

No. 13-477

IN THE
Supreme Court of the United States

SOVERAIN SOFTWARE, LLC,
Petitioner,

v.

NEWEGG INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether the Federal Circuit properly directed the entry of judgment that the patents at issue were obvious, where there were no material disputes as to the relevant factual inquiries and each underlying factor supporting a judgment of obviousness was established consistent with this Court's decision in *KSR International Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007).

CORPORATE DISCLOSURE STATEMENT

Newegg Inc. is the parent corporation of Magnell Associate Inc. (doing business as Newegg.com). No publicly held company owns ten percent or more stock in Newegg Inc.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED.....	i
CORPORATE DISCLOSURE STATEMENT	ii
STATUTORY PROVISIONS INVOLVED	1
INTRODUCTION.....	2
STATEMENT OF THE CASE	4
I. Factual Background.....	4
II. Proceedings Below	9
REASONS FOR DENYING THE PETITION.....	11
I. Newegg Argued The Patents Were Obvious As A Matter of Law	12
II. The Panel Opinion Does Not Treat Obviousness As A Pure Question Of Law	14
III. The Federal Circuit Did Not Resolve Genuine Disputes Of Material Fact	15
A. No Genuine Disputes Of Material Fact Were Resolved In Concluding The “Shopping Cart” Claims Were Obvious.....	15
B. No Genuine Disputes Of Material Fact Were Resolved In Concluding The “Hypertext Statement” Claims Were Obvious.....	17

C.	No Genuine Disputes Of Material Fact Were Resolved In Concluding The “Session Identifier” Claims Were Obvious.....	19
IV.	The Panel Did Not Fill Gaps In The Evidentiary Record.....	20
V.	The Panel Did Not Improperly Use Hindsight	21
VI.	The Federal Circuit Opinion Does Not Erode The Clear And Convincing Evidence Burden For Establishing Invalidity	22
VII.	Petitioner’s And Amici’s Policy Arguments Are Meritless	23
	CONCLUSION	25

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966)	2, 14,15
<i>Johns Hopkins University v. CellPro, Inc.</i> , 152 F.3d 1342 (Fed. Cir. 1998)	10
<i>KSR International Co. v. Teleflex, Inc.</i> , 550 U.S. 398 (2007)	passim
<i>Microsoft Corp. v. i4i Limited Partnership</i> , 131 S. Ct. 2238 (2011)	22
<i>Muniauction, Inc. v. Thomson Corp.</i> , 532 F.3d 1318 (Fed. Cir. 2008)	3
<i>Perfect Web Technologies, Inc. v. InfoUSA, Inc.</i> , 587 F.3d 1324 (Fed Cir. 2009)	20
<i>Weisgram v. Marley Co.</i> , 528 U.S. 440 (2000)	2
 STATUTES	
35 U.S.C. 103(a) (2010)	1
Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011)	1

TABLE OF AUTHORITIES contd.

	Page(s)
OTHER AUTHORITIES	
Joe Mullin, <i>How Newegg Crushed the “Shopping Cart” Patent and Saved Online Retail</i> , ARS TECHNICA (Jan. 27, 2013), http://arstechnica.com/tech-policy/2013/01/how-newegg-crushed-the-shopping-cart-patent-and-saved-online-retail/	5

BRIEF IN OPPOSITION

Respondent Newegg Inc. (“Newegg”) respectfully submits this brief in opposition to the petition for a writ of certiorari in this case.

STATUTORY PROVISIONS INVOLVED

The Leahy-Smith America Invents Act (“AIA”) amended Section 103 of the United States Patent Act for patents filed on or after March 16, 2013. Pub. L. No. 112-29, 125 Stat. 284, 287-288 (2011). Because all the patents-in-suit were filed before March 16, 2013, only the version of Section 103 in force immediately prior to the passage of the AIA applies in this case. That version states in relevant part:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

35 U.S.C. 103(a) (2010).

INTRODUCTION

The essence of Soverain’s Petition for a Writ of Certiorari (“Petition”) is that the Federal Circuit too easily found the claimed inventions obvious in this case by: (1) failing to acknowledge the jury’s role in deciding genuine disputes of material fact and (2) ignoring the clear and convincing standard of proof to challenge a patent as obvious.

Soverain is wrong across the board. First, the Federal Circuit did not ignore the factual component of obviousness. On the contrary, it expressly highlighted that obviousness is not a pure question of law and acknowledged the role for the jury *if* material facts are genuinely disputed. The Court stated unequivocally that “[o]bviousness is a question of law based on *underlying facts*, as set forth in *Graham v. John Deere Co.*, 383 U.S. 1 (1966).”¹ Pet. App. 4a. The Court also correctly noted that judgment as a matter of law under Federal Rule of Civil Procedure 50 “allows the trial court to remove cases or issues from the jury’s consideration ‘when the *facts are sufficiently clear* that the law requires a particular result.” *Id.* at 5a (quoting *Weisgram v. Marley Co.*, 528 U.S. 440, 448 (2000)). Indeed, the Federal Circuit, relying on this Court’s decision in *KSR International Co. v. Teleflex, Inc.*, 550 U.S. 398, 427 (2007), explained that obviousness can be resolved as a matter of law when the factual issues “are not in material dispute.” *Id.* at 5a-6a.

Simply put, the Federal Circuit’s statement of the applicable legal rules is faithfully grounded in

¹ Emphasis supplied unless otherwise specified.

this Court's precedent – and not even criticized in the Petition. Petitioner's true gripe, amidst its attention-seeking rhetoric, is that, while setting forth the proper legal rules in general, the Court “downplay[ed] the factual component of obviousness.” Pet. 6. This case-particular argument does not warrant the attention of this Court and also fails on the merits. No material facts were resolved by the Federal Circuit as demonstrated below.

Soverain's fallback argument that the decision below “erodes the clear and convincing evidence standard” placed on a party challenging the validity of a patent is also inconsistent with the Federal Circuit's opinion. Pet. 5. The Federal Circuit never suggested it was attempting to defy this Court's recent authority that set the “clear and convincing evidence standard.” Indeed, the Federal Circuit acknowledged the clear and convincing standard repeatedly. *See, e.g.*, Pet. App. 6a (“*Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1327 (Fed. Cir. 2008) (reversing judgment of nonobviousness when defendant “*clearly and convincingly* established a prima facie case that [the] claims [were] obvious as a matter of law.”); *Id.* at 15a (“We conclude that the prior art CompuServe Mall system, *by clear and convincing evidence*, rendered obvious the “shopping cart” claims”).

Petitioner's argument that its patents describe non-obviousness advances by applying century-old shopping conventions to the internet is tone deaf. Petitioner's notorious “shopping cart” patent merely applies the common sense concept of a shopping cart to the internet from similar “shopping cart” concepts in the prior art CompuServe on-line shopping system. Petitioner's claim to a patent for the use of a

website link to a receipt or other “transaction statement” is equally dubious. The idea of including a link to a receipt on a shopping website is not an invention. Allocating an identifier to a shopping session so a customer can be recognized is also not innovation deserving of a patent. It was obvious at the time based on prior art and common sense. Patents such as these erode public confidence in the patent system.

Petitioner’s attempt to force much of the e-commerce world to pay it tribute for these patents is part of an abusive litigation strategy. Such strategies likewise undermine public confidence in the patent system.

The Petition should be denied.

STATEMENT OF THE CASE

I. Factual Background

Respondent Newegg is an online-only retailer. A1911-12.² Through its website, www.newegg.com, Newegg primarily sells consumer electronics and information technology products. A1911-12, A1996-97. Newegg does not make or sell any products that were accused of infringement, but was only alleged to infringe the patents asserted in the district court by using the patented systems and methods as a minute component of its overall online retail business. A1901, A1967.

² “A” designates the Federal Circuit appendix.

Petitioner Soverain is the current owner of the patents-in-suit. Open Market, Inc. (“Open Market”) employees originally developed the patented inventions in 1994. They also created a software product called Transact that embodied the patented technology. A1853-54. In 2001, Open Market, unable to succeed, sold its assets to Divine, Inc. (“Divine”), which, despite its efforts to license the patents-in-suit itself, went out of business and filed for bankruptcy. A1854-55, A13002. Petitioner’s limited liability corporation was then specifically created to acquire the Open Market assets from Divine in 2003, including all rights to the patents-in-suit and the Transact software product. A1822.

Petitioner generates tens of millions of dollars in income solely through patent litigation settlements and some *de minimis* residual maintenance and service fees from a few legacy Transact customers that Open Market originally licensed. A1828-30, A1848-50, A1911-12. Petitioner has not licensed a single new Transact customer. A1853.³

³ Petitioner’s litigation campaign, conducted despite it having no product sales, has not gone unnoticed by technology industry observers. *See, e.g.*, Joe Mullin, *How Newegg Crushed the “Shopping Cart” Patent and Saved Online Retail*, ARS TECHNICA (Jan. 27, 2013, 1:00 PM), <http://arstechnica.com/tech-policy/2013/01/how-newegg-crushed-the-shopping-cart-patent-and-saved-online-retail/> (detailing Petitioner’s crusade to use the three patents-in-suit to “extract a patent tax from the entire retail sector,” including retailers such as Home Depot, Macy’s, Nordstrom’s, Kohl’s, Best Buy, RadioShack, Drugstore.com, and Walgreen’s).

a. The Patents-In-Suit. Computer networks such as the Internet include two types of computers: servers and clients. A1553-54. Servers share their resources with a client and perform functions for a client only at a client's "request." A1579, A1609. A server's resources include stored information available for download and the ability to perform calculations or access data. A2267-68.

Petitioner asserted claims of direct and induced infringement of U.S. Patent Nos. 5,715,314 ("the '314 patent") and 5,909,492 ("the '492 patent"), and of direct infringement only of U.S. Patent No. 7,272,639 ("the '639 patent") against Newegg.

The '314 and '492 patents are generally directed to a network-based sales system, in which a client computer may communicate with a server to facilitate online shopping transactions. A66-163. The '639 patent is generally directed to a session identification method to manage and track client/server communications.

Petitioner asserted three distinct categories of claims against Newegg:

- 1) "shopping cart" claims—system claims 34 and 51 of '314 patent and system claim 17 of the '492 patent;
- 2) "hypertext statement" claims—system claims 41 and 61 of the '492 patent; and
- 3) "session identification" claims—method claims 60 and 79 of the '639 patent.

Each category is addressed separately below.

1. The "Shopping Cart" Claims. The "shopping cart" claims reflect the simple implementation of the real-world concept of a shopping cart to an online

store. The shopping cart claims state that customers individually select items for placement into an electronically stored “shopping cart,” which already resides in a database in the shopping cart computer (*i.e.*, the server). As the customer selects each individual item, the database in the server is modified to reflect each product added to the shopping cart. A1687-88, A2127-28, A2131-32.

2. The '492 Patent's “Hypertext Statement” Claims. The “hypertext statement” claims are directed to a network-based sales system that allows a customer to access online statement documents regarding the details of a customer's past purchase(s). A147, A160-61. The statement is essentially an electronic invoice or receipt. Claim 15, from which asserted claims 41 and 61 both depend, requires that the customer activate a link corresponding to transaction record details, which enables the server to transmit a transaction detail document for display on the customer's computer. Asserted dependent claims 41 and 61 add additional limitations to claim 15 that are not at issue. A160-61.

3. The '639 Patent's “Session ID” Claims. Claim 79 of the '639 patent is directed to methods for processing requests from a client to a server. A164-83. It is analogous to assigning unique numbers or identifiers to customers in real-world stores. In a client-server computer network, every interaction between the client and the server is a distinct request or communication. A1629-30. When these individual communications constitute a series of related transactions (all by the same user), they are considered a single “session.” A1629-30. To organize and store together the information and communications that are part of the same session, a “session identifier” or

“session ID” (usually numbers and letters) unique to the user may be appended to each message or request from the client. A1629-30.

b. Newegg’s Accused Systems. The interactions between Newegg’s computers and its customers’ computers are typical of arms-length online shopping transactions. As an online retailer offering content and functionality to its customers via its website, Newegg’s accused systems operate on the server side, not the client side, of the online shopping network.

c. The Invalidating Prior Art. The claimed inventions are straightforward implementations of basic, real-world shopping mechanisms including a shopping cart, a receipt, and shopping visit identifier. All of the tools necessary to implement these concepts existed in the pre-World Wide Web online prior art, and were readily adapted to Web protocols as soon as the Internet permitted online shopping to become viable on the Web. A2121-30, A2141-53.

1. The ’314 And ’492 Patents And The CompuServe Mall. Alexander Trevor, CompuServe’s former Chief Technology Officer, testified at trial in detail about the CompuServe Mall (“Mall”). The Mall was a pre-World Wide Web (“Web”) retail e-commerce system. A2141-53. He explained, with reference to specific teachings in prior art user manuals for the Mall, how the Mall allowed customers to connect to the CompuServe servers (shopping cart computers), browse merchants’ online stores, select several products prior to check-out, add the products one-at-a-time to a personal holding file (shopping cart), arrange for payment, and approve the final order. A2141-53.

2. The '639 Patent And The IBM Patent To Johnson. U.S. Patent No. 5,560,008 to Johnson (and assigned to IBM) is directed to a system and method for authentication over a network by a server using a "credentials identifier," which the client stored and returned to the server with each subsequent request. A2336-38. A2339-40.

II. Proceedings Below

Petitioner initiated this litigation by filing suit against Newegg in the Eastern District of Texas on November 2, 2007, with no pre-litigation notice or attempt to license Petitioner's patents. The issues of direct infringement of the '314, '492, and '639 patents, and induced infringement of the '314 and '492 patents were tried to the jury.

In summary fashion, the trial court refused to allow the jury to even consider obviousness, concluding that defense failed as a matter of law. Pet. App. 29a [Appendix C] ("I don't think there's sufficient testimony to present an obviousness case to the jury. I think it would be very confusing to them.").

In a contradictory ruling, the trial court simultaneously ruled that there was sufficient evidence to prove anticipation (lack of novelty) because there was sufficient evidence to prove the prior art contained the entire invention in one system. It thus denied the motion to eliminate the anticipation defense from the trial as a matter of law. Because an-

ticipation is the epitome of obviousness,⁴ these two rulings are inconsistent.

Without being able to consider the obviousness of these patents, the jury awarded Petitioner \$2.5 million in damages based on findings that Newegg actively induced infringement of claims of both the '314 and '492 patents. A35-37.

Newegg and Petitioner filed post-trial motions for judgment as a matter of law and alternatively for new trial on infringement. A231-32. Newegg also moved to vacate and remit the damages award. Petitioner moved for a permanent injunction or alternatively for ongoing royalties. The district court denied all of Newegg's motions. A1-34. The court overturned the jury's finding of no infringement of the '639 patent, entered judgment of infringement of the asserted claims of the '639 patent, and conditionally granted a new trial on damages for infringement of that patent after all appeals were concluded based on its finding that the third patent was infringed as well. A14-17. The court denied Petitioner's injunction request and entered judgment for the \$2.5 million found by the jury plus damages for the period from the verdict to the judgment date and ongoing royalties for the remaining life of the '314 and '492 patents in the amount of \$0.15 per sales transaction. A2, A27-33.

Newegg appealed the judgment of the district court to the Federal Circuit. The Federal Circuit ap-

⁴ See, e.g., *Johns Hopkins Univ. v. CellPro, Inc.*, 152 F.3d 1342, 1357 n.21 (Fed. Cir. 1998) (a "disclosure that anticipates under § 102 also renders the claim invalid under § 103 for 'anticipation is the epitome of obviousness.'" (citation omitted)).

plied *KSR* straightforwardly, to facts that were beyond dispute, and concluded that Petitioner's patents were invalid as obvious. Petitioner filed a petition for rehearing *en banc* with the Federal Circuit. That petition was denied.

REASONS FOR DENYING THE PETITION

Soverain's Petition should be denied. The Federal Circuit ruling was an unexceptional application of this Court's recent *KSR* decision. Just as this Court held a patent obvious on appeal despite claims of factual dispute, the Federal Circuit here correctly concluded these patents were obvious based on a solid foundation of undeniable facts. The Federal Circuit has consistently respected *KSR*'s reminder that, ultimately, obviousness is a legal decision for judges that should be reached if the necessary underlying facts are beyond legitimate debate. The Panel below applied *KSR* faithfully.

The Petition fails to identify any *statement of law* by the Federal Circuit putatively in conflict with precedent. The theory of the Petition focuses not on any erroneous statement of legal rules but rather on what the Federal Circuit purportedly "did" – supposedly ignoring evidence and resolving fact questions. This fact-bound grievance is unworthy of review by this Court and unsupported by the record. By performing its *KSR* duty, the Federal Circuit did not need to, and did not, resolve any debatable fact questions.

The Federal Circuit's obviousness conclusion followed logically from the over-breadth of the claims. As the Petition itself tacitly acknowledges, the pa-

tents here supposedly cover the application of century-old shopping traditions to the Internet, such as the simple concept of a shopping cart (a computer file) to collect selected products for checkout. Indeed, according to the Petition itself, one patent covers the use of a hypertext link on an Internet page to “allow customers to retrieve online records of past transactions.” Pet. 6. Petitioner’s unabashed pursuit of astonishingly broad and obvious claims is ultimately self-defeating because, while it eases the ability to assert infringement, it rendered the claims invalid

In the final analysis, the Petition starts from the false premise that the Federal Circuit resolved *bona fide* fact disputes to reach its legal conclusion of obviousness. As confirmed below, it did not. But before addressing that issue, Newegg addresses Petitioner’s assertion that Newegg never argued the patents were obvious as a matter of law.

I. Newegg Argued The Patents Were Obvious As A Matter of Law

Petitioner contends that Newegg never argued to the Federal Circuit that the claims were obvious as a matter of law. *Id.* That is not so. Newegg requested a “take-nothing judgment” and beyond that, “at a *minimum*, the Court should remand for a new trial on infringement, obviousness, and damages.” Resp. C.A. Br. 60. Newegg also requested “any and other further relief to which it may be justly entitled.” *Id.*

Even more precisely to the point, when analyzing Petitioner’s non-obviousness arguments, Newegg stressed that the patents-in-suit were obvious as a matter of law free from factual conflict:

Soverain fails to identify how its patents were anything more than the routine application of century old shopping traditions to the Internet.

Conspicuously **missing from Soverain's brief is any argument, much less evidence, to rebut the ample proof** that the implementation of a shopping cart, customer number, receipt or the like on the Internet was not itself an inventive challenge.

Soverain's attempt to rely upon secondary considerations fails because, even if it had such evidence, that **could not overcome Newegg's obviousness defense as a matter of law.**

Resp. C.A. Reply Br. 1-6. In short, Newegg explained on appeal that its obviousness defense was proven as a "matter of law" and without "argument, much less evidence, to rebut" it.⁵ *Id.*

⁵ At oral argument Newegg emphasized that the district court's JMOL eliminating its obviousness defense was improper given the substantial obviousness evidence in conflict with that conclusion, and that a remand was required at a minimum. But counsel also explained that this position was taken even "leaving aside their [the claimed technology's] manifest obviousness." Aug. 4, 2011 Oral Arg. Recording at 33:48.

II. The Panel Opinion Does Not Treat Obviousness As A Pure Question Of Law

Petitioner alleges that the Federal Circuit treated the issue of obviousness as effectively “one of pure law subject to plenary review.” Pet. 28. Petitioner alleges that by doing so the Federal Circuit improperly found facts in conflict with *Graham* and *KSR*. Pet. 24-25.

Petitioner’s argument is disproven by the opinion itself, which accurately sets forth the applicable legal rules from *Graham* and *KSR*. The Federal Circuit specifically explains that, pursuant to *Graham*, “obviousness is a question of law based on underlying facts.” Pet. App. 4a. The Federal Circuit also notes the complementary principle from *KSR* that, where the *Graham* factors are “not in material dispute,” the court may resolve obviousness as a matter of law. *Id.* at 5a-6a.

The Petition does not identify any supposed misstatement of law in the Federal Circuit opinion. The Federal Circuit opinion never states that obviousness is a pure question of law, nor does it state that the appeals court resolved disputed fact questions. Stated plainly, there is nothing in the Federal Circuit opinion that supports the fears expressed in the Petition.

Because the Petition fails to identify any problematic statements of law in the Federal Circuit opinion, its complaint boils down to its prime allegation that the Federal Circuit had to resolve disputed questions of fact to reach its legal conclusion of obviousness. As established below, a systematic analysis of the record disproves this argument conclusively. In short, the Federal Circuit’s opinion is comfortably

in line with this Court's decisions in *Graham* and *KSR*.

III. The Federal Circuit Did Not Resolve Genuine Disputes Of Material Fact

A. No Genuine Disputes Of Material Fact Were Resolved In Concluding The "Shopping Cart" Claims Were Obvious

Petitioner superficially argues that the Federal Circuit resolved material facts in deciding that the prior art rendered obvious the use of a "product identifier" in the shopping cart claims. In its 31-page petition it allocates a total of three sentences to this argument. Pet. 19.

Petitioner's position is empty. Using a unique identifier to identify products in an ecommerce system would have been obvious as a matter of common sense. Indeed, "main street" stores have long used unique product identifiers. Without a product identifier, there would be no way to sell a product on a computer network such as the Internet. *See* A2375 ("Simply knowing that you can do something like store information about purchases means that a competent programmer can figure out how to do it."). The Federal Circuit explained that, based on the agreed-upon skill level in the art, it would have been obvious to apply the product identifier of the CompuServe closed network to an open network such as the Internet. Pet. App. 12a. That is a conclusion of law based on undisputed facts regarding the undisputed workings of the CompuServe system.

Against this record, Petitioner’s primary argument is that the Federal Circuit acknowledged that the parties’ experts “stated divergent views,” implying that this means there must have been disputed facts. Pet. 19. This argument ignores this Court’s decision in *KSR* and the fundamental concept of judgment as a matter of law. *KSR* holds that divergent expert views do *not* preclude a conclusion of obviousness as a matter of law. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 425-428 (2007). Rather, the court must determine ultimately whether the level of innovation exceeds the legal standard for obviousness. *Id.*

In its lone attempt to put meat on the bones by identifying evidence, Petitioner argues that the Federal Circuit found facts impermissibly by disregarding testimony that there is a difference between CompuServe’s “order command” and the claimed “product identifier.” Pet. 19. But the Federal Circuit did not ignore that alleged distinction. Rather it found that supposed distinction to be premised on a misunderstanding of what was required by the claimed “product identifier.” Pet. App. 11a (“The distinction proposed by Dr. Shamos and advanced by Soverain is not embodied in the claims and not reflected in the claim construction.”). Petitioner’s criticism thus boils down to an attack on the Federal Circuit for its construction of the term “product identifier.” That is wrong on the merits, and also irrelevant because the petition is premised on supposed fact finding by the Federal Circuit, not improper claim construction methodology.

In any event, the Panel also concluded that using a “product identifier” for an ecommerce system on the internet was obvious even accepting the charac-

terization by Soverain’s expert, Dr. Michael Shamos, of the prior art. *See* Pet. App. 12a (“a person of ordinary skill could have adapted the CompuServe order command to known browser capabilities when these capabilities became commonplace, and [] it was obvious to do so.”) (footnote omitted). The record amply shows that the relevant internet technologies were common knowledge in the prior art. A2122-23 (the Mosaic Web browser predated the 1994 patent applications); *id.* (none of “html, http, URLs or hypertext links were invented by Open Market” because they predated it); A2330-31 (Tim Berners-Lee invented the URLs that make up the World Wide Web in 1989 and 1990 at CERN). In reaching this conclusion, the Federal Circuit explained that the parties agreed that a person skilled in the art in 1994 would have “two to three years of practical experience developing or operating software and systems that relate to commerce on the Internet.” Pet. App. 12a n.2. *KSR* authorizes exactly this kind of judgment by courts.

B. No Genuine Disputes Of Material Fact Were Resolved In Concluding The “Hypertext Statement” Claims Were Obvious

Petitioner argues that the Federal Circuit improperly resolved material facts when it decided that the prior art rendered obvious the use of a hypertext link to a transaction detail page such as a sales receipt. The Petition allocates a total of two sentences to this position. Pet. 19. A review of the Federal Circuit opinion establishes that no disputed facts were resolved.

As the Federal Circuit recognized, making a receipt with transaction details available through a webpage link was not inventive because even Petitioner's expert admitted that the use of hypertext and URLs was not innovative when the patent application was submitted. Pet. App. 18a, 20a; *see also* A2122-23; A2330-31. Providing a customer with information about its purchase also was not innovative because humans have been doing that for centuries and that simple feature was included in the CompuServe system. Moreover, it was undisputed that anyone "who could get access to the text in a transaction record would understand how to use html to present that information at a variety of levels of details." A2335. Likewise, it was undisputed that hypertext and URLs were basic functionalities of the World Wide Web, and "[a]nyone who wanted to move shopping on the web would know they had to use URLs to tie things together to deliver information." Pet. App. 18a. This record makes the Panel's unanimous legal conclusion of obviousness straightforward: The use of a hypertext link to a transaction detail document such as a receipt was a "routine incorporation of Internet technology into existing processes." Pet. App. 20a.

To try to identify overlooked facts, Petitioner cites only its own expert's conclusory testimony that the claimed hypertext statement is "not close" to the CompuServe system for providing transaction details by reference to a confirmation number. Pet. 19. But this testimony does not create a factual dispute regarding how CompuServe worked. Moreover, Petitioner does not grapple with the appeals court's common sense and fully supported conclusion that a hypertext link to a receipt was obvious given the known internet technologies. Pet. App. 20a. In *KSR*,

as here, the patentee argued that its expert’s conclusion regarding the inventiveness of a claimed feature prevented the invalidation of the patent as a matter of law. 550 U.S. at 425-428. This Court explained that this argument misunderstands the role of experts because the “ultimate judgment of obviousness is a legal determination.” *Id.* The Federal Circuit did not resolve facts in finding the hypertext statement claims obvious.

C. No Genuine Disputes Of Material Fact Were Resolved In Concluding The “Session Identifier” Claims Were Obvious

Petitioner argues that the Federal Circuit improperly resolved facts to conclude that the prior art rendered obvious a “session identifier.” Pet. 20. A review of the Federal Circuit’s opinion establishes that no disputed facts were resolved.

In attempting to identify facts improperly decided by the appeals court, Petitioner cites its expert’s unexplained two-line conclusion that Open Market invented the session identifier. Pet. 20 (citing A2580-81). This bare assertion is so shallow it carries no probative value at all. Moreover, Petitioner did not even cite this testimony during the original appellate proceedings, so accusing the Federal Circuit of overlooking it is altogether misguided.

Beyond that, Petitioner cites only secondary considerations testimony from its expert regarding a supposed long-felt need. Pet. 20 (citing A2580-81). Specifically, Petitioner’s expert testified that “many people tried” to solve the problem of “add[ing] state”

to HTTP, but only the patentee did. A2580-81. This unsupported assertion deserves zero weight. Petitioner's expert did not identify who unsuccessfully tried what, when, why, or how. A cursory one-line reference to unspecified attempts by "many people" to address an unclaimed problem cannot overcome the obviousness of assigning a session identifier to a shopping session. This testimony not only lacks the required nexus, it lacks probative value altogether. *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1332 (Fed Cir. 2009) (vague secondary considerations reference to prior art problems creates no fact issue because patentee failed to "explain how long this need was felt or when the problem first arose" and "cited no supporting data").

The Federal Circuit did not resolve any fact disputes in reaching the legal conclusion of obviousness for the session identifier claims.

IV. The Panel Did Not Fill Gaps In The Evidentiary Record

Petitioner does not identify any supposed evidentiary gap in the Federal Circuit's obviousness conclusion for the hypertext statement claims. It includes one each for the shopping cart claims and the session identifier claims. Neither argument withstands scrutiny.

Petitioner faults the Federal Circuit's conclusion that the CompuServe personal holding files easily fall within the definition of "database" in the claim phrase "shopping cart database" for being unsupported by the record. Pet. 21. Yet the Federal Circuit recited the unrefuted testimony of two Newegg

witnesses that a personal holding file constituted a “database.” Pet. App. 13a. Petitioner’s expert did not contradict these statements, instead merely offering an explanation of how the CompuServe Mall system could have operated using a fulfillment house in place of a database. *Id.* at 14a. As the Federal Circuit noted, the proposed system of the Petitioner’s expert was not how the CompuServe Mall operated. *Id.* Contrary to Petitioner’s argument, the Federal Circuit filled no evidentiary gaps, and its conclusion was fully supported by the record.

Petitioner next vaguely criticizes the Federal Circuit for undertaking a “factual analysis” of the prior art by citing three pages of the panel opinion without explanation. Pet. 21. This undeveloped, skeletal argument does not identify any gap in the record that was improperly filled by the court below. Thus, this argument also fails.

V. The Panel Did Not Improperly Use Hindsight

Petitioner argues that the Federal Circuit should reconsider the panel opinion because it violated basic tenets of patent law. Specifically, Petitioner accuses the Federal Circuit of failing to use the perspective of one skilled in the art and by evaluating the prior art from a 2013 hindsight viewpoint. Pet. 26.

This argument is dubious from the start because there is nothing in the opinion questioning the undisputed legal principles that apply. Indeed, the Federal Circuit properly considered the perspective of one skilled in the art and cited undisputed testimony from such witnesses. It specifically relied on

the parties' agreed definition of the level of skill in the art as the lens through which it viewed the issues. Pet. App. 12a n.2 This allegation of error fails.

The Federal Circuit also understood that the prior art had to be viewed in light of the state of the art in 1994, not 2013. The Federal Circuit relied on prior art and testimony concerning the state of the art in 1994 and earlier – there is no reference to a different timeframe. Each of the appeals court's statements of what would have been within the level of skill in the art is fully supported by the unchallenged evidence it identifies, as demonstrated above.

VI. The Federal Circuit Opinion Does Not Erode The Clear And Convincing Evidence Burden For Establishing Invalidity

Petitioner asserts that the Federal Circuit opinion “erodes” the clear and convincing burden for proving invalidity, relying on *Microsoft Corp. v. i4i Limited Partnership*, 131 S. Ct. 2238 (2011). Pet. 28. Erosion of the burden, according to Petitioner, arises from the resolution of obviousness by the Federal Circuit, instead of being proven “to a *jury* by clear and convincing evidence.”

Petitioner's argument erroneously conflates the burden of proof for obvious with the legal nature of the inquiry. In this case, the Federal Circuit remained mindful of the clear and convincing burden, referencing it when concluding the patent claims were obvious. Pet. App. 15a, 20a. The Federal Circuit's ready willingness to apply the heightened standard shows that the opinion below does not erode the burden for establishing invalidity.

VII. Petitioner's And Amici's Policy Arguments Are Meritless

Petitioner contends that the Federal Circuit decision below will increase “uncertainty” and lead to more patents being found obvious. Pet. 24, 28. It argues based on these assertions that the decision below will have negative ramifications for the patent system.

As initial matter, these policy arguments are premised on the fallacy that the Federal Circuit has ignored the factual component of the obviousness inquiry. Because they start from a false premise, they fail from the start.

In addition, even assuming that judges are more involved with obviousness decision-making after this Court's *KSR* decision, Petitioner's position that judicial involvement adds unpredictability relative to jury deliberations is groundless. Pet. 27-28. There is no reason to believe judicial involvement in the obviousness area will somehow be less predictable than jury decision. Likewise, Petitioner's argument that judges are more likely to inappropriately invalidate inventions for obviousness than juries defies logic. Pet. 28.

The arguments of amici are also without merit. Amici argue that the Federal Circuit's decision must be reviewed because it disregarded the Seventh Amendment. Br. of Law Professors as Amici Curiae in Supp. of Pet. 1. This argument fails because it overlooks this Court's decision in *KSR*, which clearly encourages obviousness determinations by the court,

instead of the jury, when the factual inquires “are not in material dispute.” 550 U.S. at 427.

One amicus points to the Bayh-Dole Act to illustrate how the “reliability of patent protection” contributes to economic growth. Br. of Amicus Curiae MDB Capital Grp. in Supp. of Pet. 15. But this amicus fails to explain why judges would decrease predictability as compared to juries.

The policy points raised by Petitioner and amici do not support grant of the petition.

CONCLUSION

The petition for writ of certiorari to the United States Court of Appeals for the Federal Circuit should be denied.

Respectfully submitted.

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