 claim language at issue.

21 Next slide.

22 And just to go -- just to go back, after

23 the cites that we went through that I showed you, Your

24 Honor, the next thing that happens in the system at

25 column 42, line 61 through 64, is after the Seller has

1 entered all this information and created these

2 presentations, this -- excuse me, a new program called

3 the Communication and Transport Program 4760 performs

4 the transmission of the Seller's presentation

5 information from the Seller Interface 4000 to the

6 Central Controller and Presentation Processor.

7   Okay. So if you look at 4760, that's

8 located at Seller Interface 4000, and I have highlighted

9 the little box there on the bottom left, the

10 Communication and Transportation Program -- or Transport

11 Program. That program -- it's after the Seller is done

12 entering all the information, that program then

13 transfers that information --

14   Go to the next slide.

15   -- and it goes from Seller Interface 4000

16 -- this is Figure 1b I'm looking at, Your Honor -- from

17 Seller Interface 4000 to a different module, the Central

18 Controller and Presentation Processor, Figure 1000. And

19 it's only after that transfer that you have language

20 about what the Presentation Generation Program does.

21   So let's go to the next slide.

22   So I would submit, Your Honor, that

23 citing to this later part of the spec that talks about

24 the Presentation Generation Program, or PGP, cannot be

25 used to erase the disclosures in the spec that the

```
 1  Seller selection and creation limitations and the Seller

 2  Interface elements occur before -- before it's even

 3  transmitted.

 4              Just because occasionally the spec refers

 5  to creating in -- in the -- in this later step or

 6  recreating can't erase the fact that in prior steps

 7  the -- at the Seller Interface, the Seller created in

 8  the first instance.

 9              Also, I would note for the record, Your

10  Honor, that in this supposed mountain of evidence that

11  the Plaintiff quickly went -- very quickly went through

12  about PGP creating --

13              THE COURT:  Small mountain, right?

14              MR. VERHOEVEN:  -- none of those cites in

15  there -- you can't read them, they went by them so fast,

16  but none of those cites, I will represent to Your Honor,

17  talked about the PGP selecting media venues.  So that's

18  one important distinction.

19              But also, the -- the fact that there are

20  some references -- and I will admit, Your Honor, there

21  are some references that use the word "creating" in

22  connection with the PGP.  They exist in the spec.  They

23  exist after the references talking about creating the

24  presentation to the Seller Interface.

25              How do we -- how do we make those two
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 1 things work together?
 2                Well, let's go to slide 42.
 3                It's easy.  If you look at the spec and
 4 you read what's going on in the system, what's happening
 5 is that the Presentation Generation Program is accessing
 6 these presentations from its database after it gets
 7 transferred and then doing a double-check to make sure
 8 the presentation, which has already been created, Your
 9 Honor, have still complied with the rules database.  And
10 if you look at the -- and this is just one excerpt.
11                This, Your Honor, is column 43, lines 31
12 through 45.  I'll just read the highlighted portions
13 here.
14                It says, the Presentation Generation
15 Program 1710 then analyzes the information using the
16 format and style guidelines contained within the
17 Presentation Rules Database.
18                And if you look at Figure 2a, this is the
19 corresponding figure.  We're now at the Central
20 Controller, so the file -- the information is
21 transferred.  Presentation Generation Program is
22 resident on the computer there.  It's got a CPU and a
23 data storage device, and it's -- there's 1710, and
24 there's a Presentation Rules Database 1650 that's also
25 resident on the Central Controller.
```

1   Now, the spec goes on and it says, quote,

2 this process parallels the functions performed by the

3 Presentation and Configuration Program 4715. This,

4 quote, duplication of function ensures both quality

5 control that goes on.

6   So the spec is very clearly saying that

7 what the Presentation Generation Program is doing, Your

8 Honor, is it's performing a parallel function. It's

9 doing the same thing that's already been done.

10   Does that support an argument that you

11 can erase the earlier step where the Seller is required

12 to input the selection and the creation information?

13 No, it can't. Otherwise, you wouldn't be paralleling

14 anything because the other thing didn't exist in the

15 first place.

16   And you might ask, well, why would you do

17 that? Well, the spec expressly says why. It says, this

18 duplication of function ensures both quality control of

19 content and prevents tampering with the process by

20 either the Seller or any non-authorized entity.

21   And then it continues, this duplication

22 of function -- again, duplication of function -- also

23 ensures that the latest version of the Presentation

24 Rules Database has been applied to every presentation.

25   So the spec clearly says that what the

1 PGP is doing is parallel to what's already been done,

2 and it's a duplication of function of what's already

3 been done. So if the -- if the PGP is creating a

4 presentation, it's dup -- it's duplicating what's

5 already been done at the Seller Interface, which is to

6 create a presentation.

7   So the fact that there might be some

8 cites to the PGP creating a presentation, cannot erase,

9 we would submit, the intrinsic evidence, the claim

10 language that clearly says that the Seller creates the

11 presentation in the first instance.

12   So that concludes my argument on that --

13 on the issue of who creates and who selects, Your Honor.

14 And I'd like to move on now, unless there's any

15 questions, to the locational issue.

16   This issue -- I'm going to confine my

17 argument to the second and third interface -- the second

18 interface in the '025 patent, third interface in the

19 '059.

20   Let's go to the next slide.

21   So this crystallizes the issue as I see

22 it, Your Honor. Google's proposal is that the second

23 interface is at the Seller location in the '025 patent,

24 and that the third interface, in the '059 patent, is at

25 the third-party professional location. And Function

1 Media says there's no limitation in terms of where the

2 interface should be located.

3   Next slide.

4   If you look at the claims, Your Honor,

5 the initial step -- it's pretty clear that you have

6 three different entities that are doing things here.

7 You've got this computer system with its Central

8 Controller. You've got Internet media venues which

9 interface at the first interface, and for the record,

10 I'm -- I'm talking about Claim 1 of the '025 patent.

11 And then you've got a Seller that's interfacing with the

12 second interface. So you've got three different

13 entities. This is true --

14   Next slide.

15   Same thing on the 179. I'm not going to

16 belabor the point. You can just see it by looking at

17 the claims, Your Honor.

18   And then if you look at Claim 1 of the

19 '059, you've got -- here you've got four different

20 entities because you've also got a third-party

21 professional that's basically handling the Seller's

22 creation and selection information. Okay. If the

23 Seller isn't sophisticated enough to do it itself,

24 you've got a claim in the patent that talks about hiring

25 a third party to do it. So these are different

```
 1  entities.
 2                   Next slide.
 3                   In the context of the '045, Function
 4  Media also basically admits that, at least in the '045,
 5  there's three primary actors.  I'd submit that there's
 6  three different -- in the '025, there's three different
 7  actors; in the '059, there's four different actors, Your
 8  Honor.  So we have different actors.
 9                   Then if you look at the specification --
10  Your Honor asked this question of Plaintiff's counsel,
11  and I agree with the response of Plaintiff's counsel,
12  that the only disclosures in the spec show that the
13  interface -- for example, Seller Interface is located,
14  sent to the Seller location.  All of the examples in the
15  spec have that happen.  And here's a couple of examples,
16  Your Honor.
17                   This example is from the detailed example
18  we're excerpting out of it.  It's column 54, line 53
19  through 55, line 3.  And in this example from the spec,
20  it's talking about media participation in the invention,
21  and it comes up with the company called DEF Corporation
22  and ABC Company is running the system and DEF
23  Corporation decides that it will promote one of the five
24  Internet websites that it publishes on the ABC instance
25  of the invention.
```

1   And you can pretty -- it's pretty clear

2   from reading this that DEF Corporation is a

3   quote/unquote media venue that's participating in this.

4   And then the next step in the example is

5   after DEF Corporation decides that it's going to

6   contract with ABC, what happens next? Step 2. ABC

7   sends DEF the necessary software to be installed on

8   their computer.

9   Step 3, the computer operator at DEF

10 installs the software on the computer, and that then is

11 configured as Media Interface 6000.

12   I didn't put up Media Interface 6000.

13 It's a picture that's very similar to the ones we've

14 looked at. It's got a stand-alone computer with its own

15 storage device, CPU, what have you.

16   If you go to the next slide, please.

17   The same example has a section on Seller

18 participation, Your Honor. And it's the same deal.

19 Here they call it XYZ Corporation. It's pretty clear if

20 you look at this that the XYZ Corporation is the Seller

21 in this example. It's right under the heading Seller

22 Participation, colon.

23   Next step, 1, is the XYZ Corporation

24 makes the decision to use ABC's services to promote its

25 basketball team. So it decides I'm going to contract

1 with ABC.

2 Next step. ABC sends XYZ the necessary

3 software to be installed on their computer. There's

4 nothing unclear about that. It sends them the software.

5 The software is resident at their location.

6 The next step. The -- Step 3, a computer

7 operator at XYZ installs the software. Where's the

8 computer operator? It's at XYZ. It installs the

9 software on their computer that then is configured as a

10 Seller Interface 4000.

11 So here on the Seller's side, the Seller

12 Interface is located at the Seller's location.

13 So the specification supports the notion

14 that there's a locational element to this, which is what

15 Google's proposing here.

16 And then finally, Your Honor, turning to

17 the prosecution history, perhaps this is most probative.

18 In the prosecution of the '045 patent,

19 the patent was rejected over a piece of prior art called

20 Mandeberg, and Mande -- the Mandeberg reference

21 disclosed systems and methods for generating displays at

22 a central location for storage, such as in restaurants.

23 And in the Mandeberg reference, data for

24 presentations are collected from a client and site

25 database and stored in a centrally located presentation

 1 database. And this is the primary reference actually

 2 that the Examiner used on the '045, rejecting it. So it

 3 is the biggest piece of prior art in the '045

 4 prosecution history.

 5   And let's go to the next slide, please.

 6   The applicant, in responding to this

 7 rejection by the PTO, argues that Mandeberg did not

 8 render the claims unpatentable because it did not teach

 9 an open network where presentations are created and

10 published from data, quote, input into a remote

11 location, close quote.

12   And I'll -- this is a cut and paste of

13 the exact text that's in the response to Office Action

14 dated January 22, 2002.

15   Quote, open access presentations and

16 dynamic presentations are both common in the art. What

17 is not common in the art are open-access presentations

18 that are created and published from data input into a

19 remote program at a Seller's location. And then it goes

20 on, with results in updating the database, et cetera, et

21 cetera.

22   So in the actual prosecution history, in

23 addition to the fact that only -- the only spec cites

24 show being sent to the Seller's location and to the

25 media venue's location, in addition to that, in the

1 prosecution history for this family here, the biggest

2 piece of prior art that the Examiner had a problem with

3 on the initial allowance process was this Mandeberg.

4   And the way that -- one of the ways they

5 got around Mandeberg is they say, what is not common in

6 the art is instances in which data's input into a remote

7 program at Seller's location.

8   All right. Now they're saying -- that's

9 what they said to the PTO. Now they're saying, ah, it

10 doesn't have to be at the Seller's location.

11   So when they're in front of the PTO

12 distinguishing a piece of art that doesn't require a

13 locational requirement, they say their patent is -- it's

14 new and unique because it has this feature, and now

15 they're saying this -- this feature should be erased

16 from the claims.

17   That concludes my argument, Your Honor,

18 on the locational element unless Your Honor has any

19 questions.

20   Let me move on to the other two terms

21 that -- other than the means-plus-function terms,

22 there's two other terms that I want to briefly address,

23 Your Honor, and I'll get to the means-plus-function

24 terms.

25   Just for shorthand, I'm going to called

1 them processing -- the first one processing, and the

2 second one publishing.

3   This corresponds -- these terms are found

4 in that last element that talks about the computer

5 controller, and I don't have a slide for this, but Your

6 Honor might remember that Plaintiff's presentation, they

7 have asked Your Honor to take the entirety of that whole

8 phrase, the computer controller, which is already

9 really, really long and to construe the entire thing

10 with something that's even longer.

11   We don't feel that is necessary or

12 helpful to the jury, Your Honor. So what we've done is

13 there's -- you know, most of that language is already

14 covered, already has ordinary meaning or covered by

15 other resolutions of claim interpretation terms. We've

16 pulled out the two things that we think from that

17 long -- lengthy discussion of the -- of the controller

18 that we think should be construed.

19   So the first one is the processing

20 element. Okay. So let's start with the parties'

21 proposed constructions.

22   And what I'd like to do here, Your Honor,

23 is just -- let's see where we've got similarities and

24 where we've got differences because there's some

25 overlack (sic) -- -lap in the parties' proposed

```
 1  constructions.
 2              So let's go to the next slide.
 3              All right.  This highlighted the
 4  similarities, Your Honor, and both constructions talk
 5  about processing as being executing a systematic
 6  sequence of mathematical and/or logical operations upon
 7  the...so that part of it is the same.
 8              The next slide.
 9              Then what Google has added after that
10  basically just tracks the plain language of the term.
11  So the -- the phrase is up in the title here, Your
12  Honor, Processing...the Electronic Advertisement...in
13  Compliance With the Presentation Rules of the Internet
14  Media Venue.  That's what the claim language says.
15              And Google's proposed construction is
16  basically that processing means executing a systematic
17  sequence of mathematical and/or logical operations.  And
18  then the rest of it just basically tracks the phrase.
19              So you see, it says, upon the electronic
20  advertisement, which is found in the claim term itself,
21  electronic advertisement, to process it in compliance
22  with the presentation rules of the Internet Media Venues
23  and the -- the actual language says, in compliance with
24  the presentation rules of the Internet Media Venues.
25              So, frankly, Your Honor, we could just
```

1 construe the word "processing" as executing a system --

2 a systematic sequence of mathematical and/or logical

3 operations, from Google's standpoint, because the rest

4 of this is pretty much parroting what the actual

5 language says and shouldn't be problematic to anyone

6 because it's just repeating what the language says.

7   Let's look at Function Media's proposal.

8 So we've got --

9   Let's go to the next slide.

10   So we've got the executing a systematic

11 sequence of mathematical and/or logical operations which

12 is the same as Google's. But then Function Media goes

13 on to essentially to insert the creation construction

14 from the Seller Interface element into the next element,

15 the computer controller element.

16   So they add to create an electronic

17 advertisement customized for each selected Internet

18 media venue in a form that complies with the

19 presentation rules set by the media venue. This is the

20 creation step.

21   Now, if you look at the actual claim

22 language on the top of the title, there's nothing about

23 creation. You're processing. And what they're doing is

24 they're trying to insert, in a later step in the claims,

25 this phrase: To create an electronic advertisement.

```
 1  That's not what the claims say.  And that's why we have
 2  a problem with their proposed construction, Your Honor.
 3                  Go to Slide 58, please.
 4                  If you look -- again, I'm just pulling an
 5  example claim.  Look at Claim 1 of the '025.  You can
 6  see from the claim language itself, there is a reference
 7  to the phrase "to create an electronic advertisement."
 8  But it just doesn't appear in the processing step.  It
 9  appears in the second interface portion of the claim.
10                  And the processing phrase which we are
11  construing now, creation's already occurred.  It was
12  created in the second interface step.
13                  What the -- what the computer controller
14  and computer system step is talking about is processing
15  the already-created electronic advertisement and
16  publishing the electronic advertisement.  "The" refers
17  backs to, to create an electronic advertisement which
18  occurs in the second interface step.
19                  So if you look at the claim language,
20  it's very clear that the creation occurs at the second
21  interface step, which is the Seller Interface in the
22  spec, and not during the subsequent processing and
23  publishing.
24                  Next step -- or next slide.
25                  And this is -- I'm not even going to read
```

1 this, Your Honor, because I've already covered it in 15

2 different slides. If you look at the spec, the spec

3 clearly says that the Seller creates the presentations

4 at the Seller Interface through the configuration and --

5 and -- Presentation and Configuration Program. I'm not

6 going to cover that again. But just point out the spec

7 supports that that occurs at the Seller Interface.

8   And then finally -- I'll skip this next

9 slide and go to Slide 61.

10   The -- the effort by Function Media to

11 import this limitation into a later element is perhaps

12 best shown by looking at their proposed construction for

13 the Seller Interface creation stuff, Your Honor. And

14 here we've got a little box that highlights it.

15   So the claim term in the Seller Interface

16 step is creating an electronic advertisement for

17 publication to the selected Internet media venues.

18   Function Media's construction for that

19 element and that step is creating an electronic

20 advertisement in a form customized to each of the

21 selected media venue's presentation rules. Okay?

22   The parties have agreed to that

23 construction, Your Honor. We -- we compromised and

24 agreed to that construction. That is a construction of

25 an element in the Seller Interface step.

1   Now, when you go to the processing step,

2   which occurs in a different place in the claims, later

3   down on the page, what they have simply done is taken

4   their construction from the creation step and repeated

5   it, added it on to the processing step.

6   And so we would submit that that's

7   completely inappropriate, and there's no support in the

8   spec for that and processing should just mean

9   processing. It's not creating.

10   THE COURT: Does your expert agree with

11 you on -- on that point where the ad is actually

12 created?

13   MR. VERHOEVEN: Well, our expert -- there

14 is a reference to our expert testifying that the PGP

15 creates.

16   THE COURT: Right, and that's in --

17   MR. VERHOEVEN: He also --

18   THE COURT: -- the 1000, right?

19   MR. VERHOEVEN: He also -- he also

20 testified in a different place that the Seller creates.

21   Yes, you're right. I'm sorry, Your

22 Honor. That's the 1000.

23   THE COURT: Okay.

24   MR. VERHOEVEN: He also testified the

25 Seller creates in a different place.

1   Mr. DeFranco can get me the --

2   Can you bring up that slide?

3   MR. DeFRANCO: Yeah.

4   MR. VERHOEVEN: But, again, Your Honor,

5   if you look at the spec, it's true that the spec uses

6   the word "create," and I wouldn't say a mountain of

7   times, but it uses the word create two, three, four

8   times when it's talking about what the PGP is doing.

9   But it's undeniable, Your Honor, that the

10 PGP doesn't do that until after the Seller's already

11 done it. And what the PGP is doing, Your Honor, and I

12 covered this already, is it's paralleling the functions

13 already performed by the PACP Program and duplicating

14 those functions.

15   So the fact that through

16 cross-examination our expert said that, I don't think

17 shows that it's not already -- the same thing isn't

18 already done earlier.

19   I don't know if that answers your

20 question, Your Honor.

21   THE COURT: It does. Thank you.

22   MR. VERHOEVEN: Well, I just --

23 Mr. DeFranco just put on the screen...

24   So he said -- he said -- he also said the

25 Seller creates it. You can see by reading that, Your

 1 Honor.

 2   And -- and you can -- you can play word

 3 games, Your Honor. You can play word games. You can

 4 say what the PGP is doing is, quote -- quote/unquote,

 5 creating because it's pulling a file out of a database,

 6 checking it against some rules. You can characterize

 7 that any way you want to.

 8   But that can't change the fact that the

 9 Seller's already done it, and the first person to do it,

10 the -- the person who created the content, who decided

11 where do I want to advertise and what's my message and

12 who do I want to target, is not the PGP, it's the

13 Seller. And the spec says the Seller does that through

14 this PACP Program from a whole bunch of steps we already

15 went over, and its only after that -- and -- and it gets

16 transferred, that the PGP does further processing. In

17 order to do that, it pulls it up, looks at it, checks it

18 against the rules again, parallels some of the functions

19 that have already been done.

20   To point to that fact in a couple of

21 places where the spec might characterize that as

22 creating and say that erases what the Seller did and

23 that erases the claim language that clearly says that at

24 the Seller Interface -- the second interface, I should

25 say, Your Honor, at the second interface the Seller is

1 prompted to enter information to create an electronic

2 ad, that in fact because there's a cite that says the

3 PGP, quote/unquote, creates, that that erases that claim

4 language, it erases those earlier steps, we would submit

5 that's completely unsupported by the spec.

6   Now let me go on to the next term, Slide

7 62.

8   Can anyone tell me how I'm doing on time?

9   THE COURT: I can if you will give me

10 half a second. You can -- let's go off the record real

11 quick.

12   (Pause.)

13   MR. VERHOEVEN: Now if I can turn to the

14 next term, and I'll move a little bit more quickly, Your

15 Honor.

16   The publishing step. The publishing is

17 in the glossary, Your Honor. And I'm not sure if the

18 briefs adequately convey this, but there are defined

19 terms in the glossary, and there's no doubt, if you look

20 at the prosecution history, Your Honor, that the

21 patentee intended those glossary terms to be situations

22 in which the patentee was acting as his own

23 lexicographer.

24   So if you look at the prosecution

25 history, the PTO said, I'm going the give these terms

 1 their ordinary meaning, unless you come back and tell me

 2 that you're acting as your own lexicographer. And the

 3 patentee then came back and said, I'm acting as my own

 4 lexicographer.

 5   So we've stipulated, I think, to the

 6 terms in the glossary, both sides have, Your Honor.

 7   On publishing, that does appear in

 8 the glo -- in the glossary, Your Honor. However, the

 9 phrase that we're construing is not merely the phrase

10 "publishing." It's the longer phrase, quote, publishing

11 the electronic advertisement to one or more of the

12 selected Internet media venues.

13   And so really briefly, Your Honor -- I

14 won't take much time on this -- start with the claim

15 language.

16   The claim language specifically claims

17 that you're publishing to some -- somebody specific.

18 You're publishing to the Internet media venues. So

19 that's why in our proposed construction we incorporated

20 the concept of who you're publishing to. Publishing to

21 the Internet media venues.

22   If you look at the spec, Slide 64, the

23 specification also explains that the presentations

24 created by the Seller are sent to the media venues. So

25 this is column 44, lines 47 through 55.

1   It says, the presentations destined for

2   non-resident publication -- so just for Your Honor's

3   reference, non-resident publication means to a third

4   party. Not -- not something that's owned by the Seller

5   -- or excuse me, by the operator of the system. So,

6   presentations destined for non-resident publication are

7   formatted into media transaction messages and sent to

8   the appropriate media -- media interface. So the spec

9   would support this.

10   And I'll give you one more spec cite.

11   Slide 65, Your Honor. This is from that old ex -- the

12   example we looked at with DEF.

13   And here also -- this is a later step.

14   This is after you've downloaded the software and set up

15   your media interface.

16   Step 10, DEF Sports Web receives

17   electronically the Seller information, agreements,

18   payment information, web pages to be displayed, and

19   advertising to be placed on their website.

20   So the presentation in the spec gets sent

21   to the media venue which is what we're proposing and

22   what Function Media is saying is not required.

23   So that's -- it's pretty simple. That's

24   what the argument is there, Your Honor.

25   And I believe, before I move on to the

1 next subject, that I heard counsel, Mr. Tribble,

2 admitting several times in Slides 28, 38, and 39 of his

3 presentation, in connection with the '045 patent, the

4 specification required transmission of the media files

5 to the -- to the media venue's location.

6   So I don't know why the spec would

7 require that in the means-plus-function claims, but --

8 or in the '045 patent, but not anywhere else. The --

9 the spec says it.

10   All right. Let's move to the

11 means-plus-function limitations, Your Honor.

12   Slide 66. Let's go to slide 67.

13   So the parties dispute the construction

14 of five, means-plus-function limitations, are all in the

15 '045 patent, Your Honor. I'm not going to read them

16 all. You can just see them there.

17   Next slide.

18   Google's position, Your Honor, is the

19 '045 specification fails to disclose sufficient

20 structure for the means-plus-function limitations. It

21 is well settled that if one employs means-plus-function

22 language in the claim, one must set forth in the

23 specification an adequate disclosure showing what is

24 meant by the language.

25   It's -- it's settled law that if such a

1 disclosure is not disclosed, the claims are invalid for

2 indefiniteness.

3   The next slide.

4   The Federal Circuit has found recently in

5 the last few years that computer-implemented

6 means-plus-function limitations require that the

7 patentee disclose an algorithm. And the **Aristocrat** case

8 is probably the best known case for that. We cite here

9 the -- a different case. I'm not going to spend the

10 time reading this because I want to move on, Your Honor.

11   Function Media --

12   Next slide.

13   Function Media -- this is interesting.

14 They identify the Presentation Generation Program as

15 meeting this disclosure requirement. That's -- is the

16 structure in connection with the first

17 means-plus-function element which is the means for

18 applying, Your Honor.

19   But it's well established, Your Honor,

20 that simply identifying a software program is not

21 enough. That does not meet the standard. That is not a

22 disclosure of an algorithm.

23   In the recent Federal Circuit decision in

24 July of this year, the **Blackboard** decision, the Federal

25 Circuit basically said, if all you're doing is

1 essentially identifying a black box that performs a

2 recited function, that's not enough. And that's what's

3 happening here.

4   The PGP that Function Media identifies is

5 essentially a black box. It performs a recited

6 function. How it does so, what mathematical algorithm

7 it uses, what logic algorithm it uses is simply

8 undisclosed.

9   Just to walk through the *Blackboard*

10 decision, since it is a new decision and it wasn't in

11 the briefs, Your Honor, in *Blackboard*, at issue was

12 whether the specification disclosed sufficient structure

13 for the claim term "means for assigning." The patentee

14 argued that the disclosed access control manager, ACM

15 software, was the structure that performed the claimed

16 function.

17   So it's the same thing as here. They

18 pointed to a software program. The Plaintiff here

19 points to the PGP, which is a software program.

20   Next slide.

21   The patentee in *Blackboard* also argued

22 that the language in the specification describing the

23 function of the ACM program was corresponding structure.

24   In particular, the patentee argued that

25 the ACM creates an access control list for one or more

1 subsystems in response to a request for a subsystem to

2 have its resources protected; and secondarily, it

3 provides multiple levels of access restrictions to

4 enable different types of users to effectively interact

5 with the system.

6   Next slide.

7   The Court found that this identification

8 of, quote/unquote, structure was inadequate, and the

9 claims were indefinite because there was no disclosure

10 in the specification describing how the ACM performed

11 the two identified functions.

12   And the Court says, quote, but the

13 recitation of the ACM is not a description of structure.

14 What the patent calls the access control manager is

15 simply an abstraction that describes the function of

16 controlling access to course materials, which is

17 performed by some undefined component in the system.

18 The ACM is essentially a black box that performs a

19 recited function. But how it does so is left

20 undisclosed."

21   Next slide.

22   So here, Your Honor, as in *Blackboard*,

23 the patentee has not disclosed any algorithm,

24 mathematical operations, logical operations.

25   Here also, as in *Blackboard*, the

1 structure, quote/unquote, Function Media identifies is

2 merely language describing functional activity performed

3 by the PGP. This does not describe -- this does not

4 describe how the PGP performs these functions, and

5 therefore it's inadequate under **Blackboard** as a matter

6 of law.

7   Now let's look at -- this slide here,

8 Your Honor, has Function Media' proposed structure. So

9 you've got a three-word phrase "means for applying."

10   And what Function Media has done is

11 they've gone to the spec and just picked a bunch of

12 steps, a bunch of functional steps identifying media

13 venues, accessing data, representing the guidelines,

14 accessing data representing Seller information,

15 executing -- this one, 4, is particularly interesting,

16 executing a systematic sequence of mathematical and/or

17 logical operations upon the access Seller information to

18 create -- and then it describes a function, to create a

19 presentation customized for each identified Media Venue

20 in a form that complies with the access guidelines of

21 that Media Venue, or equivalents.

22   Well, 4 is most telling because it's

23 showing that nowhere is the so-called mathematical

24 and/or lor -- and/or logical operations disclosed. They

25 don't even -- all they can do is say mathematical and/or

 1 logical operations. Each of those four things are

 2 functions, not structure.

 3   And the other thing that I think is

 4 really notable about this, Your Honor, is how did they

 5 choose these four? I mean, the PGP does a whole bunch

 6 of stuff. How is a person of ordinary skill -- skill in

 7 the art, reading the simple phrase "means for applying,"

 8 able to pick these four and not some other four?

 9   There's simply no linkage which, Your

10 Honor, I'm sure knows is required for

11 means-plus-function claims, that links these functions,

12 which aren't even structures, to the means for applying.

13 You could go on and pick four others or -- or pick just

14 one of the four others.

15   You have to have a linkage. There has to

16 be something in the spec that says to a person of

17 ordinary skill in the art, this means for applying is

18 clearly -- the spec, when it's talking about these four

19 things, is clearly talking about the means for applying.

20 Not one piece of evidence presented by the Plaintiff

21 showing where that linkage is in their presentation or

22 in their briefs, Your Honor.

23   Let's go to the next slide.

24   So in their briefs, Function Media at

25 page 6, when talking about means for applying,

identifies four operations, and there's a bunch of

cites. And I want to walk through those, Your Honor, if

we have time. Because if you look at each of these

cites, you can see that none of them is disclosing a

mathematical or logical algorithm.

So first -- the first cite, Function

Media cites to Figure 2a as structure for the means for

applying.

But Figure 2a, if you look at it, Your

Honor, this isn't disclosing an algorithm, it doesn't

disclose mathematical operations. What is it? Well,

it's a picture of a computer. It's a picture of a CPU

and a data storage device. The software programs are

just listed as boxes.

So the Presentation Generation Program

which they rely on, 1710, that disclosure is what? It's

a black box. Well, it's not a black box, it's a white

box, but it's a box.

So this -- this just can't be sufficient

under *Aristocrat* or under *Blackboard*.

Let's look at the next -- the next cite.

They go to their first item, and they

cite to Figure 4e, in particular at 11292, as providing

the structure or providing the mathematical algorithm.

Well, if you look at Figure 4e, what does

1 it talk about? It's just another box that just

2 describes a function. There's no mathematical or

3 logical operation disclosed there.

4   Let's go to the next cite down there,

5 Step 1. Column 43, lines 28 through 32.

6   It says, having passed the presentation

7 information for the content -- for content and style,

8 the Presentation Generation Program next determines the

9 directories and presentations indexes in which this

10 information should be published.

11   Again, that's not a mathematical

12 algorithm, it's not a logical algorithm, that's just

13 describing functional language.

14   Let's go -- and the next slide. Item 2

15 of their evidence, Figure 4d, 11232. It's another box.

16 Presentation and format guidelines, link, language, and

17 other content restrictions. That's not an algorithm.

18 That's not a mathematical func -- logic function. It's

19 just a black -- it's just a box that doesn't tell us

20 anything.

21   Next slide.

22   They then cite column 42, 36 -- lines 36

23 through 42. And we've pulled out that cite. It says,

24 once the Presentation Generation Program has either

25 confirmed the authenticity and origin of the

1 presentation message or the message is passed through

2 the General Management Program, the Presentation

3 Generation Program then analyzes the information using

4 the format and style guidelines contained within the

5 Presentation Rules Database.

6   Again, under the **Blackboard** precedent,

7 this is telling us what happens, but it's not telling us

8 how it happens. This is purely functional language.

9 This does not disclose a mathematical algorithm or a

10 logical algorithm.

11   Next slide, 82.

12   This is their third cite for Point No. 2,

13 citing to Figure 4e. Again, this citation does not

14 disclose any math or logic. A couple of boxes and a

15 flow chart. Format dat -- data for directory or

16 presentation index. Tells you what it does. Doesn't

17 tell you how it does it. Neither of these references

18 tells a person of ordinary skill how the guidelines are

19 applied; rather, they just describe functional language.

20   And let's go to the next slide.

21   I -- I think what I'll do, Your Honor, if

22 you bear with me one second.

23   In the interest of time, Your Honor, it's

24 getting late in the day --

25   THE COURT: You've got about 7 minutes

1 left, so --

2   MR. VERHOEVEN: Yeah, I go through all of

3 these -- I go through every -- every reference and those

4 four things in these slides --

5   THE COURT: If you want --

6   MR. VERHOEVEN: -- it's just -- it's just

7 more or less --

8   THE COURT: -- to just tender your

9 slides, I'll -- I can --

10   MR. VERHOEVEN: Yeah, it's just more of

11 the same, and I'd just be pulling it up and saying the

12 same sentence afterwards, which is, it doesn't disclose

13 -- you know what I'm going to say, it doesn't disclose a

14 mathematical or logical algorithm.

15   So in the interest of time, I'm going to

16 skip over these, but I will represent to Your Honor that

17 for all those four cites in their brief, we've looked at

18 every single cite and pulled it up so you can see it for

19 yourself, Your Honor.

20   Now let's go to Slide 87, please. And

21 this point, I think, is pretty important.

22   Function Media is asserting that --

23 they've disclosed a bunch of stuff, flow charts, and --

24 and they've referred to a whole bunch of things. And

25 that a person of ordinary skill could look at this

1 patent and figure out what the algorithm should be and

2 could figure out how to write the software program to do

3 it, and that therefore that meets the requirements for

4 means-plus-function claims in *Aristocrat* and *Blackboard*,

5 not so, Your Honor. Not so.

6   It's black-letter law. And *Blackboard*

7 repeats this. That is not the test for

8 means-plus-function claims. It's not whether a person

9 of ordinary skill could figure it out. This is a

10 disclosure requirement. It has to be in there,

11 black-letter law.

12   THE COURT: The question, though, is

13 whether one of skill in the art would know what it is

14 from the disclosure, right?

15   MR. VERHOEVEN: No. Well --

16   THE COURT: Isn't there a case --

17   MR. VERHOEVEN: The -- the question is

18 not whether it's enabled. Let me put it that way. It's

19 not whether a person of ordinary skill could -- could

20 figure out what the algorithm is even though it's not

21 disclosed. The algorithm has to be disclosed, otherwise

22 you're just claiming functional.

23   THE COURT: Well --

24   MR. VERHOEVEN: And so -- go ahead, Your

25 Honor.

1   THE COURT: I understand that. Well, but

2   isn't there a case, though -- it doesn't deal with

3   software algorithm, but deals with the disclosure of a

4   title of an article -- it's like EEPROM or something in

5   the title, and the Court had found a -- at least

6   sufficient evidence from that record that one of skill

7   in the art would have understood from the title that the

8   -- what the corresponding structure was.

9   And so the question is not -- I mean,

10 you're correct, the question is whether, on the one

11 hand, if -- if all of this -- if an expert or one of

12 ordinary skill in the art would know how to draw the

13 algorithm, then there's no sufficient structure to

14 disclose it. But if you know by looking at the

15 description what was doing what the algorithm was, then

16 there is sufficient structure, correct?

17   MR. VERHOEVEN: I -- I think I would take

18 one minor quibble with that, and that is, the whole

19 purpose behind the means-plus-function requirements,

20 Your Honor, is you shouldn't be able to just claim

21 means-plus-function and functional language without a

22 corresponding structure. You get to -- there's specific

23 rules if you're going to claim that way. And there are

24 disclosure rules.

25   So, for example, set aside software

patents. Say we're talking about a widget, and you say

means for X. Then you got to go to the spec. You got

the find where in the spec the hardware is or the

structure is for that widget that that means is talking

about. And then that claim is limited to that structure

plus equivalents, black-letter law.

In the patent -- in the software context

it gets a little tricky, and that's why we've had this

recent case law.

THE COURT: More than a little.

MR. VERHOEVEN: Right. Recent case law

with *Aristocrat* and *Blackboard* -- if I could just read

you this quote from *Blackboard* that's on the slide here,

Your Honor. This is from the July decision.

Quote, a patentee cannot avoid providing

specificity as to structure simply because someone of

ordinary skill in the art would be able to devise a

means to perform the claimed function. To allow that

form of claiming under section 112, paragraph 6, would

allow the patentee to claim all possible means for

achieving that function.

So that's the point I -- I guess I'm

trying to make, Your Honor.

So what we have here is just that

situation, I would submit. You've got your black boxes,

1 you got your -- your program, you've got a description

2 of functional language, and then we're -- we're all fine

3 and dandy if you're just claiming regular claims; but if

4 you try to claim means-plus-function claims and all you

5 do is describe function, then you got a problem, because

6 you've elected to do these really broad claims that --

7 just a means for and -- and put out a function.

8   And if -- if -- just as in **Blackboard**, if

9 your response is, well, people could figure out a way to

10 do it, well, that subverts the whole purpose under

11 section 12, paragraph 6, which says, if you're going to

12 claim this way, you're limited to the way you did it;

13 and if you don't disclose the way you did it, then it's

14 invalid because you're just claiming functional language

15 without a structure that's linked.

16   THE COURT: How do I reconcile that

17 position, though, with the cases that say that they

18 don't have to disclose all of the code?

19   MR. VERHOEVEN: Well, I think that -- you

20 know, that's a broad question. There's lot of cases out

21 there.

22   But I think that -- that what those cases

23 are saying is, look, you don't have to put the whole

24 software program, but you have to disclose how you're

25 doing -- how you're accomplishing these functions. So

1 you have to disclose enough to disclose a mathematical

2 or logical algorithm. Those are the magic words the

3 Federal Circuit decided to use, and so we're all limited

4 by those words.

5   THE COURT: The description of that

6 process, right?

7   MR. VERHOEVEN: Well, there has to be an

8 algorithm actually in the -- in the -- in the spec that

9 corresponds to the function that you're claiming.

10   So if you say means for performing

11 function X, and it's a software patent, there's got to

12 be an algorithm that shows how you accomplish that

13 function.

14   Now, does that go down to the level of

15 submitting a thousand-page C program in C language or

16 something that -- that has every single process step?

17 They said no. But they have said what you have to do is

18 you have to disclose the algorithm that shows how you

19 accomplish that function.

20   And here, there's no algorithm at all.

21 It's -- everything, every cite we look at here is purely

22 functional language. There's no mathmat -- let's see,

23 what does an algorithm mean? It's either math or logic

24 is the -- at least the way I read it when I read these

25 cases. And I don't see any of that in there. There's

1 no algorithm disclosed. Instead, it's just functional

2 language.

3   And so I would submit that saying, well,

4 a person could figure out how to do this based on this

5 disclosure, would viol -- be violative of the sentence I

6 read you -- read to you from the **Blackboard** case,

7 because what that would -- if there's no structure -- if

8 there's no algorithm or -- or how it's disclosed, that

9 would permit the patentee just to claim the function and

10 have that function read on every single conceivable way

11 of performing that function, which is the danger of the

12 means-plus-function claims.

13   And why the Federal Circuit is coming

14 back and pushing back on those, especially on the

15 software patents and saying, look, if you're going to

16 claim a software patent and means-plus-function

17 language, you have a new stand -- you have a different

18 standard and you have to -- you have to show me the

19 math. And that's not done here.

20   Two sentences on -- tell me if I'm out of

21 time, Your Honor. I don't have a clock in front of me.

22   THE COURT: You are, but I'll let you

23 finish up, because --

24   MR. VERHOEVEN: Two sentences on **Red Hat**.

25 **Red Hat**, two things. One, code was disclosed in **Red Hat**

1 so, it's not a question of did you disclose the code, at

2 least the way I read it quickly.

3 　　　　　　Secondly, I think there is some question

4 as to the language in *Red Hat*, Your Honor, to compare

5 against this new Federal Circuit decision because

6 there's some statements in *Red Hat* about the -- a person

7 of ordinary skill in the art could figure out -- figure

8 it out, that that's enough. And I think that needs to

9 be compared very carefully against what the Federal

10 Circuit just said.

11 　　　　　　And then fin -- the final point -- I have

12 three points, sorry.

13 　　　　　　The final point is the system in *Red Hat*

14 is a completely different system. Here they're external

15 elements, but they weren't in the *Red Hat* case.

16 　　　　　　So if I'm out of time, I'll -- I'll sit

17 down, Your Honor.

18 　　　　　　THE COURT: All right. Thank you.

19 　　　　　　MR. VERHOEVEN: Thank you, Your Honor.

20 　　　　　　MR. NELSON: Your Honor, I'm going to go

21 and address the '025 and '059 terms, which took about an

22 hour of theirs, and then Mr. Tribble is going to address

23 creation and Mr. Grinstein is going to address briefly

24 anything on the indefiniteness claim.

25 　　　　　　If you have any questions about any of

1 these, please feel free to stop any three of us and

2 we'll -- we'll happily answer any question you might

3 have.

4   I want to address first their argument on

5 selection. And, Your Honor, not only is this creating a

6 straw man argument, not only is it creating a mountain

7 out of a mole hill, it's essentially turning flat land

8 into Everest is what they're trying to do. There is no

9 dispute here. They have misstated our position.

10   We agree with Google that the Sellers

11 select. And that -- they went -- they spent about 20 or

12 30 minutes walking through the reexams, talking about

13 how we distinguish it on the basis of Seller selecting.

14 Absolutely true. That's absolutely true.

15   But what they are trying to do here is

16 limit what select means, and they're trying to back door

17 into that by saying they have to pick a specific

18 website. They went through the prosecution history, and

19 not one -- not a single one of those references did you

20 see any distinguishing of saying they have to pick a

21 specific website. Not once. Not once.

22   Let's go to Slide 116, please -- I'm

23 sorry, 120. I got it.

24   I noticed in all their argument here they

25 completely ignored -- completely ignored Claim 24 of the

1   '025 patent. They are trying to fit every single thing

2   into their definition and to -- includes identification

3   of individual Internet media venues.

4   But the patent and the spec is broader

5   than that. The slide before talks about the media and

6   advertising channels the Seller wishes to participate.

7   It's how they select. You can select through picking a

8   particular website. You can select through channels.

9   And this is what Claims 21 through 24 lay out.

10   So they -- again, they talk about all

11   this reexam stuff, but it is completely irrelevant. It

12   is selecting. Okay. Well, what next? The last bullet

13   point, Your Honor, on this slide.

14   The reexam does not discuss how they are

15   selecting. Is it through targeting, advertising

16   channels, demographics, or other methods? Those are the

17   claims. That's what we're trying -- excuse me -- that's

18   what we're trying to do.

19   I'm going to turn now to location, and

20   actually before I get to that, just really briefly, I

21   want to just stick on the selection for a second.

22   If you turn to the second interface and

23   you read the second interface claim, it says the Seller

24   is prompted to input information to select. It does not

25   say the Seller is prompted to enter the web domain. It

1 says input information, and that is the question.

2   They are trying to read input information

3 to include only websites. That is specifically

4 disallowed by the claim differ -- claim differentiation

5 and the patent.

6   They talked about location information.

7 And, again, their entire argument is premised on the

8 fact, and it is true, in the preferred embodiment it is

9 downloadable on the Seller's computer. But that does

10 not answer the question. There are -- it does not

11 exclude that it can be happening in other places.

12   So, for example, when the Seller logs in

13 and the interface pops up because it's on a website over

14 a connection, the Seller is using its computer, but the

15 website is coming in through that format as well. There

16 is nothing, nothing in the spec or the file history that

17 excludes that.

18   And the *Intel* case specifically says that

19 what Google is trying to do here is disallowed. When a

20 specification does not require a limitation, that

21 limitation should not be read from a specification into

22 the claims.

23   They cite a piece of the prosecution

24 history, but, again, it's completely irrelevant. It

25 does not answer the question.

1   We don't dispute that a Seller at a

2   remote location could input. That's not the question.

3   The question is where the interface is. And there is

4   nothing, not a single piece in the record, in the file

5   history, in the reexam, in the patent that talks about

6   that it has to be, that it has to be at the Seller's

7   computer.

8   And if you go -- let's go to Slide 122

9   really quickly.

10   And, again, they said, well, they're not

11 disputing it on the first interface. It's only the

12 second interface they're talk -- the third interface

13 they're talking about. But look at the claim language,

14 Your Honor. There is no difference between how it's

15 talked about with respect to the first interface and the

16 second interface.

17   So if it's from the first interface, it

18 can be anywhere, it's a logical conclusion the second

19 and third. It is not -- the claim language is not tied

20 to a particular location.

21   Finally -- or not finally, but on

22 processing, let's please turn to Slide 133.

23   They ignore the fact that the

24 specification talks about that it's processed through

25 the Present -- Presentation Generation Program that

1 creates the presentation.

2   And I heard Google's counsel say -- was

3 something that again is specifically disallowed under

4 the case law, processing means process. That does not

5 answer the question. *O2* specifically prohibits this

6 court from construing it like that. There is a question

7 about what process means. And -- and to say that

8 processing just means process is wrong as a matter of

9 law.

10   On Slide 136, they say, well, where is

11 the creating coming from? We talked about the

12 specification. We also talk about the preamble. They

13 ignore the preamble. They ignore the whereby clause

14 here, which talks about it, creating and publishing.

15 It's pro -- and then it says it's processing and

16 publishing that results -- the end result is creation.

17 That computer control is the last re -- last step.

18   Mr. Tribble is going to talk about

19 creation in more detail. But it's -- again, in -- in

20 the second interface, it's providing prompting to input

21 information, to input information to create. That is

22 the question.

23   And I think Google will agree that if

24 we're right on creation, then they are wrong on this

25 point. And so I -- we have other arguments, but if

1 we're right on creation and it's at the PGP, then that's

2 it.

3 On publishing, I'm not sure of the

4 dispute.

5 Can we go to 126, please?

6 They say that all they're doing is

7 defining publishing and then also putting in terms of --

8 of the patent from -- from the spec. But that's just

9 not true, Your Honor. It's -- it's plain as day from --

10 from their definition.

11 This is the definition from -- from the

12 glossary which they agree is self-defined here. That

13 is, so that it is accessible by the end users,

14 consumers, viewers, or buyers.

15 Let's go back a slide to Google's

16 definition. That appears nowhere, nowhere in Google's

17 definition, not a single place. They have just cut that

18 off. Ours, as we talked about, simply substitutes

19 customized electronic advertisement for presentation of

20 information.

21 They have this argument, well, that --

22 well, their latter part says -- well, it's at one or

23 more of the selected Internet media venue locations for

24 public display.

25 But we have that, too; it's just at the

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 1  end of the claim.  That's the "so that" clause at the
 2  end of the -- at the end of the claim.  That -- in other
 3  words, they have taken what we've done, condensed it,
 4  and taken out the middle part about what the glossary
 5  says.  That is completely -- completely disallowed.  And
 6  I think they would -- I have not yet heard a reason for
 7  why they have taken out that phrase from the spec.
 8              And finally, Your Honor, they haven't --
 9              THE COURT:  Well --
10              MR. NELSON:  Excuse me.
11              THE COURT:  Why did you insert in there
12  to create an electronic advertisement customized for
13  each selected Internet media venue?
14              MR. NELSON:  Well, Your Honor, that's --
15  that is the processing term.  We're talking about the
16  publishing term.  And -- and so why -- why did we put in
17  create the electronic advertisement customized to each
18  selected --
19              THE COURT:  Yes.
20              MR. NELSON:  -- Internet?
21              Well, that's because we think, going back
22  to the preamble, Your Honor -- Your Honor, on -- on --
23  on processing, that that is -- the preamble and the
24  whereby -- whereas clause -- the whereby clause limit
25  that.
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1   Let's go to Slide 133, please.

2   Again, it's what does processing mean,

3   and processing being the end result of creation. And so

4   that's the specification talking about it. That's again

5   the specification talk -- this is an important point,

6   Your Honor. This is the specification. Prompting the

7   Seller for information that is then used in the creation

8   of presentations. It's not that it's automatically

9   created. It is then used in the creation of

10 presentations.

11   And then the Central Controller -- this

12 is from the term. The Central Controller is the one

13 that's performing the processing. And then this is

14 from, again, the preamble, that the -- it says, creating

15 and publishing, they did not deny that the preamble

16 limits this claim, they did not deny that at all, and

17 it's obvious that it does limit it.

18   And so the end result -- we start out

19 with the preamble talking about creating and publishing.

20 And then the end result is processing and publishing,

21 the end result of which is creation.

22   So we have used the preamble and then the

23 whereby clause which says the electronic advertisement

24 being displayed on each one of those more selected

25 Internet media venues in compliance with the

 1 presentation rules of the Internet media venue.

 2   If -- are there -- if there are any more

 3 questions on this process -- okay.

 4   THE COURT: I don't.

 5   MR. NELSON: With that, I'll turn it

 6 over.

 7   One more point, Your Honor. Let me just

 8 -- on Slide 143, please.

 9   They did not mention indefiniteness on

10 the '025 or the '059. We'll rest on the briefs on that,

11 except to say that -- just emphasize the very high

12 standard, especially for non-means-plus-function claims

13 for this Court to find, if there's any way to read it

14 and to make them make sense, we think they completely

15 make sense, but any doubt is given to us on that.

16   MR. GRINSTEIN: Your Honor, three very

17 quick points on the means-plus-function indefiniteness

18 terms.

19   (Cell phone rings).

20   MR. GRINSTEIN: The Google argument is

21 the four-step means-plus-function term --

22   THE COURT: Excuse me a second.

23   MR. GILLAM: Pardon me, Your Honor, I

24 thought it was off.

25   THE COURT: Go ahead.

 1   MR. GRINSTEIN: The Google argument with

 2 respect to why Function Media's four-step algorithm

 3 wasn't an algorithm was to look at Step 1 and say,

 4 that's not an algorithm, to look at Step 2 and the

 5 support we cite for that and say that's not an

 6 algorithm, to look at Step 3 and say that's not an

 7 algorithm, and so on and so forth. Well, that's true.

 8 If you've got a logical flow and a series of steps, each

 9 one of those steps isn't going to be an algorithm. Our

10 point was put them together, and then you've got the

11 algorithm.

12   So to say, you know, Function Media's

13 support for the -- Step 1 didn't create an algorithm,

14 I'll agree. It's all the steps together with all the

15 support together creating the four-step process which is

16 what creates the algorithm and which is what makes Claim

17 1 of the '045 a special means for applying definite.

18   As to the *Red Hat* which we call *IP*

19 *Innovation*, I don't believe Google's counsel's efforts

20 to distinguish that case were particularly accurate.

21   First of all, there was no code disclosed

22 in the *IP Innovation* case. I put up the two places

23 where there was any structural support cited by the

24 Court. That was it. There was no code. In fact, Judge

25 Davis said the Defendants are trying to force the

1 patentee to include code, and I am rejecting that

2 because code is not required.

3   Also, that case is not inconsistent with

4 *Blackboard*. In fact, Judge Davis cites *Blackboard* and

5 applies it in that case. So I think it's particularly

6 instructive because it's the first I think Eastern

7 District post-*Blackboard* application of the *Blackboard*

8 principle.

9   MR. TRIBBLE: Brief -- briefly, Your

10 Honor, creation.

11   I mean, I don't know, it seems like a

12 mountain of evidence to me, but at any rate, the spec

13 couldn't be clearer, that it says over and over again

14 that the PGP creates the presentation, creates the

15 presentation in conjunction with, creates new or updated

16 presentations created by the PGP over and over and over

17 again in the spec.

18   And -- can we pull up the patent and go

19 to, like, Figure 4a?

20   In contrast -- and it's not true. I was

21 accused of not having said anything to the Court about

22 what happens on the Seller's side, and that's not true.

23   Let's go to 4a.

24   I specifically pointed out to the Court

25 the flow chart and the description in the specification

1 of what is happening on the Seller's side. And it's

2 described very clearly as -- in column 41 of the '045 as

3 monitoring or con -- and controlling the input of

4 information.

5   So basically here's -- here's what

6 happens.

7   4a, please. Thank you.

8   The Seller inputs information from which

9 an ad is going to be created. There's a Presentation

10 Rules Database over there because there's error

11 checking. Maybe there's a preview function, I believe

12 is mentioned in the spec.

13   At any rate, then if the Seller is

14 satisfied, that information about an ad is transmitted

15 to the Central Processor of the central system, the CPC,

16 where the PGP takes that information, verifies that it

17 complies with those rules, and if it's for multiple

18 venues, it looks up each venue and sees what rules apply

19 and performs those operations to enforce those rules for

20 each venue. And it's all spelled out in the Figure 4

21 charts.

22   We didn't have time to go over this

23 because we spent half our argument on things they have

24 now dropped.

25   For example, the hardware versus software

1 issue. We didn't hear one word about that, even though

2 in meet-and-confer, we specifically asked them over and

3 over again, aren't you going to drop this hardware

4 versus software argument, because you -- in the '025

5 claim, you've now dropped that argument? And they

6 specifically said, no, we're not. So we've got to argue

7 about it. And so here it is. You know, we've -- it's a

8 red herring.

9 Anyway, let's take a look at Figure 4a.

10 And it's right here, 1140 at the bottom.

11 Blow up 1140 and 11 -- 11142, the bottom

12 two boxes.

13 This is what's going on on the Seller's

14 side.

15 The facility's operator -- that's the

16 Seller -- enters, edits, or updates presentation

17 information. It's information about a presentation in

18 11142. This is the Presentation Rules Database that's

19 on the Seller's side.

20 Its system restricts input based on

21 directory and content guidelines by specific subject

22 areas. This is what's referred to in column 41 as

23 monitoring and controlling the input of information.

24 Let's go to 4b.

25 That information flows on down -- 11170

1 at the bottom, you see the Seller then sends

2 information, edits, or updates to the Central

3 Controller. It doesn't say sends a presentation. It

4 says the Seller is sending information.

5   And what about that edits? You can send

6 just an edit or an update. That's clearly information

7 that you could use it along with other things to create

8 a presentation.

9   Let's go to 4c.

10   Item 11200, the Central Controller

11 receives information. Does it say it receives a

12 presentation? No, it receives information.

13   And then it goes through 4d. It analyzes

14 the presentation data in 11230.

15   It verifies that it passes. That's block

16 11280.

17   Figure 4e, 11290, is it used on more than

18 one index? Yes.

19   11292. Identify all the directories.

20   111294 (sic), you get the rules from the

21 database.

22   11396, that's the Presentation Rules

23 Database. Format the data for each directory.

24   And then this is all happening at the

25 Central Controller. We saw where the Central Controller

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 1  receive the information in Figure 4b.  And so then what
 2  it does -- and then Block 11312, it -- it generates the
 3  new presentation.  It says it right here, the Central
 4  Controller and Presentation Processor generates the new
 5  presentation and prepares all information for
 6  publication.
 7                   There's no description like that for the
 8  Seller's side of things.  And so at the end of the day,
 9  here's where we're left:  There's language about the
10  Seller creating presentations.
11                   It's -- it's like Judge Ward making
12  coffee using a coffee maker.  A lot of those quotes they
13  showed you talk about the -- it's an environment through
14  which the Seller can create an ad, and it is.  But the
15  actual ad creation is being done by the Central
16  Processor and the Presentation Generation Program.  And
17  -- and at best, what they've shown you, there are rules
18  that are used to restrict input on the Seller's side.
19                   But let's -- that's just not sufficient.
20  But assume it was.  What they've shown you, clearly, at
21  a minimum, there are two ways you can apply rules that
22  are corresponding.  And so if you disclose two ways to
23  do it, it's A or B.  So at a minimum, you can't possibly
24  exclude -- excuse me, one cannot possibly exclude the
25  PGP.  It would be either here or that (indicates) -- you
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 1  know, here or there, just --
 2                  THE COURT:  Just as it can be created at
 3  either location --
 4                  MR. TRIBBLE:  Correct.
 5                  THE COURT:  -- and still satisfy the
 6  claim limitation?
 7                  MR. TRIBBLE:  And so -- but in our view,
 8  the proper construction -- that's worst case scenario, I
 9  believe, this or that.  Okay?
10                  THE COURT:  Well, that depends on your
11  perspective, Mr. Tribble.
12                  MR. TRIBBLE:  Of course, Your Honor.
13                  But we believe that the proper
14  construction is just the -- the steps we cited in our
15  proposed structure which, by the way, could be silent as
16  to location.
17                  And the -- but if you were choosing
18  between the PGP and the CAPC on the Seller's side, it's
19  clear that the -- the language quoted in column 42, it
20  says you have to do that step -- as spelled out in the
21  flow charts in Figures 4, you have to do that step to
22  ensure that you are applying the most current version of
23  the rules.  And the version applied on the Seller's side
24  might not be the most current version.  And the claim
25  language requires applying the cor -- the media rules
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1   corresponding to the venues. Those have to be the most

2   current rules.

3   Thank you, Your Honor.

4   THE COURT: All right. Thank you. All

5   right. The claim construction issues are under

6   submission.

7   Tell me y'all have resolved your

8   discovery matters during the recess.

9   MR. TRIBBLE: Regretfully no, Your Honor.

10   THE COURT: Give me a short overview of

11   exactly what you want me to decide, bearing in mind that

12   I've got a charge conference at 5 o'clock that I have

13   scheduled for the jury trial I've been in now for about

14   the last week and a half.

15   MR. NELSON: Three minutes is plenty of

16   time, Your Honor.

17   There are three issues here. The first

18   is the motion to -- their motion for protective order of

19   Sergey Brin, Larry Page, and Susan Wojcicki, who are

20   high-level executives at -- at Google. We believe they

21   have unique, relevant knowledge.

22   Ms. Wojcicki is the lowest-level employee

23   who has access to the -- or supervises the products.

24   Mr. Brin admitted -- or there's documents

25   that say he invented this billion-dollar idea. It was

1 Sergey Brin's billion-dollar idea for this product.

2   They have tried to run away from that as

3 much as possible. But that alone -- if he -- if he were

4 not the founder of Google, it would be a non-issue for

5 everybody here.

6   They are saying, well, because he's the

7 founder of Google, we shouldn't have to depose him.

8 That is not the standard. He created -- he came up with

9 the idea that is the central idea in this case.

10   Mr. Page is in charge of products and is

11 centrally involved in -- in planning and supervising and

12 actually directing how the product works.

13   And Ms. Wojcicki, as well, has been

14 deposed of -- of -- on -- on these issues. And I should

15 say that giving true life to the -- that success begets

16 a thousand inventors. Ms. Wojcicki also has claimed

17 credit for inventing the accused system as well. And

18 so, of course, we want to depose her on -- on that.

19   So I'm happy to take any questions. That

20 is a very broad overview of the motion for protective

21 order issue.

22   The -- the Motion to Compel is related to

23 -- the first Motion to Compel is related to those three

24 executives searching their documents, plus two other

25 executives who by Google's own admission have relevant

1 knowledge that -- documents that have not been produced.

2 We want to search their presentations for relevant

3 documents. We want to search their e-mails.

4   I should say, going back to depositions,

5 Your Honor, we have offered -- this is in our briefing

6 -- we have offered for a limitation on time for -- we

7 understand they're busy executives, and we are -- we are

8 -- understand that and we are willing for reasonable

9 limitations on time on these. But they -- they are

10 central to our case about proving those up.

11   And on the -- on the documents, they, I

12 think, cannot say that they certify that all documents

13 from these executives have been produced. In fact,

14 they're telling us that they can't -- they don't know

15 where any central repository for some of these documents

16 are.

17   These documents are the business

18 presentations that the employees gave to Google

19 explaining the relevant products, and they're saying,

20 well, there's no way for us to do it. We say search the

21 executives' files which you should have done anyway.

22   Ms. Wojcicki was on a litigation hold.

23 They're just -- they've -- they've known about her

24 forever. They just refuse to search her files. Their

25 only real excuse for this is that we've waited too long

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 1  to ask.
 2              I think the briefing makes clear we've
 3  been asking for this since April.  We first asked for a
 4  meet-and-confer on this in early June.  They told us in
 5  August that it was not exclusive for us asking for more
 6  information.
 7              And -- and so we think it's clear that
 8  that's really their only real argument that it's -- it's
 9  -- it's overly burdensome; but we wanted to resolve this
10  months ago.  And they keep -- and we -- in one e-mail,
11  we said it's like Louisiana football.  They say, well,
12  keep on meet and conferring, keep on meet and
13  conferring, and -- and we have worked in good faith.
14              This is the first time that we're in
15  front of this Court on a Motion to Compel.  We have
16  tried very hard to resolve these issues, and we did not
17  want to burden this Court with -- with motions to
18  compel, but we need this information from these five
19  executives on e-mails and internal presentations because
20  they have relevant knowledge.
21              Google, for the first time in its brief,
22  conceded that, that it has relevant knowledge.  They
23  say, well, of course these executives are involved.  And
24  to that we say, exactly.
25              So that's generally -- and there are some
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sub-issues, but that's generally on the motion to compel

on the executives.

There is an agreed expedited briefing on

this acquisition, whether we're -- the acquisition

information, whether we're entitled to price information

and valuation information -- literally the valuation

reports for Google's -- for Google's documents -- excuse

me, for Google's acquisitions.

Their only response -- their retort to

that is that we are not entitled to that because those

are irrelevant to ads. But we say, and Google's own

documents make clear, that there is a so-called virtuous

cycle that ads beget -- users beget ads which beget more

users. They mentioned YouTube. They mention other

documents.

And, Your Honor, we have a couple of

documents to rebut their -- their -- their points on

this that -- are there from their own -- their own

documents that say it is a virtuous cycle, that ads

beget more ads, that they use other transactions to help

get -- to get users and to get advertisements.

And so all we're asking for for these is

basic and confirmatory price and valuation information,

or we have submitted an expert affidavit on this point

from -- from Mr. Bratic. They have no response to that

1 except to call it self-serving. Mr. Bratic has

2 submitted a sworn declaration in this case to say that

3 he needs this information.

4   And, again, this is to limit their

5 burden, simply price and the valuation reports to

6 determine what was the intellectual property component

7 of that price for Google's transactions.

8   There is case law on point. We cited the

9 *Fresenius* case from the Northern District of California

10 which cites a Federal Circuit case that says that

11 acquisition documents and material is relevant. Their

12 only distinguishment of that case is to say, well, that

13 involved the same technology. But as we just talked

14 about here, the way Google works is that the -- the ads

15 beget ads. And -- and I think the important -- and

16 users beget ads.

17   The important -- one of the fundamental

18 things about this, Your Honor, is that we are talking

19 about a system that is at the heart of Google's

20 revenues. Depending on how you skin it, it's between 25

21 to 50 percent of Google's revenues. The executives are

22 actively involved.

23   So, for example, what they pay for a

24 minor acquisition in intellectual property on some

25 feature that is .1 percent of their revenues, and they

1 expect to grow, of -- and will think will generate more

2 ads which uses our system is incredibly relevant to what

3 -- what they would pay.

4   There's documents and evidence suggesting

5 that their acquisition and licensing policy is to

6 instead of license, just to buy the technology. And so

7 that's how we think it's relevant. Mr. Bratic's

8 declaration lays this out. They do not dispute it,

9 except to say that it's self-serving.

10   And with that, I'll reserve my time in

11 case the Court would like to hear more.

12   MS. CANDIDO: Good afternoon, Your Honor.

13   THE COURT: Good afternoon.

14   MS. CANDIDO: I'll address the

15 acquisitions issue first.

16   Google provided Function Media with a

17 list of all of its acquisitions and basic information

18 about the technology at issue in those acquisitions.

19 And Function Media selected a subset of acquisitions

20 that it was interested in receiving additional

21 information about. It selected those 17. That included

22 all of the acquisitions that had anything at all to do

23 with ads and some additional acquisitions that had

24 nothing to do with ads, but that they selected for

25 whatever reasons.

 1   We provided the white papers, valuation

 2 reports, the final deal documents, and we have now

 3 agreed to provide communications with respect to those

 4 subset of more relevant deals that they've identified.

 5 Nevertheless, they now want the valuation information

 6 for all of Google's 60-plus acquisitions over time.

 7 Georgia -- and the reason for that they say it's

 8 relevant to damages.

 9   Under *Georgia-Pacific* which sets out the

10 factors that one should use in connection with a

11 reasonable royalty analysis, the closest factor is

12 Factor 2, which is the rate paid by the licensee for the

13 use of other patents comparable to the patent-in-suit.

14 And there's numerous cases interpreting *Georgia-Pacific*

15 that focus on the comparable as being related technology

16 and excluding licenses as being irrelevant, that have

17 nothing to do with the technology at issue in the case.

18   That's the situation here. These are not

19 even licenses. These are acquisitions. So you already

20 have to take the leap that acquisitions are relevant.

21   But putting that issue aside, they're now

22 asking for acquisitions that have nothing whatsoever to

23 do with the patents at issue and with the technology at

24 issue.

25   The case that they cite, this *Fresenius*

 1 case is the only case that they've been able to find or

 2 that we've seen that has -- even addresses acquisitions,

 3 and it basically allowed for the production of

 4 information about one acquisition and it was the

 5 acquisition of the actual patents-in-suit in that case.

 6 There could be nothing more comparable than that.

 7   Here, despite the burden to Google of

 8 compiling all this information that does not exist in

 9 one place, they want information about how much Google

10 paid, as they say, for YouTube or for a company Cold

11 North Winds that's basically a conglomeration of digital

12 archives of newspapers. How that can have any possible

13 relevance to what Google would have paid in a

14 hypothetical negotiation to license these patents --

15 it's clear, there is no relationship.

16   So for that reason, we think that the

17 information that they already have is more than adequate

18 on acquisitions and that the information they now seek

19 is irrelevant, it's extremely burdensome, and that they

20 should -- are not entitled to that information.

21   With respect to the depositions of

22 Google's top employees, basically Larry Page is -- and

23 Sergey Brin are the co-founders of Google. Larry Page

24 is the president of products, and Sergey Brin is the

25 president of technology. They're both members of the

1 Board of Directors, and together with Susan Wojcicki,

2 they're all part of Google's operating committee which

3 is made up of Google's top 16 executives.

4   Function Media should be barred from

5 taking these depositions because they do not have unique

6 personal knowledge relevant to the issues in dispute,

7 and Function Media can obtain the information that they

8 seek from other less burdensome means. For example,

9 30(b)(6) depositions.

10   In their sur-reply, they say that they

11 need these depositions for three reasons. They need to

12 -- information regarding why Google decided to launch

13 the accused system. That clearly can be had from people

14 other than these top executives.

15   Two, the anticipated revenues from the ad

16 system. That also plainly can be had from other lower

17 level employees at Google.

18   And three, the importance and novelty of

19 the system which also can be had from other people at

20 Google who are lower level employees, or through a

21 30(b)(6) deposition. And that is the reason why those

22 executives' depositions should not go forward.

23   There's extensive case law that we've

24 cited in our brief. If, for example, in a similar case,

25 the *Stellar Products versus Google* case, the Court --

1   the District Court in Florida recognized that the

2   depositions of Sergey Brin and Larry Page should not go

3   forward because the Plaintiff had not sought the

4   information from other sources first. And this was a

5   case in which the facts at issue were Larry Page and

6   Sergey Brin's decision to apply for the first trademarks

7   for Google. Certainly something that would be much

8   closer to their knowledge than these general statements

9   about the revenue or importance of Google's ad system.

10 And --

11   THE COURT: Tell me -- tell me why --

12 assuming I agree with that proposition at least for now,

13 tell me why they shouldn't have to search their files

14 for documents they've requested.

15   MS. CANDIDO: The reason -- the document

16 from -- is that over a year ago, the parties met and

17 conferred about which custodians' files should be

18 searched, the process that would be undertaken, and then

19 Google went out and collected, reviewed and produced

20 over 4-and-a-half-million pages of documents that took

21 months and months obviously to -- to do that and to a

22 great expense to the company. And that process was

23 substantially complete by July of 2008.

24   Function Media never asked to have the

25 files of these executives searched until June --

1 mid-June of 2009. This seems to us to be a last-minute

2 litigation tactic to delay -- to divert us from other

3 activities and send us off on a potentially

4 millions-of-page goose chase through the files of these

5 top executives.

6   They had -- and more importantly, as

7 well, they -- the information may not be exactly

8 duplicative in the sense that each e-mail has already

9 been produced, but it's duplicative or cumulative in the

10 larger sense that it's not going to provide them with

11 any information that they don't already have with

12 respect to how the products work, with respect to -- you

13 know, decisions made about the products.

14   We have been engaged in several months of

15 discussions about how to collect and produce these

16 various board minutes and presentations to the board,

17 presentations to the executive management group, and we

18 have been doing that in good faith and producing all of

19 those that we can find. So they have the information

20 that they need from other sources.

21   MR. NELSON: Your Honor, I'm sorry, I

22 didn't mean to interrupt.

23   THE COURT: Yes. Well, I didn't know if

24 she was finished.

25   MS. CANDIDO: I'm sorry, yeah, just give

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 1  me one second.  I think that...
 2                  THE COURT:  I'm --
 3                  MS. CANDIDO:  That's it.
 4                  THE COURT:  -- quite sure she doesn't
 5  want you to present her argument for her.  May not be
 6  sure of everything.
 7                  MR. NELSON:  I will limit this hopefully
 8  to less than two minutes, Your Honor.
 9                  It is ironic that Google, a search
10  company, says it's having difficulty with search.
11                  Let me first focus, though, on the
12  depositions of -- of Wojcicki, Page, and Brin.
13                  First of all, there is a Northern
14  District of California case, from their home district,
15  that says in this exact circumstance that Mr. Page
16  should be dispo -- deposed because he has relevant and
17  unique knowledge.
18                  So let's -- I just want to focus, Your
19  Honor -- let's forget about Mr. Page for a second, and
20  let's focus on Mr. Brin and Ms. Wojcicki.
21                  They have both claimed that they have
22  invented the accused product.  There is no way that's
23  not relevant.  They have both said it's a hundred --
24  Ms. Wojcicki said it was a hundreds of millions per
25  year.  Mr. Brin, it's a billion-dollar idea.  We, of
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1 course, don't have more documents. We don't have the

2 notes about that because they haven't searched those

3 executives' files, but we do have it because some

4 executive sent it to some executive who sent it to some

5 person whose documents they did search. And that comes

6 across that it is the -- Sergey's billion-dollar idea.

7 That goes directly to damages. It goes directly to the

8 novelty of the invention, how important it is, and we

9 can't replicate that.

10   I can't believe they actually brought up

11 the 30(b)(6) point. That is incredibly helpful, and I

12 wish I had remembered to say that in my opening

13 presentation. We asked Google's 30(b)(6) witnesses

14 about these very things, and you know what they said? I

15 don't know --

16   THE COURT: Well --

17   MR. NELSON: -- ask them.

18   So I'm not sure what else we could have

19 done to try to do it.

20   On -- on the documents -- on -- on the

21 acquisitions, let me just -- if I can put this up really

22 briefly to show what I was talking about before.

23   This is the virtuous cycle I was talking

24 about, which is attract readers, monetize traffic,

25 deepen engagement. And you'll see that there are --

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 1  there are other documents, other acquisitions beyond

 2  just AdSense for search that are -- that are there.

 3              And, again, the billion-dollar

 4  opportunity, they say, well, so what?  Our answer is

 5  that's -- we need to find out about that.

 6              THE COURT:  All right.

 7              MR. NELSON:  Thank you, Your Honor.

 8              MS. CANDIDO:  Your Honor, if I may.

 9              THE COURT:  I don't allow sur-rebuttal,

10  but I've got your briefs, and it's under submission.

11  Appreciate it.

12              All right.  I'll get you a ruling on all

13  of this as quickly as I can.

14              MR. TRIBBLE:  Your Honor, I just have one

15  item.  It's 10 seconds.

16              THE COURT:  Yes.

17              MR. TRIBBLE:  The Court has a mediation

18  deadline of October 2nd in its docket control order in

19  this case.  Google has an announced policy that they do

20  not settle patent cases.

21              Does the Court -- I understand the

22  Court's order, but in light of this policy --

23              THE COURT:  I -- I don't -- I don't

24  require mediation.  I mean, if one side or the other

25  says it will be fruitless, then I don't require it.  So
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 1 save your money as far as I'm concerned.

 2   MR. TRIBBLE: Thank you, Your Honor.

 3   THE COURT: All right. I'll -- I'll just

 4 consider that deadline to be vacated if there's no

 5 interest in mediating the case. If there is interest in

 6 mediating the case, then go ahead and -- and comply with

 7 the deadline. If you need more time to select a

 8 mediator, then, you know --

 9   MR. TRIBBLE: Thank you.

10   THE COURT: -- you can -- you can have

11 some.

12   Yes?

13   MR. VERHOEVEN: Appreciate that, Your

14 Honor.

15   I'm just -- we're not adopting that

16 characterization of our, quote/unquote, policy, but at

17 least from my personal standpoint, it's always important

18 to talk settlement throughout a case.

19   THE COURT: Well --

20   MR. VERHOEVEN: We'll -- we'll meet and

21 confer with the other side.

22   THE COURT: What I don't want to have

23 happen is have a mediation turn into we'll settle this

24 case if you just drop your lawsuit. Okay?

25   MR. VERHOEVEN: Right. Understood, Your

 1   Honor.

 2   THE COURT: Okay.

 3   COURT SECURITY OFFICER: All rise.

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 6   (Proceedings adjourned).

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1   C E R T I F I C A T I O N

2   I HEREBY CERTIFY that the foregoing is a

3   correct transcript from the stenographic notes of the

4   proceedings in the above entitled matter to the best of

5   my ability.

6   _____   _____
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8   State of Texas No. 731
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