

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

ALOFT MEDIA, LLC,

Plaintiff,

v.

ORACLE CORPORATION, ET AL.,

Defendants.

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Civil Action No. 6:09-CV-304
JURY TRIAL DEMANDED

**REPLY IN SUPPORT OF DEFENDANTS' MOTION FOR SUMMARY JUDGMENT OF
INVALIDITY OF UNITED STATES PATENT NOS. 7,499,898 AND 7,593,910**

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I. Aloft Fails to Address That the Asserted Claims Are Directed to Abstract Ideas

Halliburton's¹ lead argument for the invalidity of Aloft's asserted claims is that the claims are directed to abstract ideas and are therefore invalid. (Opening Brief at 6). Aloft fails to address this argument, and instead focuses its brief on the form of its claims as opposed to the substance. Aloft's argument is that simply because its claims are directed to "a computer program product embodied on a tangible computer readable medium," the claims are therefore *per se* not subject to invalidity under § 101. (Aloft Response at 9). This argument is fundamentally flawed and wrong on the law. The mere act of storing data on computer memory does not render an otherwise abstract idea patentable, but Aloft fails to address this aspect of § 101 jurisprudence. *Cybersource Corp. v. Retail Decisions, Inc.*, 620 F. Supp. 2d 1068, 1079 (N.D. Cal. 2009) ("Following *Bilski*, the Board has rightly held that simply appending 'A computer readable media including program instructions . . . ' to an otherwise non-statutory process claim is insufficient to make it statutory."); *See also Ex Parte Gopalan Ramanujam*, 2010 WL 3214559, *7 (Bd. Pat. App. & Int. Aug. 12, 2010) (rejecting a Beauregard claim for comprising an abstract idea, because allowing the presence of computer-readable media to impart patentability on the abstract idea "would exalt form over substance and permit Appellant to circumvent the limitations contemplated by § 101."). According to Aloft's logic, a mathematical algorithm such as $2 + 2 = 4$, would be patentable subject matter so long as it was embodied on a computer readable medium. This logical fallacy is not the law, but is the crux of Aloft's entire response brief. *Id.*

Tellingly, Aloft states in a footnote that the claims of the '898 and '910 patents are well-outside the exceptions to patentable subject matter articulated by the Supreme Court - "laws of

¹ Halliburton Co. and Halliburton Energy Services, Inc. are the only remaining Defendants in the case as FICO has reached a settlement agreement with Aloft.

nature, physical phenomena, and abstract ideas,” and then neglects to explain its basis for that assertion. There is not one paragraph in Aloft’s response that is dedicated to addressing Halliburton’s argument that the Aloft claims cover nothing more than an abstract idea. Furthermore, Aloft does not even attempt to explain to the Court what its claims cover. Presumably, Aloft cannot offer any explanation other than the claims embody nothing more than mathematical algorithms and computing methods, which are not patentable under § 101. *Ex Parte Bhooshan Prafulla Kelkar et al.*, 2010 WL 3768175, *3 (Bd. Pat. App. & Int. Sept. 24, 2010).

Instead of squarely addressing the evidence that invalidates Aloft’s asserted claims, Aloft ignores Halliburton’s abstract idea assertion and instead focuses its brief entirely on Halliburton’s alternative argument, invalidity for failing the machine or transformation test. Halliburton agrees with Aloft that the claims are Beauregard claims, but disagrees with at least two aspects of Aloft’s characterization of Beauregard claims. First, Halliburton disagrees with Aloft that Beauregard claims should not be evaluated under the machine or transformation test that the Supreme Court deemed “a useful and important clue” in determining patentability issues. Second, Halliburton disagrees with the weight and footing in the law that Aloft imparts on Beauregard claims. As will be discussed in more detail below, the state of the law is not crystal clear how Beauregard claims will be treated post-*Bilski*, and certain Beauregard claims, like the ones asserted by Aloft, do nothing more than attach statutorily unpatentable method steps to computer readable media. Simply drafting a claim that is directed to an abstract idea in Beauregard form does not make it immune from invalidity under § 101 as Aloft suggests. *Cybersource*, 620 F. Supp. 2d at 1079. Thus, the Court should grant Halliburton’s motion for summary judgment and invalidate all of the asserted claims of the Aloft patents in suit.

II. Aloft Mischaracterizes Halliburton's 35 U.S.C. § 101 Analysis

The entirety of Aloft's response brief is improperly directed at the assertion that Halliburton treated all of the asserted claims of the Aloft patents as if they were method claims instead of article of manufacture or software claims. (Aloft Response at 1-2). Aloft's assertion is plainly false. Halliburton properly characterized the asserted claims of the Aloft Patents as software claims in its opening brief, specifically stating, "[t]he claims of the Aloft Patents are computer readable media claims that are subject to the analysis from *Bilski*."

Aloft incorrectly asserts that a § 101 analysis under *Bilski* and its progeny can only be directed to method claims. (Aloft Response at 13). Aloft is mistaken because *Bilski* focused most of its discussion on the patentability of abstract ideas, which can be applied to any of the four classifications of subject matter: processes, machines, manufactures, and compositions of matter. *Bilski v. Kappos*, 130 S. Ct. 3218, 3225, 3230 (U.S. 2010). Halliburton properly analyzed Aloft's claims under the most recent §101 jurisprudence, *Bilski* and its progeny, because "[t]he scope of § 101 [is] the same regardless of the form - machine or process - in which a particular claim is drafted. *AT&T Corp. v. Excel Communs.*, 172 F.3d 1352, 1357 (Fed. Cir. 1999).

III. Aloft's Reliance on *Beauregard* Claiming is Misplaced And Does Not Render the Asserted Claims Immune from Invalidity Under § 101

A. The *Beauregard* Case Did Not Create a Special Class of Patentable Subject Matter

Aloft asserts that its claims are *Beauregard* claims directed to computer software, and simply for that reason are patentable under § 101. Aloft's assertion is misplaced. There is no such thing as the *Beauregard* doctrine and there is no case law that states *Beauregard* claims are per se statutory subject matter. *Cybersource*, 620 F.Supp. 2d at 1080 ("First, there is at present

no legal doctrine creating a special ‘Beauregard claim’ that would exempt claim 2 of the ‘154 patent from the analysis of *Bilski*.”). Aloft cites no case law to the contrary.

Aloft is placing undue weight on the *In re Beauregard*, 53 F.3d 1583 (Fed.Cir.1995) case because the case was not about creating a new area of patentable subject matter nor was it even decided on the merits. *Beauregard* is a two paragraph case from the Federal Circuit that was addressing claims rejected under the printed matter rule. *Id.* Essentially all that *Beauregard* says is that the Commissioner and applicant agreed during the course of the appeal that computer software claims are not barred by the traditional printed matter rule. *Id.*; *Cybersource*, 620 F.Supp. 2d at 1080 (construing *Beauregard* in light of *Bilski*). The Federal Circuit does not render an opinion, and instead states, “the parties are in agreement that no case or controversy presently exists,” and remands the case for further proceedings. *Id.* Aloft’s assertion that *Beauregard* created some bullet-proof class of statutory subject matter is not on such “solid footing” as Aloft alleges. (Aloft Response at 1); *Cybersource*, 620 F.Supp. 2d at 1080 (“The USPTO has referred to *Beauregard* claims when assessing computer programs embedded in a tangible media, but there is no legal support for the view that *Beauregard* extends the holding of *Lowry*. Like Auntie Mame’s Uncle *Beauregard*, the footing of the so-called *Beauregard* doctrine is anything but sure.”).

Aloft’s reliance on MPEP 2106.01 as a basis for stating that *Beauregard* claims are always patentable subject matter is also plainly unsupported by the language of that section. MPEP 2106.01 clearly states, “Merely claiming nonfunctional descriptive material, i.e., abstract ideas, stored on a computer-readable medium, in a computer, or on an electromagnetic carrier signal, does not make it statutory.” Aloft goes too far² in stating, “In view of the frequency of

² Furthermore Aloft’s citation to Halliburton and FICO patents not in suit is completely irrelevant to the issue at hand, the Aloft asserted claims being directed to abstract ideas.

Beauregard type computer software claims, the Patent Office has undertaken its own patentability analysis of these claims, and has expressly concluded that software claims are patentable under § 101, **so long as the claim requires the computer code to be stored in a tangible computer memory.**” (Aloft Response at 8) (emphasis added). Aloft’s statement is clearly false; MPEP 2106.01 specifically contemplates and expressly prohibits a clever claim drafter from attempting to tie non-patentable subject matter to a computer readable medium. Aloft’s arguments that simply having the words “computer readable medium” in the preamble of any claim render the claim immune from invalidity under §101 falls flat.

B. Post-Bilski Case Law Holds Computer Readable Medium Claims Invalid Under §101

Aloft cannot avoid the significance of the Supreme Court’s *Bilski* decision on patentable subject matter, especially with respect to computer-implemented inventions. The body of jurisprudence implementing *Bilski* - although small given the relatively short period that has elapsed since *Bilski* was handed down - determines whether a claimed invention constitutes non-statutory subject matter by looking to the substance of the invention, rather than the form in which the claim was drafted. *See Ex Parte Gopalan*, 2010 WL 3214559, at *7 (rejecting a Beauregard claim as comprising an abstract idea, because allowing the presence of computer-readable media to impart patentability on the abstract idea “would exalt form over substance and permit Appellant to circumvent the limitations contemplated by § 101.”); *Ex Parte Srivinas Gutta and Kaushal Kurapati*, 2009 WL 2563424, *7 (Bd. Pat. App. & Int. Aug. 10, 2009) (“Thus, the mathematical exception analysis used in *Benson* applies equally whether an invention is claimed as an apparatus or process, because the form of the claim is often an exercise in drafting.”)). Accordingly, a claim directed to an abstract idea will not comprise statutory subject matter, regardless of the form in which the claim was drafted.

In *Cybersource Corp. v. Retail Decisions, Inc.*, the validity of two claims - one method claim, and one Beauregard claim - were disputed in a motion for summary judgment under § 101. The inventions consisted of a method for obtaining and comparing intangible data pertinent to business risks, the Beauregard claim reciting computer readable medium containing program instructions for performing the same method. *Id.* at 1073. The court held that a claim’s Beauregard form would not exempt it from a § 101 *Bilski* analysis, including the machine-or-transformation test because there is no special legal doctrine creating a statutorily patentable subject matter class of Beauregard claims. *Id.* at 1080. The court further reasoned that even if a Beauregard doctrine were to exist, it would not provide a basis for “a process implemented through *unspecified* program instructions” to avoid summary judgment. *Id.* at 1080 (emphasis in original). In holding the Beauregard claim invalid, the court stated:

Indeed, the patent teaches nothing more than the *idea* of using a programmed computer to implement the process in some way. Claim 2 does not claim a combination of some printed matter, or anything analogous to printed matter, with the computer readable medium substrate. Following *Bilski*, the Board has rightly held that *simply appending a computer readable media including program instructions to an otherwise non-statutory process claim is insufficient to make it statutory.*

Id. at 1080 (citing *Ex parte Cornea-Hasegan*, 89 U.S.P.Q.2d 1557, 1561 (Bd. Pat. App. & Int. 2009)) (internal quotations omitted). To remedy Aloft’s omission of relevant case law implementing *Bilski*, the following table illustrates that courts have been steadfast in holding claims seeking to preempt an abstract idea ineligible for patent protection, regardless of the form.

CASE	CLAIM AT ISSUE	HELD	REASONING
<i>Ex Parte Gopalan</i> , 2010 WL 3214559, at *6..	32. A tangible machine readable medium carrying an instruction, which if executed by a machine, causes the machine to perform the operations of: ...	NONSTATUTORY	“Abstract software code is an idea without physical embodiment.” <i>Id.</i> , at *6. “Nonetheless, merely reciting data or instructions on a stored machine readable medium does not make a

			claim statutory under § 101. Similarly, merely placing instructions or code on a machine readable medium does not render claim 32 statutory.” <i>Id.</i> , at *6.
<i>Cybersource</i> , 620 F.Supp. 2d at 1080.	2. A computer readable medium containing program instructions for detecting fraud in a credit card transaction between a consumer and a merchant over the internet, wherein execution of the program instructions by one or more processors of a computer system causes the one or more processors to carry out the steps of ...	NONSTATUTORY	“Following <i>Bilski</i> , the Board has rightly held that simply appending ‘computer readable media including program instructions ...’ to an otherwise nonstatutory process claim is insufficient to make it statutory.” <i>Id.</i> at 1080.
<i>Ex Parte Bhooshan et al.</i> , 2010 WL 3768175, at *3.	10. A program product having computer readable code stored on a recordable media for determining similarity between portions of gene expression profiles comprising: ...	NONSTATUTORY	“We therefore conclude that claim 1 is directed to an abstract idea - the mathematical algorithm - as applied to a defined type of data. The prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” <i>Id.</i> , at *3.
<i>Ex Parte Srinivas Gutta</i> , 2009 WL 2563524, at *12.	19. An article of manufacture for identifying one or more mean items for a plurality of items, J, each of the items having at least one symbolic attribute having a symbolic value, comprising: a computer readable medium having computer readable [program] code embodied thereon, the computer readable medium comprising: ...	NONSTATUTORY	“Nevertheless, although claim 19 is directed to a machine or an article of manufacture, that alone is not sufficient to determine if the claim recites statutory subject matter.” <i>Id.</i> , at *12. “Since the steps recited in claim 19 are identical to the functions found in [system] claim 14, we refer to our previous discussion of claim 14 and conclude that claim 19 similarly fails to recite the application of a mathematical algorithm that results in a real-world use.” <i>Id.</i> , at 12.

IV. Aloft Mischaracterizes the Prosecution History Regarding Subject Matter Rejections

In an unsuccessful attempt to exalt the Beauregard-type form of the asserted claims over their substance - that is, as an abstract idea - Aloft has mischaracterized the prosecution history with respect to statutory subject matter. Aloft has selectively described the prosecution history to minimize the fact that the USPTO questioned the patentability of Aloft's decision making software even prior to the Supreme Court's *Bilski* decision.

Contrary to Aloft's assertions, the Examiner's rationale for rejecting original claims 1-15 of the '898 and '910 Patents under § 101 did *not* differ based on the form of claim (i.e., method, article of manufacture, or system). (Aloft Response at 3-4.) Instead, the Examiner rejected all 15 original claims - which included method, article of manufacture, and system claims - as "non-statutory subject matter" in one fell swoop and without distinguishing among the claims' form. (Sept. 29, 2008, '898 Patent Office Action, Ex. C to Opening Brief at 3); (July 25, 2007, '898 Patent Claims, attached hereto as Ex. 1 at 33-35); (Sept. 9, 2008, '910 Patent Office Action, Ex. F to Opening Brief at 3-6). Aloft's attempt to cherry pick specific grounds for § 101 rejection based upon a claim's form does not have any foundation in the prosecution history, nor in the law governing § 101. *Cybersource*, 620 F.Supp. 2d at 1080.

Aloft cannot escape the fact that a Beauregard claim bearing striking similarity to claim 14 of the '898 Patent overcame the Examiner's § 101 rejection for one reason - field of use limitations were added. Unfortunately for Aloft, under the current law, field of use limitations are insufficient to impart patentability on otherwise non-statutory subject matter. *Bilski*, 130 S. Ct. at 3231. Original claim 14 of the '898 Patent recited a "computer program product embodied on a computer readable medium" ('898 Patent Claims, Ex. 1 at 34) and was initially rejected as being "an abstract idea rather than a practical application of an abstract idea." ('898 Patent Office Action, Ex. C at 5). The patentability of the Beauregard claim, however, was not contingent on

whether the computer storage was “tangible,” as Aloft proposes. (Aloft Response at 4.) The prosecution history shows that this cannot be the case, because original claim 14 issued as claim 12 *without* modifying the claimed “computer readable medium” at all, either by adding the word “tangible” or otherwise. In fact, the only modification of the claim prior to issuance was the addition of field of use limitations. (Oct. 20, 2008, ‘898 Patent Response to Office Action, Ex. D to Opening Brief at 4.)

Although claim 12 is not presently asserted, its prosecution history shows that when claim 14 was added after the initial § 101 rejection, the reason it avoided similar § 101 rejections by the Examiner was *not* the word “tangible” modifying “computer readable medium,” and especially not the claim’s Beauregard form. Instead, claim 14 avoided being rejected as “an abstract idea rather than a practical application of an abstract idea” by including the same field of use limitations that were added to claim 12. (‘898 Patent Response to Office Action, Ex. D at 4.) However, the law no longer permits such field of use applications to impart patentability on otherwise non-statutory abstract ideas. Thus, the limitations that once allowed claims 12 and 14 to avoid rejection under § 101 now provide evidence as to why the claims now cannot do so. Accordingly, the prosecution history illustrates why this Court should hold that the Aloft patents do not meet § 101’s threshold requirements of patentability, and grant Halliburton’s motion for summary judgment of invalidity.

V. Conclusion

Aloft failed to address that the asserted claims of the Aloft Patents are simply abstract ideas tied to field of use limitations. Moreover, Aloft relied on incorrect statements of the law and mischaracterizations of the prosecution histories of the Aloft patents to support its flawed arguments. For these reasons and the forgoing reasons, the claims of the Aloft Patents are not

drawn to patent eligible subject matter under 35 U.S.C. § 101. Accordingly, Defendants respectfully requests that the Court grant its motion for summary judgment and invalidate the asserted claims of the Aloft Patents.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that, on December 20, 2010, the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this notice was served on all counsel who have consented to electronic service. Local Rule CV-5(a)(3)(A).

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