

United States District Court
For the Northern District of California

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

EBAY INC. and MICROSOFT CORPORATION,
Plaintiffs,
v.
PARTSRIVER, INC. and KELORA SYSTEMS,
LLC,
Defendants.

No. C 10-04947 CW
ORDER GRANTING IN
PART AND DENYING
IN PART
PLAINTIFFS'
MOTION FOR
SUMMARY JUDGMENT
(Docket No. 41)
AND CONSOLIDATING
CASES

EBAY INC.,
Plaintiff,
v.
PARTSRIVER, INC. and KELORA SYSTEMS,
LLC,
Defendants.

No. C 10-05106 CW
(Docket No. 46)

MICROSOFT CORPORATION,
Plaintiff,
v.
PARTSRIVER, INC. and KELORA SYSTEMS,
LLC,
Defendants.

No. C 10-05108 CW
(Docket No. 43)

AND ALL RELATED COUNTERCLAIMS

In these related cases, Plaintiffs eBay Inc. and Microsoft Corporation move for summary judgment of invalidity of Defendant Kelora Systems, LLC's U.S. Patent No. 6,275,821 ('821 patent)

1 and/or for summary adjudication that the '821 patent cannot give
2 rise to liability for infringement before November 2, 2010. Kelora
3 opposes the motion. The motion was heard on May 5, 2011. Having
4 considered oral argument and the papers submitted by the parties,
5 the Court GRANTS Plaintiffs' motion in part and DENIES it in part.

6 BACKGROUND

7 The '821 patent, which is entitled, "Method and System for
8 Executing a Guided Parametric Search," claims a "process for
9 identifying a single item from a family of items." '821 patent,
10 Abstract. The invention is intended "to provide a guided
11 parametric search to isolate a subfamily of items within a family
12 of items based on alternatives associated with each item." Id.
13 3:36-39. The patent specification describes two embodiments of the
14 invention: (1) an embodiment that runs on a single, local computer,
15 see id. 5:50-18:9; and (2) an embodiment that runs over the
16 Internet and requires a server and client computer, see id. 18:10-
17 19:34. Over the Internet, "the invention . . . may be used as an
18 electronic catalog, providing an electronic alternative to updating
19 and distributing product and/or service information." Id. 4:6-9.

20 A previous iteration of the '821 patent was at issue in
21 PartsRiver, Inc. v. Shopzilla, Inc., Case No. C 09-0811 CW. There,
22 PartsRiver, the previous owner of the '821 patent, charged eBay and
23 Microsoft with infringement. eBay and Microsoft counterclaimed for
24 judgment of non-infringement and invalidity. The Court held that
25 the patent's claim 1 and claim 2, which was dependent on claim 1,
26 were invalid based on the on-sale bar, 35 U.S.C. § 102(b). On
27 September 18, 2009, PartsRiver appealed the Court's judgment of
28

1 invalidity to the Federal Circuit.

2 While litigation before this Court was ongoing, the U.S.
3 Patent and Trademark Office (PTO) was conducting an ex parte
4 reexamination of claims 1 and 2. There, the patent examiner
5 initially rejected claims 1 and 2 as being clearly anticipated by
6 prior art. PartsRiver sought reconsideration of this conclusion,
7 arguing the prior art clearly did not teach the subject matter
8 contained in claim 1. The patent examiner dismissed PartsRiver's
9 arguments, concluding that PartsRiver relied on features that did
10 not appear in the language of the claims subject to reexamination.
11 On or about September 18, 2009, PartsRiver appealed the patent
12 examiner's final rejection to the Board of Patent Appeals and
13 Interferences (BPAI).

14 During the pendency of its appeals to the Federal Circuit and
15 the BPAI, PartsRiver proposed amending claim 1 and adding a ninth
16 claim to the '821 patent. PartsRiver's amendments to claim 1
17 necessarily changed dependent claim 2. PartsRiver's additions to
18 and deletion from claim 1, which are indicated below in underlined
19 and stricken text respectively, were as follows:

20 A method for assisting a user in identifying a subfamily
21 of items within a family of items said method performed
with a server connected to a client computer through a
22 computer network, comprising the steps of: . . .

23 (h) accepting a second selection criteria
~~comprising~~ from said client computer via said
24 computer network at said server wherein the
second selection criteria comprises a
25 resubmission to the server of the alternative
26 or alternatives of the first selection criteria
plus at least one alternative selected from the
revised feature screen, . . .

27 Pls.' Mot. for Summ. J, Ex. 2, at 1:25-52. In relevant part,

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1 PartsRiver's new claim 9 discussed,

2 A method for assisting a user in identifying a subfamily
3 of items within a family of items, the method comprising
4 the following steps which are performed with a server
5 connected to a computer network: . . .

6 (d) receiving and accepting a first selection
7 criteria of at least one alternative from said
8 client computer, said first selection criteria
9 being received by said server from said client
10 computer via said computer network, . . .

11 (h) receiving and accepting a second selection
12 criteria from said client computer via said
13 computer network, in which said second
14 selection criteria comprises (1) a resubmission
15 by said client computer of the alternative or
16 alternatives of the first selection criteria
17 along with (2) at least one alternative
18 selected from the revised feature
19 screen,

20 Id. at 2:8-41. The patent examiner deemed claim 1, as amended, and
21 new claim 9 to be patentable. Thereafter, PartsRiver's BPAI appeal
22 was dismissed. And, after a reexamination certificate for the '821
23 patent issued on November 2, 2010, PartsRiver filed a motion to
24 dismiss its appeal of this Court's judgment, which the Federal
25 Circuit granted.¹

26 Plaintiffs filed these related cases in November and December
27 2010, seeking declarations of non-infringement, invalidity and
28 intervening rights. On PartsRiver's motion, the Court dismissed
Plaintiffs' claims against PartsRiver because it disavowed any
remaining interest in the '821 patent. Kelora, now the sole
Defendant in these actions, has counterclaimed against Plaintiffs
for infringement of the '821 patent.

¹ The Federal Circuit remanded to this Court PartsRiver's
request to vacate the judgment of invalidity. The Court denied
PartsRiver's motion.

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LEGAL STANDARD

Summary judgment is properly granted when no genuine and disputed issues of material fact remain, and when, viewing the evidence most favorably to the non-moving party, the movant is clearly entitled to prevail as a matter of law. Fed. R. Civ. P. 56; Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986); Eisenberg v. Ins. Co. of N. Am., 815 F.2d 1285, 1288-89 (9th Cir. 1987).

DISCUSSION

I. Identity Between Claims Contained in Amended '821 Patent and Claims Held Invalid By This Court

Plaintiffs argue that claims 1, 2 and 9 of the '821 patent, as amended, are identical in scope to original claims 1 and 2, which the Court held to be invalid. Thus, Plaintiffs argue, the Court's invalidity judgment in PartsRiver applies in these actions.

Plaintiffs cite PartsRiver's contention that, "although the text of claim 1 has been altered by amendment, the claim scope is legally identical to that of originally issued claim 1." Pls.' Mot. for Summ. J., Ex. 28, at 7. Kelora claims that they are not identical.

PartsRiver's assertion does not establish, as a matter of law, that the Court's previous invalidity judgment applies to amended claims 1 and 2 and new claim 9. Indeed, Plaintiffs acknowledge that the claims are not identical in scope, noting that PartsRiver's amendments "narrowed claims 1 and 2 to overcome the rejection based on the Granacki prior-art reference." Pls.' Mot. for Summ. J. at 10:28-11:1. Further, that the examiner deemed the claims to be patentable only after they were amended suggests a

1 lack of identity.

2 Accordingly, Plaintiffs' motion is denied insofar as it seeks
3 summary adjudication that amended claims 1 and 2 and new claim 9
4 are identical in scope to original claims 1 and 2 and are invalid
5 as a result.

6 II. Limitations on Liability Based on 35 U.S.C. § 252

7 The owner of a "reexamined patent is entitled to infringement
8 damages, inter alia, for the period between the date of issuance of
9 the original claims and the date of issuance of the reexamined
10 claims if the original and reexamined claims are 'identical.'" Laitram Corp. v. NEC Corp., 163 F.3d 1342, 1346 (Fed. Cir. 1998)
11 (citing 35 U.S.C. §§ 252, 307(b) (1994)). "Reexamined claims are
12 'identical' to their original counterparts if they are 'without
13 substantive change.'" Laitram, 163 F.3d at 1346.

14 "There is no absolute rule for determining whether an amended
15 claim is legally identical to an original claim." Bloom Eng'g Co.,
16 Inc. v. N. Am. Mfg. Co., Inc., 129 F.3d 1247, 1250 (Fed. Cir.
17 1997). Amendments that simply clarify a claim or make the claim
18 "more definite without affecting its scope" are generally viewed as
19 "identical" for the purposes of section 252. Id. (citation
20 omitted). However, "a claim amendment made during reexamination
21 following a prior art rejection is not per se a substantive
22 change." Laitram, 163 F.3d at 1347 (citation omitted).

23 "Determination of whether a claim change during reexamination is
24 substantive requires analysis of the scope of the original and
25 reexamined claims in light of the specification, with attention to
26 the references that occasioned the reexamination, as well as the
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1 prosecution history and any other relevant information." Bloom,
2 129 F.3d at 1250.

3 Whether amended claims are identical in scope to the original
4 claims is a question of law. Laitram, 163 F.3d at 1346-47. "This
5 rule flows from the general principle that 'the interpretation and
6 construction of patent claims, which define the scope of the
7 patentee's rights under the patent, is a matter of law, exclusively
8 for the court.'" Id. at 1347 (quoting Markman v. Westview
9 Instruments, Inc., 52 F.3d 967, 970-71 (Fed. Cir. 1995)).

10 A plain reading of amended claims 1 and 2 and new claim 9
11 shows that these claims are substantively different from original
12 claims 1 and 2. Amended claim 1 states that the steps of the
13 method it addresses are "performed with a server connected to a
14 client computer through a computer network." Pls.' Mot. for Summ.
15 J., Ex. 2, at 1:25-29. Original claim 1 did not contain this
16 limitation, which effectively excludes the local embodiment
17 described in the specification.² Further, original claim 1's
18 language did not delineate the roles of the server and the client
19 computer at step (h), which calls for "accepting a second selection
20 criteria comprising the alternative or alternatives of the first
21 selection criteria plus at least one alternative selected from the
22 revised feature screen." Id., Ex. 1, at 19:56-59. Amended claim 1
23 defines these roles. The amended claim indicates that, at step
24 (h), the client computer combines "the alternative or alternatives

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26 ² The local embodiment required only a single "computing
27 system." See Pls.' Mot. for Summ. J., Ex. 1, at 7:1-10; see also
28 Danish Decl. ¶ 8 (stating that claims 1 and 9 involve steps to be
performed "with a server").

1 of the first selection criteria plus at least one alternative
2 selected from the revised feature screen," which, together,
3 constitute the "second selection criteria." Id., Ex. 2, at 1:47-
4 52. This "second selection criteria," in turn, is accepted by the
5 server. See id. Because amended claim 2 is dependent on amended
6 claim 1, it is equally different from original claim 2. New claim
7 9 reiterates this division of tasks between the server and client
8 computer. Kelora does not cite any portion of the specification to
9 argue that PartsRiver's amendments did not substantially change the
10 scope of the original claims 1 and 2.³

11 The reexamination proceedings further support the conclusion
12 that PartsRiver's amendments narrowed original claim 1. The patent
13 examiner rejected PartsRiver's argument that original claim 1
14 reflected these limitations, stating that "there is nothing in
15 claim 1 about concatenation. The claim makes no reference to how
16 the data in a search instruction is actually formatted prior to
17 being sent to a controller to perform the selection." Id., Ex. 19,
18 at 7. PartsRiver responded to this contention with the amendments
19 already described.

20 Accordingly, the Court summarily adjudicates that Kelora may

21 _____
22 ³ Kelora insists that it has no burden of production, arguing
23 that Plaintiffs have the burden to show they are entitled to
24 intervening rights under paragraph 2 of 35 U.S.C. § 252. However,
25 on this motion, Plaintiffs are not seeking a declaration that they
26 have intervening rights. Instead, they contend that, under
27 paragraph 1 of section 252, Kelora is precluded from recovering
28 damages incurred before November 2, 2010 for infringement of claims
1, 2 and 9 of the amended '821 patent. See Kaufman Co., Inc. v.
Lantech, Inc., 807 F.2d 970, 976 (Fed. Cir. 1986) (stating that
limitation on patentee's rights contained in paragraph 1 of section
252 "is not . . . so-called 'intervening rights' set out in the
second paragraph of § 252").

1 not seek damages for infringement before November 2, 2010, the
2 issue date of the ex parte reexamination certificate.

3 III. Invalidity under 35 U.S.C. § 305

4 Under 35 U.S.C. § 305, during the reexamination process,
5 patent owners are permitted to add new claims in order to
6 distinguish the invention as claimed from prior art. However,
7 “[n]o proposed amended or new claim enlarging the scope of a claim
8 of the patent will be permitted in a reexamination proceeding under
9 this chapter.” 35 U.S.C. § 305. Whether the scope of a claim has
10 been impermissibly broadened on reexamination is a matter of claim
11 construction, Quantum Corp. v. Rodime, PLC, 65 F.3d 1577, 1580
12 (Fed. Cir. 1995), and thus a question of law for the Court. Under
13 section 305, “a claim of a reissue application is broader in scope
14 than the original claims if it contains within its scope any
15 conceivable apparatus or process which would not have infringed the
16 original patent.” In re Freeman, 30 F.3d 1459, 1464 (Fed. Cir.
17 1994). “A claim that is broader in any respect is considered to be
18 broader than the original claims even though it may be narrower in
19 other respects.” Id. To overcome the presumption that patents are
20 valid, clear and convincing evidence is required. Oakley, Inc. v.
21 Sunglass Hut Int’l, 316 F.3d 1331, 1339 (Fed. Cir. 2003).

22 Plaintiffs contend that step (h) of original claim 1 provided
23 that the user of the client computer performed the task of
24 “accepting a second selection criteria comprising the alternative
25 or alternatives of the first selection criteria plus at least one
26 alternative selected from the revised feature screen.” In
27 contrast, as explained above, step (h) of amended claim 1 provides
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1 that the server performs this task. Thus, Plaintiffs argue,
2 amended claim 1 is broader because original claim 1 could not be
3 infringed by a server.

4 The Court is not convinced that the language of the original
5 claims supports the limitation advocated by Plaintiffs. Plaintiffs
6 have not identified anything in the original claims indicating that
7 the user necessarily performed the "accepting" task as defined in
8 step (h).

9 Accordingly, the Court denies Plaintiffs' motion, to the
10 extent it seeks summary judgment of invalidity under 35 U.S.C.
11 § 305. This denial is without prejudice to renewal in connection
12 with their motion for claim construction and summary judgment.

13 CONCLUSION

14 For the foregoing reasons, the Court GRANTS Plaintiffs' motion
15 in part and DENIES it in part. (Case No. C 10-4947 CW, Docket No.
16 41; Case No. C 10-5106 CW, Docket No. 46; Case No. C 10-5108 CW,
17 Docket No. 43.) The Court summarily adjudicates that Kelora may
18 not seek damages for infringement before November 2, 2010.

19 Plaintiffs' motion is denied to the extent that it seeks summary
20 judgment of invalidity based on the Court's invalidity judgment in
21 PartsRiver. Plaintiffs' motion is denied without prejudice to the
22 extent that it seeks summary judgment of invalidity based on 35
23 U.S.C. § 305; they may renew this request in connection with their
24 motion for claim construction and summary judgment.

25 As discussed at the May 5, 2011 hearing, Case Nos. C 10-5106
26 CW and C 10-5108 CW shall be consolidated with Case No. C 10-4947
27 CW. The Clerk shall administratively close Case Nos. C 10-5106 CW

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1 and C 10-5108 CW. All future filings shall be made in Case No.
2 C 10-4947 CW.

3 The hearing on claim construction and the parties' dispositive
4 motions will be held on November 17, 2011 at 2:00 p.m.

5 IT IS SO ORDERED.

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Dated: 5/9/2011



CLAUDIA WILKEN
United States District Judge

United States District Court
For the Northern District of California