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

Eolas Technologies Incorporated,	§	
	§	
Plaintiff,	§	**Civil Action No. 6:09-cv-446**
	§	
	§	
vs.	§	
	§	
Adobe Systems Inc., Amazon.com, Inc., Apple Inc., Blockbuster Inc., CDW Corp., Citigroup Inc., eBay Inc., Frito-Lay, Inc., The Go Daddy Group, Inc., Google Inc., J.C. Penney Company, Inc., JPMorgan Chase & Co., New Frontier Media, Inc., Office Depot, Inc., Perot Systems Corp., Playboy Enterprises International, Inc., Rent-A-Center, Inc., Staples, Inc., Sun Microsystems Inc., Texas Instruments Inc., Yahoo! Inc., and YouTube, LLC	§	**JURY TRIAL**
	§	
Defendants.	§	

PLAINTIFF'S SUR-REPLY IN OPPOSITION TO DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT OF INTERVENING RIGHTS (DKT. NO. 567)

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I. INTRODUCTION

Defendants' opening brief relied upon the implied distinction between the words "identical" and "substantially identical" for purposes of 35 U.S.C. § 252. Dkt. No. 567 ("D.Br.") at 1, 5-10. In response, Eolas pointed out that "identical" had long been interpreted to mean "substantially identical" in this context—and that § 252 was finally amended in 1999 to reflect this controlling precedent. Dkt. No. 582 ("Resp.") at 5-6. Defendants' reply now abandons that initial distinction, and offers instead one that is even more misguided and misleading: the alleged distinction between *Laitram I* and *Laitram IV*.[1] Dkt. No. 585 ("Reply") at 1-2, 4. According to Defendants, *Laitram I* is no longer good law, and *Laitram IV* supports their position that reexamination amendments are presumed to effect substantive changes in claim scope. Reply at 1, 4. This is demonstrably false. In fact *Laitram IV* explicitly recognized and confirmed the continuing vitality of the holding "[i]n *Laitram I* . . . that a claim amendment made during reexamination following a prior art rejection is not per se a substantive change." *Laitram IV*, 163 F.3d at 1347; *see also Laitram I*, 952 F.2d at 1362. In short, there is controlling authority on this point, and it unequivocally rejects the position that Defendants urge this Court to adopt.

Because there is no presumption of substantive change, Defendants bear the burden to demonstrate such changes "in light of the particular facts, including the prior art, the prosecution history, other claims, and any other pertinent information." *Laitram IV*, 163 F.3d at 1347 (quoting *Laitram I*, 952 F.2d at 1362-63). But of course "the particular facts" at issue here confirm that the amendments highlighted by Defendants did not effect substantive changes in claim scope: the patentee simply replaced one phrase found in the original claims with a synonymous phrase that had been affirmed by the Federal Circuit as properly reflecting the true scope of those claims. Resp. at 1, 6-8. The Federal Circuit's holding on that issue is controlling in this Court, and requires the denial of Defendants' motion on intervening rights.

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[1] *See Laitram Corp. v. NEC Corp.*, 952 F.2d 1357 (Fed. Cir. 1991) ("*Laitram I*"); *Laitram Corp. v. NEC Corp.*, 163 F.3d 1342 (Fed. Cir. 1998) ("*Laitram IV*"). In its response, Eolas cited *Laitram I* for the proposition that there is no presumption that reexamination amendments change claim scope for purposes of § 252. Resp. at 7.

II. ARGUMENT IN SUR-REPLY

A. Defendants' Treatment of *Laitram IV* Misleads the Court.

In reply, Defendants offer *Laitram IV* as alleged support for two arguments: first, that this motion for summary judgment of intervening rights may be granted notwithstanding Defendants' earlier concession that genuine factual issues remain; and second, that any amendment in response to a rejection in reexamination may be presumed to effect a substantive change in claim scope. Reply at 1-4. Defendants are wrong on both counts.

First, *Laitram IV* does not stand for the proposition that a summary judgment of intervening rights may be granted when genuine issues of material fact remain. *Laitram IV* was issued after a jury trial on the merits, 163 F.3d at 1345, so it could not possibly stand for that proposition. To be sure, Eolas agrees that the underlying claim-scope question is one of law for the Court. But as explained in Eolas' response, the resolution of that question is simply a "prerequisite for invoking intervening rights," and not grounds for granting summary judgment on any claim or product at issue in this case. *See BIC Leisure Prods. v. Windsurfing Int'l*, 1 F.3d 1214, 1220 (Fed. Cir. 1993); Resp. at 3-4. *Laitram IV* does not suggest otherwise.

Second, *Laitram IV* does not stand for the proposition that reexamination amendments may be presumed to effect substantive changes in claim scope. And in fact it explicitly rejects that proposition. Defendants alternatively suggest that the holding in *Laitram IV* was "directly contrary to the result of *Laitram I*"; that *Laitram IV* rendered *Laitram I* "no longer good law"; and that "*Laitram IV* represents the current state of the law, not *Laitram I*." Reply at 1-2, 4. As alleged support, they twice offer the following quote from *Laitram IV*: "it is difficult to conceive of many situations in which the scope of a rejected claim that became allowable when amended is not substantively changed by the amendment." Reply at 1, 4. Read in context, however, that quote unequivocally rejects the proposition that Defendants suggest it endorses:

> **Although** it is difficult to conceive of many situations in which the scope of a rejected claim that became allowable when amended is not substantively changed by the amendment**, we arrive at our conclusion, not through any 'per se rule,' but in light of an overall examination of the written description, the prosecution history and the language of the respective claims. *See Laitram I*, 952 F.2d at 1363, 21 U.S.P.Q.2D (BNA) at 1280.**

Laitram IV, 163 F.3d at 1348 (emphasis added to language omitted by Defendants). Significantly, note again the authority relied upon in *Laitram IV—Laitram I*. These cases are thus in perfect harmony on this point: substantive changes are not presumed; they must be demonstrated through a careful claim-construction analysis. And Defendants have not even attempted to offer such an analysis to the Court. D.Br. at 8; Reply at 2; Resp. at 8 n.3.

B. The Claim-Construction Amendments Did Not Change Claim Scope.

In its response, Eolas demonstrated that—by definition—the amendments substituting language from the Federal Circuit's approved claim construction could not have effected substantive changes in claim scope. Resp. at 6-8. Defendants argue in reply that: first, the Federal Circuit "never decided the issue"; and second, *Laitram IV*, *Bloom*, and *Festo* support a presumption of substantive change. Reply at 2-3. Again, Defendants are wrong on all counts.

First, the Federal Circuit has decided this issue. It held that the construction containing the disputed phrase constituted the "proper definition" of a central term. Resp. at 6-7, Ex. B at 1338. In so doing, it "ascertain[ed] the proper scope of [the] claims." *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005). That the "interact with data" portion of the affirmed construction was not discussed at length in the opinion simply demonstrates that it was obvious to everyone that this language was unproblematic. Reply, Ex. O at 12 ("It is clear from the claim language that [an executable application] . . . must allow the user to interact with data.").

In addition, the Federal Circuit's claim-construction decision has *stare decisis* effect and is binding on this Court. *See Rambus Inc. v. Hynix Semiconductor, Inc.*, 569 F. Supp. 2d 946, 963 (N.D. Cal. 2008) ("A district court must apply the Federal Circuit's claim construction even where a non-party to the initial litigation would like to present new arguments."); *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 391 (1996); *Key Pharm. v. Hercon Lab. Corp.*, 161 F.3d 709, 716 (Fed. Cir. 1998). Defendants point to *Trans Texas* as a case in which the Federal Circuit "affirm[ed a] new claim construction . . . that differed from [a] previous construction given by a district court." Reply at 3 n.4; *In re Trans Texas Holdings Corp.*, 498 F.3d 1290, 1297 (Fed. Cir. 2007). But that case involved the **issue preclusive** effect of a **district court**

opinion, not the ***stare decisis*** effect of a **Federal Circuit opinion**. And "[*s*]*tare decisis*, unlike the doctrines of res judicata and collateral estoppel, is not narrowly confined to parties and privies. . . . [T]he doctrine is broad in its impact, reaching strangers to the earlier litigation."[2] *Amgen, Inc. v. F. Hoffmann-LaRoche Ltd.*, 494 F. Supp. 2d 54 (D. Mass. 2007).

Second, neither *Laitram IV*, *Bloom*, nor *Festo* support a presumption of substantive change. As discussed, *Laitram IV* rejected a *per se* rule, and found a substantive change only after concluding that the contrary argument "require[d] a highly strained and incorrect construction of the claims." 163 F.3d at 1349. *Bloom* similarly noted that there was "no absolute rule for determining whether an amended claim" has been substantively changed, and found such a change only after a careful claim-construction analysis. *Bloom Eng'g Co. v. North Am. Mfg. Co.*, 129 F.3d 1247, 1250-51 (Fed. Cir. 1997). *Festo* addressed "the relation between . . . the doctrine of equivalents and the rule of prosecution history estoppel"—it had nothing to do with substantive changes under § 252. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 726 (2002). And in any event, its rule was limited to the situation in which a patentee provides "no explanation" for an amendment—not the case here. *Id.* at 740; Resp. at 8.

C. The Error-Correcting Amendment Did Not Change Claim Scope.

In reply, Defendants do not dispute the relevance of *Slimfold* to the error-correcting reexamination amendment. Reply at 4; *Slimfold Mfg. Co. v. Kinkead Indus., Inc.*, 810 F.2d 1113, 1115 (Fed. Cir. 1987). Defendants simply assert that reliance on this case is "misplaced" because it was decided before *Laitram IV* and *Festo* allegedly established a scope-changing presumption for the purposes of § 252. Reply at 4. But as noted, no such presumption exists. Resp. at 7-8. *Slimfold* is thus good law, and it should control this issue. Resp. 9-10.

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[2] It is conceivable that the *stare decisis* effect of a Federal Circuit claim construction could be undermined by some significant intervening circumstance—such as perhaps a clear post-construction disclaimer by the patentee. But there was no such intervening circumstance here. Defendants have pointed to a couple of unilateral statements in the examiner's notice of allowance, but as Eolas demonstrated in its claim-construction briefing, those statements do not constitute a disclaimer by the patentee. Dkt. No. 581 at 1, 3, 9.

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CERTIFICATE OF SERVICE

The undersigned certifies that true and correct copies of the foregoing document were served to all counsel of record via the Court's ECF system.

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