

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

Eolas Technologies Incorporated,

§

Plaintiff,

§

Civil Action No. 6:09-CV-00446-LED

§

vs.

§

§

Adobe Systems Inc., Amazon.com, Inc.,

§

JURY TRIAL

Apple Inc., Argosy Publishing, 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

§

§

Defendants.

§

**PLAINTIFF EOLAS' RESPONSE IN OPPOSITION TO
DEFENDANTS' JOINT MOTION FOR PARTIAL SUMMARY JUDGMENT OF NON-
INFRINGEMENT BASED ON DIVIDED INFRINGEMENT (DKT. NO. 874)**

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I. INTRODUCTION AND BACKGROUND

Plaintiff Eolas Technologies Inc. (“Eolas”) files this response to Defendants’ Motion for Partial Summary Judgment of Non-Infringement Based on Divided Infringement. Dkt. 874 (“Motion”). Defendants ask for summary judgment on the incorrect premise that each of Eolas’ asserted claims from the patents-in-suit¹—other than claim 6 of the ’906 patent—requires actions by two actors, and that Defendants do not perform, nor control those who perform, each action. As demonstrated herein, Defendants’ arguments are incorrect and their Motion should be denied.

II. RESPONSE TO STATEMENT OF ISSUES TO BE DECIDED

1-2. As explained herein, no asserted claim of Eolas’ patents-in-suit requires action by more than one entity. Eolas has complied with the teachings of the Federal Circuit and drafted its claims to capture infringement on one side of the network transaction and by a single party.

III. RESPONSE TO STATEMENT OF UNDISPUTED MATERIAL FACTS

1, 3-4. Admitted.

2. The report by Eolas’ infringement expert, Dr. Martin, addresses infringement of the claims Defendants list. Claim 1 of the ’906 Patent and claims 1–3, 8, 10–11, 20–22, and 36–43 of the ’985 Patent are method claims. Eolas denies Defendants’ remaining assertions.

5. Eolas has alleged that Defendants’ employees directly infringe claim 1 of the ’906 Patent and claims 1–3, 8, 10–11, and 36–39 of the ’985 Patent. Eolas denies Defendants’ remaining assertions.

IV. EOLAS’ STATEMENT OF UNDISPUTED MATERIAL FACTS

1. Defendants do not contend that claim 6 of the ’906 Patent is invalid due to divided infringement. Each claim that Defendants assert presents divided infringement issues contains language similar to that of claim 6 of the ’906 Patent. *Compare* ’906 Patent claim 6 (Ex. A),

¹ The patents-in-suit are Patent Nos. 5,838,906 (“’906 Patent”) and 7,599,985 (“’985 Patent”).

with '906 Patent claim 1 (Ex. A), and '985 Patent claims 1-3, 8, 10-11, 20-22, 36-43 (Ex. B).²

2. Two of the Federal Circuit cases relied upon by Defendants have been vacated.³

V. PERTINENT LAW

Summary judgment of non-infringement due to divided infringement is not appropriate where, as here, the claims have been drafted such that each step of the claims is performed by a single entity. The law is clear that “[a] patentee can usually structure a claim to capture infringement by a single party,’ by ‘focus[ing] on one entity.’” *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1309 (Fed. Cir. 2011) (citing *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1381 (Fed. Cir. 2007)). To that end, the law permits claims to recite the environment within which the invention operates (e.g., computer network with both clients and servers) while claiming only activities that take place on one side of that environment (e.g., on client or the server but not both). See *Uniloc*, 632 F.3d at 1309; *Advanced Software Design Corp. v. Fiserv, Inc.*, 641 F.3d 1368, 1374 (Fed. Cir. 2011). “That other parties are necessary to complete the environment in which the claimed element functions does not necessarily divide the infringement between the necessary parties.” *Uniloc*, 632 F.3d at 1309 (noting a claim may require two parties to function, but may be infringed by just the one who uses the claimed invention).

Furthermore, Defendants’ heavy reliance on case law evaluating control and direction of one entity by another is misplaced. Unlike the facts of the cases that Defendants cite, Eolas has never asserted that its claims require action by more than one entity.⁴ Instead, the facts here are

² Hereinafter Ex. A includes the '906 patent (Ex. A1) and its reexamination certificate (Ex. A2).

³ *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 629 F.3d 1311 (Fed. Cir. 2010), *vacated, reh’g en banc granted*, 2011 U.S. App. LEXIS 8167 (Fed. Cir. Apr. 20, 2011); *McKesson Techs. Inc. v. Epic Sys. Corp.*, No. 2010-1291, 2011 U.S. App. LEXIS 7531 (Fed. Cir. Apr. 12, 2011), *vacated, reh’g en banc granted*, 2011 U.S. App. LEXIS 10674 (Fed. Cir. May 26, 2011).

⁴ See *Akamai*, 629 F.3d at 1317 (“It is undisputed that [the Defendant] does not itself perform every step of the asserted claims.”); *McKesson*, 2011 U.S. App. LEXIS 7531, at *7 (“[Both

similar to those in *Uniloc* and *Advanced*, where one entity directly infringes within the environment recited in the claims.

VI. EOLAS' METHOD CLAIMS ARE INFRINGED BY ONE ACTOR

A. Eolas' Method Claims Recite An Environment.⁵

Consistent with the teachings of *BMC*, Eolas' asserted method claims are infringed by actions performed on either the "browser-side" or the "server-side"⁶ (but not both) of the environment recited in the claims. Generally, the same environment is described in both the server-side and browser-side claims. Compare '985 Patent claims 1 and 40. Though multiple parts of the recited environment (e.g., "client workstation" and "network server") may be operated by different entities, the claims are infringed by the actions of just one (e.g., the user of the "browser application"). Eolas' claims, like those at issue in *Uniloc* and *Advanced*, have been drafted purposefully to "capture infringement by a single party." *Uniloc*, 632 F.3d at 1309.

Defendants' assertion that this case differs from *Uniloc* and *Advanced* is belied by a comparison of Eolas' claims with those at issue in *Uniloc* and *Advanced*. As here, the claims at issue in those two cases define the environment within which the claimed invention operates and are drafted such that that acts of direct infringement are performed within that environment by a

parties] agree that no single party performs every step of the asserted method claims."); *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1328 (Fed. Cir. 2008) ("With respect to the '099 patent, the parties do not dispute that no single party performs every step of the asserted claims.") (emphasis omitted); *BMC*, 498 F.3d 1373, 1378 ("As the parties agree, [the defendant] does not perform every step of the method at issue in this case.").

⁵ For the purposes of this response, "environment" refers to the "computer network environment" described in claim 1 of the '906 Patent, the "distributed hypermedia environment" described in claim 6 of the '906 Patent and claims 20–22 of the '985 Patent, and the "distributed hypermedia network environment" described in claims 1–3, 8, 10–11, and 36–43 of the '985 Patent.

⁶ "Server-side" claims include independent claims 20 and 40 of the '985 Patent and their dependent claims. They are labeled server-side because they are directly infringed by entities (such as the defendants) that operate web servers. "Browser-side" claims include independent claims 1 and 6 of the '906 Patent and independent claims 1 and 36 of the '985 Patent. They are labeled browser-side because they are directly infringed by entities that make, use, or distribute browsers.

single entity. 632 F.3d at 1308–09; 641 F.3d at 1372–76. For instance, the claim discussed in *Uniloc* (claim 19 of U.S. Patent No. 5,490,216 (“’216 patent”)) recites:

A **remote registration station** incorporating remote licensee unique ID generating means, said station forming part of a **registration system** for licensing execution of digital data in a use mode, said digital data executable on a platform, said system including local licensee unique ID generating means, said system further including mode switching means operable on said platform which permits use of said digital data in said use mode on said platform only if a licensee unique ID generated by said local licensee unique ID generating means has matched a licensee unique ID generated by said remote licensee unique ID generating means; and wherein said remote licensee unique ID generating means comprises software executed on a **platform** which includes the algorithm utilized by said local licensee unique ID generating means to produce said licensee unique ID.

’216 patent (Ex. C) at 15:21–16:8 (emphasis added). In the *Uniloc* claim, the recited environment is the “registration system,” which includes a “remote registration station” (controlled by Microsoft) and a “platform” (part of the end-user’s computing device and not controlled by Microsoft). Nonetheless, the claim is drafted so that the structure required to infringe is contained entirely within the “remote registration station” portion of the environment recited in the claim. Accordingly, although the claim describes the entire “registration system,” including its constituent “platform,” the Federal Circuit held that the claim is “distinguishable from those at issue in *Muniacution* and *BMC*, because here, only one party, Microsoft, makes or uses the remote registration station.” *Uniloc*, 632 F.3d at 1309.

Like *Uniloc*, *Advanced* held that there is no divided infringement where the claims merely define the environment within which the claimed invention operates—even if that environment includes pieces not controlled by the accused infringer. 641 F.3d at 1372–76. One of the claims discussed in *Advanced* was claim 1 of U.S. Patent No. 6,792,110 (“’110 patent”):

A process of validating a negotiable financial instrument made by a payor, in which selected information found on the financial instrument which varies for each instantiation of the financial instrument made by the same payor is **encrypted in combination with key information not found on the financial instrument** to generate a control code **which is printed on the financial instrument** along with the selected information, the process

comprising: reading the selected information from the financial instrument; and

one of (i) decrypting the control code to thereby obtain decrypted information whereby the cheque validator may refuse to honour the financial instrument if the selected information found on the financial instrument does not match the decrypted information, and (ii) re-encrypting the selected information as presented on the financial instrument to re-obtain a second control code, whereby the cheque validator may refuse to honour the financial instrument if the second control code does not match the control code printed on the financial instrument.

'110 patent (Ex. D) at col.13 1.60–col.14 1.13 (emphasis added). Considering claim 1, the Federal Circuit found it was “[l]ike the claim in *Uniloc*” in that it defined the environment within which the invention was designed to operate. *Advanced*, 641 F.3d at 1374. The defendant argued it did not perform the recited encryption or printing and therefore could not directly infringe, but the court disagreed. *Id.* (“[The defendant] therefore could ‘use’ the method . . . even though it does not encrypt and print . . .”). The *Advanced* court noted the claim “recite[d] a process or system of validating checks, not for encrypting and printing them.” *Id.* at 1375.

Like the claims at issue in *Uniloc* and *Advanced*, Eolas’ claims—despite the recitation of an environment with aspects potentially controlled by different entities—are infringed by the acts of a single party. Here, as in *Uniloc* and *Advanced*, there is no divided infringement.

B. Eolas’ “Browser-Side” Claims Do Not Require Acts of Multiple Actors

Defendants make five arguments with respect to Eolas’ browser-side claims, but none change the fundamental character of Eolas’ claims: Eolas’ claims, like those at issue in *Uniloc* and *Advanced*, are infringed by the actions of a single party.

First, Defendants point to language in claims 36–39 of the ’985 patent that recites “the browser application . . . automatically invoking [an] executable application” which is “part of a distributed application,” “at least a portion of [which] . . . is for execution on the network server.” ’985 Patent Claim 36 (Ex. B) (emphasis added); Motion at 5. Defendants complain that this language requires action by the server—namely, an “executable application” running on a

“network server”—and therefore there presents a divided infringement issue. *Id.* Defendants are mistaken; the language merely describes the environment within which the claimed browser-side process operates. This environment includes a server with an executable application, but the server-side executable application is expressly “for execution” and therefore need not *be* executed to complete infringement. *See Uniloc*, 632 F.3d at 1309.

Second, Defendants argue that the browser-side claims’ step of “receiving . . . at least one file” presents a divided infringement issue. ’985 Patent Claim 36 (Ex. B); Motion at 5–6. Not so. The subject claims recite the browser-side step of “receiving . . . at least one file”; they do not require the server-side process of sending the files.

Third, Defendants argue that Eolas’ P.R. 3-1 Infringement Contentions “confirm that performance of the ‘browser-side’ method claims requires action by the server.” Motion at 6. Here again, Defendants fail to acknowledge that Eolas’ claims are set within an environment that includes a browser side and a server side. Eolas’ infringement contentions simply reflect the unremarkable fact that the environment recited in Eolas’ claims includes Defendants’ servers, a fact that in no way undermines the single-sided nature of Eolas’ claims.

Fourth, Defendants assert that “[i]f a Defendant’s server is required to perform, in whole or in part, any one step in one claim, then that server is required to perform that same step recited in another claim.” *Id.* at 7. At bottom, Defendants’ argument simply rejects the possibility of single-infringer claims that recite a multi-entity environment. But the Federal Circuit has already ratified such claims in *Uniloc* and *Advanced*, and Eolas’ claims are no different.

Fifth, Defendants point to ’906 Claim 1 and its recitation of “providing at least one client workstation and one network server.” This claim, like the others Defendants discuss, is set within an environment—a distributed hypermedia environment. Here, the claimed process

relates to a browser, as the Federal Circuit has recognized. *Eolas Techs., Inc. v. Microsoft Corp.*, 399 F.3d 1325, 1328 (Fed. Cir. 2005) (“The ’906 claims require a web browser with certain properties.”). The language cited by Defendants merely recites that the invention operates within an environment that includes both a client workstation and a network server—just like many of the other asserted method claims. As *Uniloc* made clear, “[a] patentee can usually structure a claim to capture infringement by a single party,’ by ‘focus[ing] on one entity’” and, in particular, an environment can be defined in which the claimed method or system functions. *Uniloc*, 632 F.3d at 1309. And that is just what Eolas has done here.

C. Eolas’ “Server-Side” Claims Do Not Require Multiple Actors

Defendants make two specific arguments with respect to Eolas’ server-side claims. First, Defendants point to the “communicating in order to cause” language which precedes a list of what Defendants describe as “additional steps that are actually performed on the client workstation.” Motion at 3 (emphasis omitted). Defendants then list action words from the claims—“receive,” “execute,” “respond[],” “display[],” “identify[],” “utiliz[e],” “identify and locate,” and “automatically invok[e]”—and argue that a Defendants’ servers⁷ cannot “cause” a client workstation to perform those actions. *Id.* at 3–4. But Defendants miss the point.

Defendants’ argument is similar to those rejected in *Uniloc* and *Advanced*, in that it fails to acknowledge that Eolas’ claims are set within an environment. In *Uniloc*, the remote registration station was defendant Microsoft’s portion of the registration system environment. *Uniloc*, 632 F.3d at 1309. Here, the method of serving digital information occurs in each Defendant’s portion of the network environment—their servers. In *Uniloc*, the local licensee

⁷ Defendant JCPenney asserts that their content “is cached and served by third party vendor Akamai on Akamai’s servers.” Motion 4 (footnote 1). This is of no moment given this Court’s rejection of a similar argument—including the same third party vendor—in *Clear With Computers, LLC v. Hyundai Motor Am.*, No. 6:09 CV 479, 2011 U.S. Dist. LEXIS 65315, at *10–14 (E.D. Tex. June 14, 2011) (Davis, J).

unique ID generating means and the mode switching means were also required to be present in the environment, but the court noted “[t]hat other parties are necessary to complete the environment in which the claimed element functions does not necessarily divide the infringement between the necessary parties.” *Id.* Likewise, in Eolas’ claims, a client workstation is also a part of the environment, but, as in *Uniloc*, its presence does not create divided infringement.⁸

In *Advanced*, the defendant argued that it did not encrypt or print information on financial instruments and thus could not directly infringe. *Advanced*, 641 F.3d at 1373. The court noted that those steps were not necessary to infringe, as the claim merely required “a ‘process for validating a negotiable financial instrument’ comprising reading information from the check and decrypting or re-encrypting to validate.” *Id.* at 1374. An infringer need only read the check and decrypt or re-encrypt a check already having encrypted information printed on it. *Id.* The same is true here—an infringing server need only format communications in such a way that if received by the client, the client will perform the actions set forth in the claims. The client is nothing more than a part of the environment within which the invention is designed to operate.

Second, Defendants argue that “even if certain content resides on a Defendant’s servers, it is not used in the accused manner unless a user causes its computer to connect to the Defendant’s server and request the particular content.” Motion at 4. Defendants are wrong. An infringing server need only communicate with a client workstation in such a way that if the server’s communications were received by the client, the client would perform the actions set

⁸ Furthermore, Defendants cannot seriously argue that the claimed server-side processes require action by more than one party. The actions required by the server-side claims are limited to those of the Defendants’ servers—that is, communicating with a client workstation with communications formatted in such a way that if received by the client, the client will perform the actions set forth in the claims. Just as it was allowable in *Uniloc* to require some ID generation and mode switching to be present on a non-claimed platform, it is allowable to draft a claim—as Eolas has done here—to define the environment to include a client workstation.

forth in the claims. The claims do not recite any limitation requiring “a user . . . to connect to [a] Defendant’s server and request” anything. Defendants’ fabricated limitation is improper.⁹

VII. CONTROL ARGUMENTS ARE IMMATERIAL

Defendants argue that they do not have the requisite degree of control over end users such that Defendants and end users can be considered joint infringers. This argument is immaterial, however, because, as shown above, Eolas’ claims are infringed by the actions of single entities. *See supra* Part VI. Control is relevant only after it has been determined that the claims do present a divided infringement issue, and no such determination has been made here.

VIII. INDIRECT INFRINGEMENT POSSIBLE

Defendants argue that they cannot indirectly infringe because there is no underlying direct infringement. But as we have seen, Eolas’ claims are drafted in the mold of the *Uniloc* and *Advanced* claims and, as such, are infringed by single actors. Accordingly, Defendants indirectly infringe Eolas’ claims when the underlying acts of direct infringement are performed by other, individual entities, such as browser users. *See BMC*, 498 F.3d at 1379 (“Indirect infringement requires, as a predicate, a finding that some party amongst the accused actors has committed the entire act of direct infringement.”).

IX. CONCLUSION

Defendants’ Motion is premised on the incorrect notion that Eolas’ asserted claims are infringed by multiple actors. Like the claims at issue in *Uniloc* and *Advanced*, Eolas’ claims have been drafted to capture infringement of single parties, acting within an environment whose elements may be under the control of multiple parties. The Federal Circuit’s holding that such claims do not present a divided infringement scenario requires denying Defendants’ Motion.

⁹ The “execute” language—in the context of a communication being sent from a server to a client in order to cause the client to “execute, at said client workstation, a browser application”—refers to a client with a browser application that is able to receive and parse the communication.

Dated: September 28, 2011.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been served on all counsel of record via the Court's ECF system on September 28, 2011.

/s/ Josh Budwin
Josh Budwin