

No. 18-

IN THE
Supreme Court of the United States

REAL ESTATE ALLIANCE LTD.,

Petitioner,

v.

MOVE, INC., *et al.*,

Respondents.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

In *Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*, 134 S. Ct. 2347 (2014), this Court reaffirmed its two-part test for determining whether an invention is patent-eligible under 35 U.S.C. § 101: (1) whether the patent claims are directed to a patent ineligible concept, such as laws of nature, natural phenomena, or abstract ideas, and (2), if so, whether the elements of the claim contain an “inventive concept” that transforms the ineligible concept into an invention that is patent-eligible; that is, whether the claims present “something more” than that which was, at the time of the invention, well-understood, routine and conventional.

The proper role of fact-finding with respect to the second part of the *Alice* test is the subject of a split among the judges of the Federal Circuit, and having a clear standard is of vital importance to all lower courts hearing patent cases, as well as to patent examiners of the United States Patent and Trademark Office, and all applicants for letters patent.

The question presented is:

Is whether an ordered combination of elements in a patent claim is “well-understood, routine and conventional” to a skilled artisan in the relevant field under *Alice* step two a question of fact?

PARTIES TO THE PROCEEDING

The Petitioner herein is Real Estate Alliance Ltd.

The Respondents herein are Move, Inc., National Association of Realtors, National Association of Home Builders, RE/MAX International, Inc., Advanced Access, Norcal Gold, Inc., DBA RE/MAX Gold, Inc., Brad Korb, ENeighborhoods, LLC, Christy Morrison, Orange County Multiple Listing Service, Inc., DBA Southern California MLS, Metropolitan Multi-List, Inc., DBA Georgia Mls, Inc., Metrolist Services, Inc., Delaware Valley Real Estate Information Network, Inc., DBA Trend, Rapattoni Corporation, Birdview.com, Inc., DBA Birdview Technologies, Delta Media Group, Inc., Pulte Homes, Inc., The Ryland Group, Inc., Shea Homes, Taylor Morrison, Inc., FKA Taylor Woodrow, Inc., Keller Williams Realty, Inc., Frank Howard Allen Realtors, Alain Pinel Realtors, Inc., Paymon Ghafouri, National Association of New Home Builders, Avalonbay Communities, Inc., Essex Property Trust Inc., BRE Properties, Inc., Riverstone Residential Group, LLC, First American Corporation, Fidelity National Real Estate Solutions, LLC, IHomefinder, Inc., CIS Data Systems, Inc., Diverse Solutions, LLC and Wanisoft Corporation.

RULE 29.6 STATEMENT

Real Estate Alliance, Ltd. is a private company. It has no parent corporation and no publicly held corporation owns 10% or more of its stock.

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This petition asks the Court to resolve an acknowledged intra-circuit split on an important issue of patent law: What is the proper role of fact-finding in the determination of whether a claimed invention is well-understood, routine and conventional? Several of the judges of the Federal Circuit hold that this is a pure question of law, while others hold that it is a question of law that requires findings of fact. Judge Lourie has written that this question, “requires higher intervention...” *Real Estate Alliance Ltd.* (“REAL”) petitions for a writ of certiorari to the United States Court of Appeals for the Federal Circuit. This Court should grant REAL’s certiorari petition to create uniformity among panels of the Federal Circuit and to provide much-needed guidance to the District Courts and to the United States Patent and Trademark Office regarding the role fact-finding in eligibility analysis under 35 U.S.C. § 101.

OPINIONS BELOW

The Federal Circuit’s decision in *Move, Inc., et al. v. Real Estate Alliance, Ltd.* is reported at __ Fed. Appx. __; 2018 WL 656377 (Fed Cir. 2018) Federal Circuit Appeal No. 2017-1463, dated February 1, 2018, reh’g. den., March 30, 2018 and reproduced at Pet.App. 9-28. The District Court’s opinion granting summary judgment for respondent is reported at *Move, Inc. v. Real Estate Alliance Ltd.*, 221 F. Supp. 3d 1149 (C.D. Cal. 2016) and reproduced at Pet. App. 42-89.

JURISDICTION

The Federal Circuit entered judgment on February 1, 2018. Pet.App. 29-30. On March 30, 2018, the Federal

Circuit denied REAL's petition for panel rehearing and rehearing *en banc*. *Id.* at 6-8. On June 25, 2018, the Chief Justice granted REAL an extension of time to file this petition until August 27, 2018. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

35 U.S.C. § 101 provides, "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."

INTRODUCTION

THE INVENTION

Shortly after Inventor Mark Tornetta's 1982 graduation from the University of Pennsylvania with a Bachelor of Science degree in System Science and Engineering, he purchased a very early IBM Personal Computer equipped with two floppy disk drives, a green phosphor monitor, and a 1200 baud telephone modem. Because of his family associations, he was familiar with real estate industry practices in the use of "multiple listing services" which were computerized databases of real estate available for lease or sale that were used to print weekly hard copy listing books that were delivered to brokers and agents, and in some cases, could be used remotely over telephone lines with portable text-based (non-graphical) computer terminal devices. In 1982, the multiple listing system existed as a database on a mainframe computer, and real estate professionals were able to search the database by an index number ("MLS Number") or by property

characteristics such as ZIP code, township, number of bedrooms, bathrooms, or type of property. The results were printed out in text form as a list. The systems did not contain geographic location information for properties including “geocoding” or neighborhood information (such as the locations of schools, shopping centers, roadways, or public transportation). Each county’s properties were stored in a separate system. As a result, finding properties in adjacent counties required a user to access multiple systems and to perform separate searches.

Inventor Tornetta recognized that the information in the multiple listing systems could be combined with the power of his personal computer to create a new and useful way to locate available properties in the databases, by using maps to show areas of interest to potential buyers, rather than arcane codes representing townships and neighborhoods. In 1983, he set out to develop a computer system that would permit a map to be used to locate available properties. By 1985, he was drawing his own computerized maps, and plotting his own location information on those maps.

THE PATENTS IN SUIT

On March 19, 1986, Inventor Tornetta filed his first patent application. He continued to develop his invention, and on April 24, 1989, he filed a “continuation-in-part” patent application based on his earlier application, which had been approved for issue by the United States Patent and Trademark Office as United States Patent 4,870,576. Pet.Supp.App. 1-22. In this second application, he added textual description of the use of a mouse or similar device for performing certain operations, and further qualified the meaning of “available real estate” to further claim

the types of properties that could be located. He also specifically disclosed that properties appeared on his maps as dots on the computer screen. On July 16, 1991, the Patent Office issued United States Patent 5,032,989. Pet.Supp.App. 23-44.

The patents-in-suit relate to methods for geographic, interactive graphical user interfaces used for locating available real estate properties stored in a computer database, employing zoomable maps.

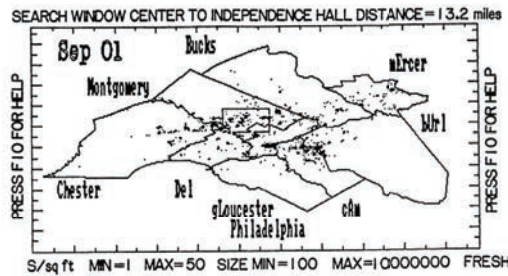


FIG. 3A

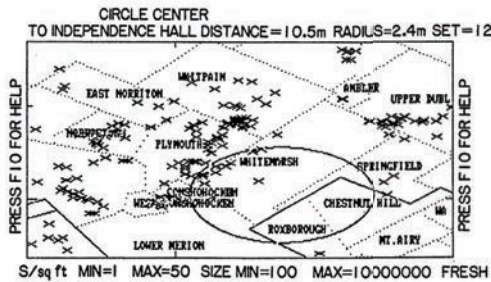


FIG. 3B

These figures from the '989 patent illustrate the user interface invention. *U.S. Patent 5,032,989, p. 3.*

The invention pre-dates the commercial Internet, and it was a precursor to every one of today's ubiquitous mapping applications, which have come to be an essential part of the lives of all smartphone users.

The patents-in-suit claim important and pioneering improvements to computer functionality that are patent eligible because they derive their meaning as user interface improvements in computing in the mid-1980s, resist transfer to other technical contexts, and cannot be implemented within the human mind (because human minds lack essential components, such as the computer display screen that the Federal Circuit *required* when it construed the claims of the '989 Patent.) *See McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016). Properly viewed from the context of computing in the mid-1980s, (1) there were no digital mapping services or pre-existing mapping datasets that could be zoomed to display a higher level of detail. (2) There were no databases of available properties containing the mathematical representation of the geographic locations. (3) There was no geographic graphical user interface to enable a user to interact with such databases. (4) There was only primitive software that could manipulate graphical and geographic information. In short, one of ordinary skill in the art would (and the United States Patent and Trademark Office did) conclude that the invention went far beyond that which was, at the time, well-understood, routine and conventional. For these reasons, the United States Patent and Trademark Office issued the patents.

According to the '989 patent, the user interface begins by identifying a geographic region of interest and then selecting an inner area within this geographic region by “designat[ing] boundaries on a map displayed on [the] screen.” '989 patent, Abstract. The selected area is then “zoomed in on and a second area is selected within the zoomed region.” *Id.* The zoom feature permits users to “change the world coordinate display” such that the “display now appears to have zoomed down closer to earth.” *Id.* at col. 2 ll. 1–4, col. 9 ll. 52–57. The resulting map is, “displayed with greater detail,” i.e., not just as a magnified view of the original map, but containing details not present on the original map at all. *Id.* at col.2 ll.4–10. The selected area “is then cross-referenced with the database of available properties whose approximate locations are then pictorially displayed on screen.” *Id.*, Abstract.

The patent claims a user interface invention that depicts the geographic location of available properties on a zoomable map displayed on a screen. Claim 1 of the '989 patent recites this pioneering improvement in computer database user interfaces:

1. A method using a computer for locating available real estate properties comprising the steps of:
 - a) creating a database of the available real estate properties;
 - b) displaying a map of a desired geographic area;
 - c) selecting a first area having boundaries within the geographic area;

- d) zooming in on the first area of the displayed map to about the boundaries of the first area to display a higher level of detail than the displayed map;
- e) displaying the zoomed first area;
- f) selecting a second area having boundaries within the zoomed first area;
- g) displaying the second area and a plurality of points within the second area, each point representing the appropriate geographic location of an available real estate property; and
- h) identifying available real estate properties within the database which are located within the second area.

Id. at col. 15 l. 33 – col. 16 l. 3.

PROCEDURAL HISTORY

This action commenced in 2007 when Move, Inc. (“Move”) filed suit against Real Estate Alliance Ltd. (“REAL”) in the U.S. District Court for the Central District of California seeking a declaratory judgment under 28 U.S.C. § 1331, 1338, and 2201, that United States Patents 5,032,989 and 4,870,576 (the “989 and ’576 patents”) were invalid and not infringed by Move’s websites, including realtor.com and others.

REAL then sued the National Association of Realtors (“NAR”), the National Association of Home Builders (“NAHB”), and a number of real estate brokers, agents,

multiple listing services, home builders, and rental property owners and managers under 28 U.S.C. § 1331, 1338 for infringing the '989 and '576 patents. REAL's complaint asserted infringement not only by use of the Move websites, and but also separately by each defendant's individual website.

The District Court consolidated the two cases and entered a case management order dividing the litigation into two phases. Phase 1 would resolve REAL's infringement claims against Move, NAR, and NAHB regarding Move's websites, as well as issues relating to the validity or enforceability of the '989 and '576 patents. Phase 2 would address REAL's infringement claims against the remaining defendants ("the Secondary Defendants") based on their individual websites, i.e., non-Move websites, as well as liability issues if the Move websites were found to infringe in Phase 1. All of REAL's claims against the Secondary Defendants were stayed during Phase 1. No answers or motions were filed, and the Secondary Defendants agreed to be bound by any validity, enforceability, or claim construction determinations made in Phase 1, as well as any finding that a Move website infringed the '989 or '576 patents.

In Phase 1 of the litigation the District Court issued a claim construction order addressing claim construction disputes in both patents. Based on the District Court's constructions, REAL stipulated to noninfringement of both patents by the Primary Defendants, and appealed to the Court of Appeals for the Federal Circuit ("Federal Circuit"). In its appeal, REAL chose to continue to assert only the '989 patent against the Primary Defendants.

The Federal Circuit determined that the District Court had erred in construing the claims of the '989 patent and it thus vacated and remanded. *See Move, Inc. v. Real Estate Alliance Ltd.*, 413 F. App'x 280, 282 (Fed. Cir. 2011). On remand, Move sought summary judgment of noninfringement of the '989 patent. The District Court granted Move's motion in a 2012 opinion because it concluded that Move was not liable for direct or joint infringement of the '989 patent. REAL again appealed, and the case was remanded to the District Court in view of ongoing changes in the law of divided infringement resulting from the decision in *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020 (Fed. Cir. 2015) (*en banc*).

On remand, Move sought summary judgment that REAL had waived its divided infringement claims against Move and public users of its websites. The District Court granted Move's motion, ruling that REAL had waived its claims by implication. *See Move, Inc. v. Real Estate Alliance Ltd.*, No. CV 07-2185, 2016 WL 9080238, at *2-4 (C.D. Cal. Apr. 25, 2016).

In a subsequent motion, Move sought summary judgment that the '989 patent was invalid under 35 U.S.C. § 101. The District Court granted the motion. *Move, Inc. v. Real Estate Alliance Ltd.*, 221 F. Supp. 3d 1149 (C.D. Cal. 2016) ("Eligibility SJ Op.") (*citing Alice Corp. Pty. v. CLS Bank Int'l.*, 134 S. Ct. 2347 (2014)). In the Eligibility SJ Op, the District Court stated: "While the parties have not squarely addressed the question whether the '576 Patent is invalid under 35 U.S.C. § 101, it appears—*though we do not decide*—that our ruling with respect to the '989 Patent may invalidate the '576 Patent as well." *Id.* at 1174. (emphasis added)

Believing that it was preserving its '576 patent infringement claims against the Secondary Defendants for their individual websites, and having received no notice that the Phase 2 stay had been lifted (because the Court never did so), REAL joined with the defendants in filing a status report as required by the District Court. That report stated, in pertinent part,

[T]he Parties are all in agreement that the Court's Order [invalidating the '989 patent], in addition to its Order of April 25, 2016 holding that REAL has waived its right to proceed on a theory of divided direct infringement under § 271(a), effectively resolves all issues to *this action*, including all issues related to REAL's claims against the Secondary Defendants. *For its part, REAL, despite its belief that the Court's Orders are factually and legally incorrect, agrees that in order for it to pursue its fourth appeal to the Court of Appeals for the Federal Circuit, it should join with the other parties in this report.* Accordingly, the Parties jointly request that the Court enter Judgment of Non-Infringement and Invalidity in favor of Plaintiffs Move, Inc., National Association of Realtors, National Association of Homebuilders, and all Secondary Defendants.

Pet.App. 32 (emphases added).

Thereafter, the District Court entered a single judgment, holding not only the '989 patent invalid, but also, without predicate argument or motion, or making findings of fact, that the '576 patent was invalid under 35 U.S.C. § 101 as well. REAL appealed.

No court has ever answered the question, “As of what date was the Tornetta invention well-understood, routine and conventional, and by what proof?” The District Court denied motions seeking summary judgment of invalidity under sections 102 and 103 of the Patent Act because it could not determine, as a matter of law, whether the ’989 patent was entitled to the priority date of its parent application, the ’576 patent. In reaching its holding invalidating the ’989 patent, the District Court disregarded uncontroverted fact and expert testimony, and ruled, as a matter of law, that the claimed invention was well-understood, routine and conventional, a holding that is belied both by logic and the uncontroverted record in this case.

The Federal Circuit affirmed the judgment of the District Court, finding the ’989 patent invalid under 35 U.S.C. § 101 as abstract, and finding that REAL had, by nothing more than joining the status report, conceded invalidity of the ’576 patent. Having pursued four appeals to the Federal Circuit over more than eleven years, REAL now petitions this Court for a writ of certiorari.

REASONS TO GRANT A WRIT OF CERTIORARI

Step Two of the *Alice* Test Involves Questions of Fact

In *Alice Corp. Pty. v. CLS Bank Int’l.*, 134 S. Ct. 2347 (2014), this Court, citing *Mayo Collaborative Services, dba Mayo Medical Laboratories, et al. v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), instructed that each claim element and ordered combination of elements should be reviewed to determine whether it was previously known to the industry. This, of course, is a factual matter,

requiring knowledge of (1) what was known, (2) when it became known, and (3) by whom it was known. The issue of the proper role of fact-finding with respect to the second part of the *Alice* test is of vital importance to all lower courts hearing patent cases, to patent examiners, and to applicants for letters patent. It is especially important that this Court speak with a clear and unified voice on this matter.

Commentators have noted that, “there exist deep conflicts in the case law about whether eligibility is a question of law, fact, or a little of both, and that these conflicts continue to plague the lower courts.”¹ This conflict is particularly notable as an intra-circuit split at the Federal Circuit.

Federal Circuit Judges Moore, Taranto, Stoll, and Newman have agreed with this Court that the eligibility analysis is not a pure question of law because the issue of whether an invention is sufficiently innovative must be evaluated in light of the scientific and historic facts. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1364 (Fed. Cir. 2018); *see also BASCOM Global Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1354 (Fed. Cir. 2016) (Newman, J., concurring) (urging courts to analyze patentability rather than eligibility when issues raised by step two of the *Alice* test and the prior art are coextensive); *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 809 F.3d 1282, 1294 (Fed. Cir. 2015) (Newman, J. dissenting) (criticizing decision finding patent ineligible

1. Paul R. Gugliuzza, *The Procedure of Patent Eligibility*, at 25, Paper Presented at the Chicago IP Colloquium at the Chicago-Kent College of Law (Jan. 23, 2018), available at <http://chicagoip.com/files/2018/01/Gugliuzza.pdf>.

on breakthrough invention that “is novel and unforeseen, and is of profound public benefit.”).

On the other hand, Judges Reyna, Wallach and Lourie have held that § 101 is a purely legal question, in which factual considerations should play no part. Judge Reyna dissented in *Aatrix*, “I respectfully disagree with the majority’s broad statements on the role of factual evidence in a §101 inquiry. Our precedent is clear that the §101 inquiry is a legal question.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (Fed. Cir. 2018). As demonstrated *infra*, this position is not in accord with this Court’s approach in *Alice*.

On February 8, 2018, one week after its decision in this case, the Federal Circuit clarified the standard for determination of whether an invention is well-understood, routine and conventional. The Federal Circuit held in a precedential decision that although eligibility under 35 U.S.C. §101 is a question of law, an essential component part of that determination is a question of fact, to be decided on the basis of a sufficient record establishing clear and convincing evidence.

The question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact. Any fact, such as this one, that is pertinent to the invalidity conclusion must be proven by clear and convincing evidence. Like indefiniteness, enablement, or obviousness, *whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts* (emphasis added).

Berkheimer at 1368. In support of this statement, the Federal Circuit cited to similar language in *Accenture Global Services, GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013), as well as Justice Breyer’s statement from *Mayo Collaborative Services, dba Mayo Medical Laboratories, et al. v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012) that the §101 inquiry may overlap with fact-sensitive inquiries such as novelty under §102.

[T]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact. Any fact, such as this one, that is pertinent to the invalidity conclusion must be proven by clear and convincing evidence.

Berkheimer, 881 F.3d at 1368.

Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination. Whether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art. The mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional.

Id.; *accord*, *Aatrix* at 1130 (“Whether the claim elements or the claimed combination are well-understood, routine, conventional is a question of fact.”)

The Federal Circuit's decisions in *Berkheimer* and *Aatrix* make it clear that this case was wrongly decided. Before the District Court and the Federal Circuit, Petitioner showed that many material facts about the claimed invention, including that it was not well-understood, routine and conventional were in dispute. After finding that most of the disputed material facts precluded granting of numerous summary judgment motions, REAL's arguments regarding whether the invention survived step two of *Alice* were dismissed out of hand by a Federal Circuit panel comprised of Judges Lourie, Wallach and Stoll – a panel having a majority that holds, contrary to the holding in *Alice*, that step two of *Alice* is a pure question of law. *Berkheimer* and *Aatrix*, however, establish that summary judgment on § 101 grounds is improper if the patentee raises genuine issues of material fact. Under *Alice*, *Berkheimer* and *Aatrix*, the District Court's decision should have been reversed.

The Federal Circuit has further clarified its position in *Exergen Corp. v. Kaz USA, Inc.*, 2018 WL 1193529, *4 (Fed. Cir. Mar. 8, 2018) (“Like indefiniteness, enablement, or obviousness, whether a claim is directed to patentable subject matter is a question of law based on underlying facts.”; “Something is not well-understood, routine, and conventional merely because it is disclosed in a prior art reference. There are many obscure references that nonetheless qualify as prior art.”)

Under *Alice* step one, the District Court wrongly held that the claims of the '989 patent were directed to the abstract idea of, “collecting and organizing information about available real estate properties and displaying this information on a digital map that can be manipulated

by the user.” *Id.* at 1162. The District Court ignored the user interface aspects of the invention, and then wrongly determined under *Alice* step two that the claims lacked an inventive concept because nothing in the claim limitations or their ordered combination transformed the abstract idea into a patent-eligible application. *Id.* at 1164–65. The Federal Circuit affirmed. Both courts are wrong on the facts, and, more importantly, wrong on the law.

In denying rehearing *en banc* in both *Berkheimer* and *Aatrix*, a clear intra-circuit split among the judges of the Federal Circuit was on display.

Whether a claim element or combination of elements would have been well-understood, routine, and conventional to a skilled artisan in the relevant field at a particular point in time may require “weigh[ing] evidence,” “mak[ing] credibility judgments,” and addressing “narrow facts that utterly resist generalization.” *Id.* at 967 (quoting *Pierce v. Underwood*, 487 U.S. 552, 561–62 (1988)). The Supreme Court in *Alice* asked whether the claimed activities were “previously known to the industry,” and in *Mayo* asked whether they were “previously engaged in by researchers in the field.” *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2359 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 73 (2012). Indeed, the Court recognized that “in evaluating the significance of additional steps, the §101 patent-eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap.” *Mayo*, 566 U.S. at 90. “[C]ase law from the Supreme Court

and this court has stated for decades that anticipation is a factual question.” *Microsoft Corp. v. Biscotti, Inc.*, 878 F.3d 1052, 1068 (Fed. Cir. 2017). While the ultimate question of patent eligibility is one of law, it is not surprising that it may contain underlying issues of fact. Every other type of validity challenge is either entirely factual (e.g., anticipation, written description, utility), a question of law with underlying facts (e.g., obviousness, enablement), or a question of law that may contain underlying facts (e.g., indefiniteness).

<http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/17-1437.Order.5-25-2018.1.pdf>, p.6 (footnotes omitted)

In his *Berkheimer* rehearing dissent, Judge Lourie concluded, “Resolution of patent-eligibility issues requires higher intervention, hopefully with ideas reflective of the best thinking that can be brought to bear on the subject.” *Id.* at 18. Petitioner respectfully requests that this Court accept Judge Lourie’s challenge.

The need for a clear standard is evident in the writings of many district courts that have expressed concern about resolving eligibility issues on an undeveloped record. *Verint Systems Inc. v. Red Box Recorders Ltd.*, 226 F. Supp. 3d 190, 192-93 (S.D.N.Y. 2016) (explaining “the current fad of ineligibility motions in patent cases has, in certain respects, gotten ahead of itself” and noting that “courts should make such determinations on a proper record”); *Kaavo Inc. v. Amazon.com, Inc.*, Nos. 15-638-LPS-CJB, 15-640-LPS-CJB, 2016 WL 6562038, at *11 (D. Del. Nov.

3, 2016) (asking “how, on this record, would the Court be in a position to conclusively determine” whether, under the second step of *Alice* that the claim involved merely “conventional activities?”); *Invue Sec. Prods. Inc. v. Mobile Tech, Inc.*, No. 3:15-cv-00610-MOC- DSC, 2016 WL 1465263, at *2 (W.D.N.C Apr. 14, 2016) (noting that numerous courts have declined to rule on eligibility at the pleading stage, “finding claim construction and additional factual development necessary to resolution of the invalidity question”). Still other district courts have taken their cue from *Berkheimer* and have denied motions to dismiss, holding that matters of material fact must be established before a ruling on eligibility may be made. *Sound View Innovations, LLC v. Hulu, LLC*, CV17-04146 JAK (C.D. Cal. Apr. 11, 2018).

The United States Patent and Trademark Office, recognizing that what is well-understood, routine and conventional is a question of fact, has issued a memorandum providing guidance to all patent examiners. (<https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF>) That memorandum directs examiners to present facts during patent prosecution to establish that a claim element or combination of elements is well-understood, routine, and conventional. Still, doubt remains, as contrary viewpoints on the Federal Circuit continue to be expressed.

That such concerns exist in this case, after eleven years of litigation, numerous motions for summary judgment, and four appeals to the Federal Circuit serves as an object lesson in the need for this Court to speak with special clarity on the issue.

Both Courts Below Disregarded the Factual Record in Their *Alice* Analysis

The claimed invention, disclosed and enabled in the many logical flow charts contained in the figures and the Appendix was neither well-known, routine, nor conventional at the time of the invention, and the disclosed method satisfies the “something more” of *Alice* step two.

REAL provided the District Court with the opinion and fact testimony of its expert, Dr. Dennis Shasha of New York University, which was uncontroverted, that at the time of the patents, the claimed methods (particularly the zoom to display a higher level of detail) were not well-understood, routine, or conventional. Although the District Court said in its opinion that it accepted Dr. Shasha’s sworn declaration as true, it then proceeded to ignore the declaration, and without any counter argument of record, inconsistently invalidated the ’989 Patent under *Alice* step two.

Dr. Shasha testified by declaration, based on his personal knowledge. (Pet.App. 93-98) The Federal Circuit termed this testimony “conclusory”. In discounting the testimony of REAL’s expert as conclusory, the Federal Circuit effectively required REAL and its expert to have proven a negative, namely: that there did *not* exist, at the (undetermined) time of the invention, a well-understood, routine, and conventional method of performing the claimed steps. But such an inquiry was, in fact, conducted, and we have the benefit of a full record: the United States Patent Office searched for relevant prior art, and all that was found is listed in the file histories of the patents-in-suit. The Patent Office issued the patents-in-suit with

presumed full knowledge of what, at the relevant time, was well-understood, routine and conventional to one of ordinary skill in the art. Other prior art not of record in the file history was presented to the District Court by Move, was considered by that Court, and was determined only to create genuine disputes of material fact, in the denial of Move's requested summary judgment. (Pet. App. 68-86)

The inventor, Mr. Tornetta confirmed by his Declaration filed in the Patent Office, and Dr. Shasha also testified that one of ordinary skill in the 1980s would have understood that the claimed elements (zooming to display a higher level of detail, displaying points on the zoomed map on a computer screen, and identifying properties in the database of available properties that are within the second area, among others) were not well-understood, routine, or conventional, and were, instead, an important, non-abstract invention that represent an improved user interface for a computer system.

The Federal Circuit concluded that this disclosed method does *not* differ from "that which any programmer would have used", but based this conclusion on no factual findings about what any programmer *did* use or *could have* used at the relevant time. The Federal Circuit stated, "REAL also has not pointed us to any portion of the specification that fills this gap." During oral argument, REAL's counsel directed the Court to the 218 page Appendix in the File History, which discloses in full detail how the inventor implemented his invention.

The Federal Circuit has, instead, used the inventor's enabling disclosure that the invention could be,

“implemented on an IBM or compatible personal computer system” as a damning admission. This is a category error akin to saying that because an inventor discloses that a new rocket engine may be made from available steel alloys, the engine’s structure is therefore well-understood, routine and conventional.

The Patents-in-Suit Claim Patentable Improvements to Computer User Interface Technology

None of the foregoing should be understood as an attempt to conflate validity determinations under 35 U.S.C. §102 and §103, with those under §101, but rather, as an illustration that there exists no factual record that provides an adequate basis for summary judgment that the patents-in-suit are invalid. In *Berkheimer*, the Federal Circuit distinguished between whether a technology is “known” in the sense of § 102 (*e.g.*, publicly available) and whether one of ordinary skill would find the technology to be well-understood, routine, and conventional (*e.g.*, something that this person of ordinary skill would consider to be textbook knowledge or part of his or her ordinary course of activities).

In the present case, there are no facts of record that show that the claimed inventions were well-understood, routine and conventional at the time they were made. The record contains only conclusory inferences, improperly drawn against REAL. The opinion and judgment of the District Court contain no reasoning or evidence for its position that the invention was well-known, routine and conventional. Moreover, the intrinsic record itself establishes sufficient facts regarding this issue in REAL’s favor (*i.e.*, statements regarding the prior art, the manner

in which the deficiencies of prior systems were overcome in implementing the invention, and the particular logic with which the computer was programmed to do so) to have required a jury determination of the issue.

The District Court Found Most Material Questions of Fact in Dispute, But Still Managed to Find the Claimed Invention Well-Understood, Routine And Conventional

The District Court was unable to determine whether the '989 patent was entitled to claim the priority date of the '576 patent, holding that a disagreement between the expert witnesses created a dispute of material fact on that issue. "As explained above, we find a genuine dispute of material fact as to whether the '989 Patent is entitled to a priority date based on the effective filing date of the '576 Patent – March 19, 1986." (Pet.App. 75) Because the proper priority date of the '989 patent could not be determined as a matter of law, it is inescapable that what was well-understood, routine and conventional as of the (undetermined) priority date of the '989 patent also cannot be determined sufficiently to serve as a basis for summary judgment.

Common sense dictates that the state of human knowledge advances with time. Those phenomena once ascribed to divine actions later become understood through scientific experimentation. What was once impossible later becomes ordinary, as humankind's development of new materials and methods is applied to solve its challenges. An understanding of what is well-understood, routine and conventional to those of ordinary skill in any art necessarily entails asking the question, "As of what date?" With each publication of a technical

paper, patent application, and news article, the store of well-understood, routine and conventional knowledge advances, but unless a date may be fixed for the inquiry, the question is vague, and the answer may be dangerously incorrect. That is the reason that a bright line defining the content of the “prior art” is employed in the context of patentability determinations under §§ 102 and 103.

The District Court considered and denied summary judgment motions regarding invalidity under 35 U.S.C. §§ 102 and 103. It denied those motions, finding genuine issues of material fact regarding the content and application of the prior art. Again, although invalidity under §§ 102 and 103 are not identical to invalidity under § 101, the existence of material questions of fact regarding the prior art should inform the Court’s inquiry into the question of what was well-understood, routine and conventional at the time of invention for each of the patents in suit.

Although not identical in scope, the concepts of, “well-understood, routine and conventional” under *Alice* step two, and sufficiency of disclosure in the context of a §112 challenge to validity are two sides of the same coin. If something is well-understood, routine and conventional, then it need not be completely disclosed in a patent application, as one of ordinary skill in the art is presumed to possess this knowledge. In the present case, Move presented a summary judgment motion for a finding of invalidity under §112. The District Court denied summary judgment, finding that a genuine issue of material fact existed. (Pet.App. 75) If the District Court could not summarily rule on sufficiency of disclosure, it should not have then ruled that the disclosed invention was well-understood, routine, and conventional. These two holdings are mutually inconsistent.

The District Court Failed to Render a Separate Judgment in the Phase 2 Consolidated Action

This Court has recently held that when actions are consolidated, the cases retain their separate identities, and trial courts must render separate judgments in each consolidated action. *Hall v. Hall*, 584 U.S. ____ (2018). Here, no such separate judgment was rendered, nor could one have been, as the Phase 2 action was stayed after filing of the complaint and entry of the case management order. No answers, motions, discovery, hearings, or any other proceedings are of record, and the stay imposed by the District Court remained undisturbed throughout eleven years of litigation in Phase 1. Only a bare and unexplained judgment of invalidity was entered against REAL. This defect, alone, is grounds for this Court to grant REAL's petition, vacate the judgment, and remand for a trial to properly establish the facts.

The Record Lacks Any Findings Sufficient to Invalidate the '576 Patent

In its Eligibility SJ Op., the District Court provided no reasoning or evidence, beyond a broad statement of possibility that the '576 Patent might be ineligible under §101. (Pet.App. 88-89) The Claims of the '576 Patent differ significantly from those of the '989 Patent, but have *never* been analyzed under *Alice*. Just as with the '989 patent, the intrinsic record itself establishes sufficient facts regarding this issue in REAL's favor (i.e., statements regarding the prior art, the manner in which the deficiencies of prior systems were overcome in implementing the invention, and the particular logic with which the computer was programmed to do so) to

have required a jury determination that the invention was, at the time it was made, well-understood, routine, and conventional.

The District Court's Invalidation of the '576 Patent Contradicted its Opinion and Improperly Terminated REAL's Pending Claims of Infringement by the Secondary Defendants

After refusing to find the '576 patent invalid in its Eligibility SJ Op., the District Court then entered judgment invalidating the '576 patent, stripping REAL of its valuable patent rights and denying REAL all due process. The judgment in Phase 1 that purported to terminate the consolidated case was a complete surprise to the parties, as the invalidation of the '576 patent under 35 U.S.C. § 101 contradicted the District Court's express holding that the '576 patent remained valid. No findings of fact with respect to the '576 patent are of record, nor were there any conclusions of law. REAL placed the issues squarely before the District Court in the joint status report of May 5, 2016:

In response to the Court's direction to identify outstanding issues, REAL asserts that none of its claims for relief has been adjudicated on the merits, either as to the Phase 1 counterclaim defendants or the Phase 2 counterclaim defendants. Accordingly, except as to the issue of waiver with respect to Claims I-III of REAL's Counterclaim (Dkt. 210), no issues, either of liability or damages, have been decided in the case. All issues remain outstanding as to Claims IV-X of the REAL's Counterclaim. All issues

except waiver remain outstanding with respect to Claims I- III of REAL's Counterclaim. All of REAL's defenses to each of Move's claims remains outstanding. This court did not reach the merits of the issue of infringement on remand from the Federal Circuit. By way of example, there has been no ruling on whether the Phase 2 counterclaim defendants infringe when they operate in conjunction with the Phase 1 counterclaim defendants. REAL continues to have the right to adjudicate that issue in Phase 2. ... If the Court does not enter a Rule 54(b) judgment based on the waiver order, REAL respectfully requests that the Court should adjudicate all claims and all defenses as to all parties.

(Pet.App. 99-108) The District Court never entered a Rule 54(b) judgment, and failed to fully and properly adjudicate REAL's claims. Instead, the District Court ignored REAL's unequivocal statements of its pending claims, swept those claims from its desk by finding the '576 patent invalid, and retired from the federal judiciary.

The Federal Circuit determined that the Joint Status Report evidenced REAL's concession of invalidity of the '576 patent. It strains credulity that REAL would, or could have knowingly conceded invalidity, and waived infringement claims that it had pursued for more than eleven years, without addressing the many issues attending summary invalidation of the earlier of its patents. REAL and its counsel did not knowingly intend to relinquish infringement claims against the secondary defendants. *CBS, Inc. v. Merrick*, 716 F.2d 1292, 1295

(9th Cir. 1983); *see also United States v. Olano*, 507 U.S. 725, 733 (1993). REAL and its counsel did not know that the statements in the Joint Status Report would be (or could be) interpreted in this manner. REAL's joinder in the Status Report (which is not a pleading) should not be taken to be indicative of a knowing waiver by REAL.

At the time REAL joined in submitting the Joint Status Report, the '576 Patent not been ruled invalid. The Federal Circuit was factually incorrect when it opined, "The district court's directive also sought input from the Secondary Defendants – parties who were not litigating the issues in Phase 1 – which should have served as another indicator that the parties needed to identify any outstanding issues in either phase of the litigation." (Pet.App. 27) That the District Court sought input from the secondary defendants was to be expected, as those parties had agreed to be bound by the outcome of Phase 1 of the litigation, and many stand accused of infringement by virtue of their use of the MOVE websites and systems.

To the extent that claims against the secondary defendants arising from their use of the MOVE websites were at an end, no reasonable person could have believed that REAL's claims of infringement of the '576 Patent that were not based on any of the secondary defendants' use of the MOVE system were being (or had already been) decided. Those claims had long been stayed, and had been explicitly identified as still-unresolved in the May 2016 status report, in which REAL explicitly requested that the Court decide them. Only a defect of memory can explain the District Court's failure to address REAL's infringement claims against the Secondary Defendants, and the Federal Circuit's casting a blind eye to REAL's claims.

The Federal Circuit distorted the meaning of the paragraph it quoted from the Joint Status Report by intentionally omitting REAL's statement regarding the District Court's errors of fact and law, and its intention to appeal.(Pet.App. 26) Read as a complete quotation, the Joint Status Report is not an unequivocal pleading which the Court could have taken as an admission regarding the ultimate issue of law – the validity of the '576 patent.

CONCLUSION

For all of the foregoing reasons, Petitioner earnestly solicits this Court to grant its petition for a writ of certiorari to the Court of Appeals for the Federal Circuit, to vacate the decision of the Federal Circuit, and to remand for proceedings to establish sufficient facts upon which to properly decide all issues.

August 24, 2018

Respectfully submitted,

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Counsel for Petitioner

APPENDIX

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**APPENDIX A — APPLICATION FOR EXTENSION
OF TIME TO THE SUPREME COURT OF THE
UNITED STATES, DATED JUNE 15, 2018**

IN THE SUPREME COURT OF
THE UNITED STATES

No. 18-A__

REAL ESTATE ALLIANCE LTD.,

Petitioner-Defendant/Counterclaimant,

v.

MOVE, INC., NATIONAL ASSOCIATION
OF REALTORS, NATIONAL ASSOCIATION
OF HOME BUILDERS,

Respondents-Plaintiffs/Counterclaim Defendants,

and

RE/MAX INTERNATIONAL, INC., ADVANCED
ACCESS, NORCAL GOLD, INC., DBA RE/MAX
GOLD, INC., BRAD KORB, ENEIGHBORHOODS,
LLC, CHRISTY MORRISON, ORANGE COUNTY
MULTIPLE LISTING SERVICE, INC., DBA
SOUTHERN CALIFORNIA MLS, METROPOLITAN
MULTI-LIST, INC., DBA GEORGIA MLS, INC.,
METROLIST SERVICES, INC., DELAWARE
VALLEY REAL ESTATE INFORMATION
NETWORK, INC., DBA TREND, RAPATTONI
CORPORATION, BIRDVIEW.COM, INC., DBA

Appendix A

BIRDVIEW TECHNOLOGIES, DELTA MEDIA GROUP, INC., PULTE HOMES, INC., THE RYLAND GROUP, INC., SHEA HOMES, TAYLOR MORRISON, INC., FKA TAYLOR WOODROW, INC., KELLER WILLIAMS REALTY, INC., FRANK HOWARD ALLEN REALTORS, ALAIN PINEL REALTORS, INC., PAYMON GHAFOURI, NATIONAL ASSOCIATION OF NEW HOME BUILDERS, AVALONBAY COMMUNITIES, INC., ESSEX PROPERTY TRUST INC., BRE PROPERTIES, INC., RIVERSTONE RESIDENTIAL GROUP, LLC, FIRST AMERICAN CORPORATION, FIDELITY NATIONAL REAL ESTATE SOLUTIONS, LLC, IHOMEFINDER, INC., CIS DATA SYSTEMS, INC., DIVERSE SOLUTIONS, LLC, WANISOFT CORPORATION

Respondents-Defendants.

**APPLICATION FOR EXTENSION OF TIME TO
FILE A PETITION FOR A WRIT OF CERTIORARI**

LAURENCE A. WEINBERGER

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Counsel of Record

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Tel: (610) 296-8259

Counsel for Petitioner Real Estate Alliance Ltd.

*Appendix A***RULE 29.6 STATEMENT**

Real Estate Alliance, Ltd. is a private company. It has no parent corporation and no publicly held corporation owns 10% or more of the stock of Real Estate Alliance, Ltd.

**TO THE HONORABLE JOHN G. ROBERTS, JR.,
CHIEF JUSTICE OF THE SUPREME COURT OF
THE UNITED STATES AND CIRCUIT JUSTICE FOR
THE FEDERAL CIRCUIT:**

Pursuant to Supreme Court Rules 13.5, and 22, Petitioner respectfully requests a 60-day extension of time, up to and including August 28, 2018, to file a petition for a writ of certiorari to the United States Court of Appeals for the Federal Circuit to review that court's decision in *Move, Inc., et al. v. Real Estate Alliance, Ltd.*, ___ Fed. Appx. ___ (Fed Cir. 2018) CAFC Appeal No. 2017-1463 (attached as Exhibit A).

The jurisdiction of this Court will be invoked under 28 U.S.C. § 1254(1), and the time to file a petition for a writ of certiorari will expire without an extension on June 28, 2018. This application is timely because it has been filed more than ten days prior to the date on which the time for filing the petition is to expire.

This case presents a substantial and important question of federal law: Whether patent eligibility under 35 U.S.C. § 101, and specifically the second step of the *Mayo/Alice* framework, which requires determination

Appendix A

of whether something is well-understood, routine, and conventional” is a factual determination.

The case law surrounding this issue is complex, and is rapidly evolving. Only one week after the judgment sought to be reviewed here, the Court of Appeals for the Federal Circuit issued its judgment in *Berkheimer v. HP Inc.*, ___ Fed. Appx. ___ (Fed. Cir. 2017-1437). On the basis of the holding in *Berkheimer*, petitioner sought rehearing, or in the alternative, rehearing *en banc*. The Court of Appeals denied that motion without opinion.

On May 31, 2018, the Court of Appeals for the Federal Circuit denied rehearing in *Berkheimer*, stating, “Resolution of patent-eligibility issues requires higher intervention, hopefully with ideas reflective of the best thinking that can be brought to bear on the subject.” *Orders Denying Petition for Rehearing En Banc, Aatrix Software, Inc. v. Green Shades Software, Inc.*, Fed. Cir. (May 31, 2018); *Berkheimer v. HP Inc.*, Fed. Cir. (May 31, 2018). Lourie, J. concurring, p. 5. (<http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/17-1437.Order.5-25-2018.1.pdf>)

Petitioner respectfully suggests that this case presents just such an opportunity for “higher intervention”. Further cases continue to be decided on this issue on a near-weekly basis, and numerous commentators have remarked that case outcome is now entirely panel-dependent, marking an intra-circuit split that requires resolution by this Court. Counsel for petitioner requests this extension of time to address such recent, numerous, and continuing developments in the law.

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Appendix A

Accordingly, the petitioner respectfully requests that an order be entered extending the time to file a petition for a writ of certiorari for 60 days, up to and including August 28, 2018.

Dated: June 15, 2018

Respectfully Submitted,

/s Laurence A. Weinberger

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**APPENDIX B — ON PETITION FOR PANEL
REHEARING AND REHEARING *EN BANC* TO
THE UNITED STATES COURT OF APPEALS FOR
THE FEDERAL CIRCUIT, FILED MARCH 30, 2018**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2017-1463

MOVE, INC., NATIONAL ASSOCIATION
OF REALTORS, NATIONAL ASSOCIATION
OF HOME BUILDERS,

Plaintiffs/Counterclaim Defendants-Appellees,

RE/MAX INTERNATIONAL, INC., ADVANCED
ACCESS, NORCAL GOLD, INC., DBA RE/MAX
GOLD, INC., BRAD KORB, ENEIGHBORHOODS,
LLC, CHRISTY MORRISON, ORANGE COUNTY
MULTIPLE LISTING SERVICE, INC., DBA
SOUTHERN CALIFORNIA MLS, METROPOLITAN
MULTI-LIST, INC., DBA GEORGIA MLS, INC.,
METROLIST SERVICES, INC., DELAWARE
VALLEY REAL ESTATE INFORMATION
NETWORK, INC., DBA TREND, RAPATTONI
CORPORATION, BIRDVIEW.COM, INC., DBA
BIRDVIEW TECHNOLOGIES, DELTA MEDIA
GROUP, INC., PULTE HOMES, INC., THE RYLAND
GROUP, INC., SHEA HOMES, TAYLOR MORRISON,
INC., FKA TAYLOR WOODROW, INC.,

Counterclaim Defendants-Appellees,

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Appendix B

KELLER WILLIAMS REALTY, INC., FRANK
HOWARD ALLEN REALTORS, ALAIN PINEL
REALTORS, INC., PAYMON GHAFOURI,
NATIONAL ASSOCIATION OF NEW HOME
BUILDERS, AVALONBAY COMMUNITIES,
INC., ESSEX PROPERTY TRUST INC.,
BRE PROPERTIES, INC., RIVERSTONE
RESIDENTIAL GROUP, LLC, FIRST AMERICAN
CORPORATION, FIDELITY NATIONAL REAL
ESTATE SOLUTIONS, LLC, IHOMEFINDER, INC.,
CIS DATA SYSTEMS, INC., DIVERSE SOLUTIONS,
LLC, WANISOFT CORPORATION,

Counterclaim Defendants,

v.

REAL ESTATE ALLIANCE LTD.,

Defendant/Counterclaimant-Appellant,

EQUIAS TECHNOLOGY DEVELOPMENT LLC,

Defendant/Counterclaimant.

Appeal from the United States District Court
for the Central District of California in Nos.
2:07-cv-02185-GHK AJW, 2:08-cv-01657-GHK-AJW,
Judge George H. King.

Appendix B

**ON PETITION FOR PANEL REHEARING
AND REHEARING *EN BANC***

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO,
CHEN, HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

ORDER

Appellant Real Estate Alliance Ltd. filed a combined petition for panel rehearing and rehearing *en banc*. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing *en banc* was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing *en banc* is denied.

The mandate of the court will issue on April 6, 2018.

FOR THE COURT

March 30, 2018
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

**APPENDIX C — OPINION OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, DATED FEBRUARY 1, 2018**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2017-1463

MOVE, INC., NATIONAL ASSOCIATION
OF REALTORS, NATIONAL ASSOCIATION
OF HOME BUILDERS,

Plaintiffs/Counterclaim Defendants-Appellees,

RE/MAX INTERNATIONAL, INC., ADVANCED
ACCESS, NORCAL GOLD, INC., DBA RE/MAX
GOLD, INC., BRAD KORB, ENEIGHBORHOODS,
LLC, CHRISTY MORRISON, ORANGE COUNTY
MULTIPLE LISTING SERVICE, INC., DBA
SOUTHERN CALIFORNIA MLS, METROPOLITAN
MULTI-LIST, INC., DBA GEORGIA MLS, INC.,
METROLIST SERVICES, INC., DELAWARE
VALLEY REAL ESTATE INFORMATION
NETWORK, INC., DBA TREND, RAPATTONI
CORPORATION, BIRDVIEW.COM, INC., DBA
BIRDVIEW TECHNOLOGIES, DELTA MEDIA
GROUP, INC., PULTE HOMES, INC., THE RYLAND
GROUP, INC., SHEA HOMES, TAYLOR MORRISON,
INC., FKA TAYLOR WOODROW, INC.,

Counterclaim Defendants-Appellees,

Appendix C

KELLER WILLIAMS REALTY, INC., FRANK
HOWARD ALLEN REALTORS, ALAIN PINEL
REALTORS, INC., PAYMON GHAFOURI,
NATIONAL ASSOCIATION OF NEW HOME
BUILDERS, AVALONBAY COMMUNITIES,
INC., ESSEX PROPERTY TRUST INC.,
BRE PROPERTIES, INC., RIVERSTONE
RESIDENTIAL GROUP, LLC, FIRST AMERICAN
CORPORATION, FIDELITY NATIONAL REAL
ESTATE SOLUTIONS, LLC, IHOMEFINDER, INC.,
CIS DATA SYSTEMS, INC., DIVERSE SOLUTIONS,
LLC, WANISOFT CORPORATION,

Counterclaim Defendants,

v.

REAL ESTATE ALLIANCE LTD.,

Defendant/Counterclaimant-Appellant,

EQUIAS TECHNOLOGY DEVELOPMENT LLC,

Defendant/Counterclaimant.

February 1, 2018, Decided

Appeal from the United States District Court for the
Central District of California in Nos. 2:07-cv-02185-
GHK-AJW, 2:08-cv-01657-GHK-AJW,
Judge George H. King.

Appendix C

Before LOURIE, WALLACH, and STOLL, *Circuit Judges*.

STOLL, *Circuit Judge*.

This appeal marks the fourth installment in a decades-long litigation saga between the parties. Real Estate Alliance Ltd. (“REAL”), owner of U.S. Patent Nos. 5,032,989 and 4,870,576, appeals the district court’s summary judgment holding the ’989 patent invalid for claiming ineligible subject matter and summary judgment holding that REAL waived its claims of divided infringement for the ’989 patent. REAL also challenges the district court’s judgment invalidating the ’576 patent based on the district court’s analysis of the ’989 patent and the parties’ representations in a Joint Status Report. Because we agree that the ’989 patent claims ineligible subject matter, we need not decide whether REAL waived its claims of divided infringement. We also detect no error in the district court’s invalidation of the ’576 patent. Accordingly, we affirm.

BACKGROUND

The ’989 patent is a continuation-in-part of the ’576 patent¹ and relates generally to a method of searching for real estate properties geographically on a computer. According to the ’989 patent, a user begins the search by identifying a geographic region of interest for acquiring property and then selecting an inner area within this

1. Both the ’989 and ’576 patents were filed in the 1980s and have since expired.

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geographic region by “designat[ing] boundaries on a map displayed on [the] screen.” ’989 patent, Abstract. The selected area is then “zoomed in on and a second area is selected within the zoomed region.” *Id.* The zoom feature permits users to “change the world coordinate display” such that the “size of the viewport remains constant” and the “display now appears to have zoomed down closer to earth.” *Id.* at col. 2 ll. 1-4, col. 9 ll. 52-57. The resulting “[m]ap boundary lines are displayed with greater detail,” i.e., not just as a magnified view of the original map. *Id.* at col. 2 ll. 4-10. The selected area “is then cross-referenced with the database of available properties whose approximate locations are then pictorially displayed on screen.” *Id.*, Abstract.

Claim 1 of the ’989 patent recites this improvement:

1. A method using a computer for locating available real estate properties comprising the steps of:
 - a) creating a database of the available real estate properties;
 - b) displaying a map of a desired geographic area;
 - c) selecting a first area having boundaries within the geographic area;
 - d) zooming in on the first area of the displayed map to about the boundaries of the first area

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to display a higher level of detail than the displayed map;

e) displaying the zoomed first area;

f) selecting a second area having boundaries within the zoomed first area;

g) displaying the second area and a plurality of points within the second area, each point representing the appropriate geographic location of an available real estate property; and

h) identifying available real estate properties within the database which are located within the second area.

Id. at col. 15 l. 33 - col. 16 l. 3.

Before we address the issues in the current appeal, a brief overview of the litigation history is needed. This action commenced in 2007 when Move, Inc. filed suit against REAL in the U.S. District Court for the Central District of California seeking a declaratory judgment that the '989 and '576 patents were invalid and not infringed by Move's websites. REAL subsequently sued the National Association of Realtors ("NAR"), the National Association of Home Builders ("NAHB"), and a number of real estate brokers, agents, multiple listing services, home builders, and rental property owners and managers for infringing the '989 and '576 patents. REAL's complaint asserted infringement by the Move websites and by each defendant's own website.

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The district court entered a case management order dividing the litigation into two phases. Phase 1 of the litigation would resolve REAL's infringement claims against Move, NAR, and NAHB regarding Move's websites, as well as any issues relating to the validity or enforceability of the '989 and '576 patents. Phase 2 would address REAL's infringement claims against the remaining defendants ("the Secondary Defendants") based on their individual websites, i.e., non-Move websites, and any liability issues if the Move websites were found to infringe in Phase 1. REAL's claims against the Secondary Defendants were stayed during Phase 1, and the Secondary Defendants agreed to be bound by any validity, enforceability, or claim construction determinations made in Phase 1, as well as any finding that a Move website infringed the '989 or '576 patents. The district court then consolidated the two cases into a single docket.

Phase 1 of the litigation proceeded as contemplated by the case management order. The district court issued a claim construction order in 2009 addressing claim construction disputes in both patents. Based on the district court's constructions, REAL stipulated to noninfringement of both patents and appealed. Its appeal, however, only addressed the '989 patent. Because the district court erred in construing the claims of the '989 patent, we vacated and remanded for further proceedings consistent with our opinion. *See Move, Inc. v. Real Estate All. Ltd.*, 413 F. App'x 280, 282 (Fed. Cir. 2011). On remand, Move sought summary judgment of noninfringement of the '989 patent. The district court granted Move's motion in a 2012 opinion because it concluded that Move was not

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liable for direct or joint infringement of the '989 patent. REAL appealed and the case was twice remanded to the district court given changes in the law of divided infringement.

This brings us to the subject of REAL's current appeal. On remand, Move sought summary judgment that REAL waived its divided infringement claims. Based on REAL's previous litigation positions in this case, the district court granted Move's motion. *See Move, Inc. v. Real Estate All. Ltd.*, No. CV 07-2185, 2016 U.S. Dist. LEXIS 192672, 2016 WL 9080238, at *2-4 (C.D. Cal. Apr. 25, 2016).

In a subsequent motion, Move sought summary judgment that the '989 patent was invalid under 35 U.S.C. § 101. The district court granted this motion as well. *Move, Inc. v. Real Estate All. Ltd.*, 221 F. Supp. 3d 1149 (C.D. Cal. 2016) ("*Eligibility SJ Op.*") (citing *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 82 L. Ed. 2d 296, 189 L. Ed. 2d 296 (2014)). Under *Alice* step one, the court held that the claims of the '989 patent were directed to the abstract idea of "collecting and organizing information about available real estate properties and displaying this information on a digital map that can be manipulated by the user." *Id.* at 1162. The district court determined under *Alice* step two that the claims lacked an inventive concept because nothing in the claim limitations or their ordered combination transformed the abstract idea into a patent-eligible application. *Id.* at 1164-65.

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REAL appeals. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

We apply the law of the regional circuit when reviewing a district court’s grant of summary judgment. *See Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146 (Fed. Cir. 2016). Summary judgment in the Ninth Circuit is appropriate when, after drawing all reasonable inferences in favor of the non-moving party, there remains no genuine issue of material fact precluding the grant of summary judgment. *See Comite de Jornaleros de Redondo Beach v. City of Redondo Beach*, 657 F.3d 936, 942 (9th Cir. 2011).

I.

Patent eligibility under § 101 is a question of law and may involve underlying questions of fact. *See Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). We review the district court’s ultimate conclusion on eligibility de novo. *See Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1338 (Fed. Cir. 2017). We look to the test articulated in *Alice* to determine whether a claim is eligible for patenting under § 101. *See* 134 S. Ct. at 2355. Pursuant to *Alice*’s two-part test, we decide first “whether the claims at issue are directed to” a patent-ineligible concept, namely a law of nature, natural phenomenon, or abstract idea. *Id.* at 2354-55. If the answer is yes, we then consider the claim elements, both individually and as an ordered combination,

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to determine whether they contain an “inventive concept” sufficient to “transform the nature of the claim’ into a patent-eligible application.” *Id.* at 2355 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72-73, 78, 132 S. Ct. 1289, 182 L. Ed. 2d 321 (2012)).

A.

Under *Alice* step one, we agree with the district court that claim 1 of the ’989 patent² is directed to the abstract idea of “a method for collecting and organizing information about available real estate properties and displaying this information on a digital map that can be manipulated by the user.” *Eligibility SJ Op.*, 221 F. Supp. 3d at 1162. The step-one analysis requires us to consider the claims “in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015). Claim 1 is aspirational in nature and devoid of any implementation details or technical description that would permit us to conclude that the claim as a whole is directed to something other than the abstract idea identified by the district court.

While we do not suggest that every claim involving the collection, organization, manipulation, or display of data is necessarily directed to an abstract idea, claim 1 is not meaningfully distinct from claims we have held were directed to abstract ideas in previous cases. The claims in

2. REAL does not argue the patentability of the dependent claims separately. Accordingly, we treat claim 1, the only independent claim, as representative for purposes of this appeal.

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Electric Power Group, LLC v. Alstom S.A., for example, recited a method for detecting events on an interconnected electric power grid by collecting information from various sources, analyzing this information to detect events in real time, and displaying the event analysis results and diagnoses. 830 F.3d 1350, 1351-52 (Fed. Cir. 2016). We concluded that the focus of these claims was on the abstract idea of “collecting information, analyzing it, and displaying certain results of the collection and analysis.” *Id.* at 1353. Claim 1 of the ’989 patent involves the same general steps of collecting, organizing, and presenting information.

We reached a similar result in *Intellectual Ventures I LLC*, where the claims recited systems and methods for preserving compatibility between XML documents after they had been edited by different users. 850 F.3d at 1339-40. According to the claims at issue in that case, a “dynamic document” containing data extracted from the original XML document would be created, users could edit the data displayed in the dynamic document, and the changes would then be “dynamically propagated” back into the original XML document. *Id.* at 1339. We concluded that these claims were, “at their core, directed to the abstract idea of collecting, displaying, and manipulating data.” *Id.* at 1341; *see also Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1345, 1347 (Fed. Cir. 2014) (concluding that claims covering a method for using a scanner to extract data from hard copy documents, recognizing specific information within the extracted data, and storing that information in memory were “drawn to the abstract idea of 1) collecting data, 2)

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recognizing certain data within the collected data set, and 3) storing that recognized data in a memory”). Based on these binding precedents, we conclude that claim 1 is directed to an abstract idea.

Our conclusion on *Alice* step one is further supported by the similarities between the ’989 patent claims and other claims that “simply use computers to serve a conventional business purpose.” *Affinity Labs of Tex., LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1261 (Fed. Cir. 2016); *see Alice*, 134 S. Ct. at 2356 (concluding that concept of intermediated settlement was “a fundamental economic practice long prevalent in our system of commerce” and thus an abstract idea). In *Affinity Labs*, for example, the claims covered a system for streaming regional broadcast signals to cell phones located outside the region. Although the claims required a network, storage medium, and the transmission and receipt of signals, we concluded that the claims were directed to the abstract idea of “providing out-of-region access to regional broadcast content.” *Id.* at 1258 (explaining that the claims were not “directed to *how* to implement out-of-region broadcasting on a cellular telephone” and claimed the function itself instead of a particular way to perform the function).

Claim 1 of the ’989 patent is no different. It broadly recites the commercial practice of “using a computer for locating available real estate properties.” ’989 patent col. 15 ll. 33-34; *see id.*, Abstract (describing patent as “a method for locating available real estate properties for sale”). While the claim limitations provide steps for using the computer to perform the search, they contain

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no technical details or explanation of how to implement the claimed abstract idea using the computer. Absent such a disclosure, we cannot conclude that claim 1 covers anything more than the use of a computer for a conventional business purpose. *See Affinity Labs*, 838 F.3d at 1261.

REAL attempts to distinguish its claims from those in *Alice* and its progeny by contending that the district court over-generalized the claim limitations. REAL focuses on two particular limitations as reciting technological advances: (1) creation of a database of the available real estate properties; and (2) zooming in on a selected geographic area. For support, REAL relies on testimony from its expert that databases at the time of the invention could not be queried graphically and that zooming on a computer-displayed map to depict a higher level of detail was neither routine nor conventional. *See Appellant Br.* 11-12 (citing J.A. 233, ¶¶ 11-12).

Setting aside the conclusory nature of REAL's expert declaration, the focus of claim 1 is not on any technological advancement but rather on the performance of an abstract idea "for which computers are invoked merely as a tool." *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016). Instead of focusing on the technical implementation details of the zooming functionality, for example, claim 1 recites nothing more than the result of the zoom. Such claims are drawn to an abstract idea because they "claim[] the function of [the abstract idea], not a particular way of performing that function." *Affinity Labs*, 838 F.3d at 1258 ("There is nothing in claim 1 that is

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directed to *how* to implement [the abstract idea]. Rather, the claim is drawn to the idea itself.”).

Claim 1 is also distinguishable from the patent-eligible claims in cases such as *Enfish* and *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253 (Fed. Cir. 2017). In those cases, the claims focused “on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” *Enfish*, 822 F.3d at 1336 (concluding claims were directed to a specific, improved type of self-referential table for storing tabular data); *see Visual Memory*, 867 F.3d at 1259 (determining claims were directed to improved computer memory system with programmable operational characteristics). We also emphasized the specifications’ disclosures regarding the improvements in computer functionality brought about by the claimed inventions. *See Enfish*, 822 F.3d 1333 (recognizing the claimed invention’s enhanced flexibility in configuring the database, streamlined indexing technique, and more effective data storage); *Visual Memory*, 867 F.3d at 1259 (acknowledging that the claimed programmable operational characteristic enabled a memory system to be interoperable with multiple different processors and could outperform prior art memory systems with larger caches).

The same cannot be said here. Claim 1 focuses not on a technological improvement, but rather on a method of searching for real estate using a computer. *See* ’989 patent col. 15 l. 35 - col. 16 l. 3 (reciting steps of creating a property database, displaying a geographic region on a map, iterative zooming to focus on a desired geographic

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region, and identifying properties within the database that fall within the selected geographic region). While the ideas of storing available real estate properties in a database and selecting and displaying a particular geographic area may well be improvements in the identification of available real estate properties, there is no evidence that these ideas are technological improvements. Indeed, REAL has not cited any convincing evidence in the specification that the claimed invention improves the functioning of the computer itself.

B.

Under the second step of the *Alice* analysis, we examine the claim limitations “more microscopically,” *Electric Power*, 830 F.3d at 1354, to determine whether they contain “additional features” constituting an “inventive concept,” *Alice*, 134 S. Ct. at 2357. “This requires more than simply stating an abstract idea while adding the words ‘apply it’ or ‘apply it with a computer.’” *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1332 (Fed. Cir. 2015) (quoting *Alice*, 134 S. Ct. at 2358).

Our analysis uncovers no inventive concept in the individual claim limitations or their ordered combination. Claim 1 recites only generic computer components and features: a “computer” and the creation of a “database.” ’989 patent col. 15 ll. 33-37. But claims directed to an abstract idea that “merely require generic computer implementation[] fail to transform that abstract idea into a patent-eligible invention.” *Alice*, 134 S. Ct. at 2357. The specification confirms this conclusion by explaining that

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“the present invention may be implemented on an IBM or compatible personal computer system.” ’989 patent col. 15 ll. 12-14.

REAL’s counterargument that the claimed zoom feature supplies the inventive concept is not persuasive for reasons similar to those we articulated under *Alice* step one.³ For support, REAL again relies on its expert’s conclusory declaration:

It was considered neither routine nor conventional in the mid-1980s for a computer-displayed map to be able to zoom to display a higher level of detail in the sense of displaying information that wasn’t present at the lower level of detail at all, and this zooming step cannot be performed by a human.

J.A. 233, ¶ 12. The declaration provides no citations to support this assertion and contains no additional rationale.

This bald assertion does not satisfy the inventive concept requirement. Where “[t]he claim language does not provide any specific showing of what is inventive about the [limitation in question] or about the technology used

3. REAL also contends that the “nature of the database” and “display of appropriate property locations on the map” provide the “something more,” but it never develops these arguments. Appellant Br. 17. REAL analogizes its claimed database to *Enfish*’s data tables without any supporting analysis and fails to explain how the display of appropriate property locations is an inventive concept. Neither argument is compelling.

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to generate and process it,” we have concluded that the claims do not satisfy *Alice*’s second step. *Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 912 (Fed. Cir. 2017); *see also Affinity Labs*, 838 F.3d at 1263 (concluding that claims were ineligible under *Alice* step two where the allegedly inventive concept was not the “essential advance,” was only described functionally, and where there was “no further specification of a particular technology for” accomplishing the allegedly inventive concept). Further, the claim language does not explain what is inventive about the zoom feature or explain how it is accomplished. REAL also has not pointed us to any portion of the specification that fills this gap. Indeed, the specification’s teaching that the invention can be performed using a generic “IBM or compatible personal computer system,” ’989 patent col. 15 ll. 12-14, and the failure to provide any implementation details for the zoom feature suggests that the zoom feature utilizes only existing computer capabilities. This leads us to conclude that the claimed zoom feature is nothing more than an instruction to apply an abstract idea using a computer. *See Versata*, 793 F.3d at 1332; *see also Alice*, 134 S. Ct. at 2358 (“[I]f a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on . . . a computer,’ that addition cannot impart patent eligibility.” (quoting *Mayo*, 566 U.S. at 84) (internal citations omitted)).

Our conclusion regarding the ’989 patent’s eligibility renders moot the issue of divided infringement because a party cannot be liable for infringing an invalid patent. *See Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1929, 191 L. Ed. 2d 883 (2015).

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REAL also alleges that the district court erred by invalidating the '576 patent sua sponte without giving the parties notice or a reasonable time to respond. Our review of the record reveals instead that REAL expressly conceded the invalidity of the '576 patent. We see no error by the district court under these unique circumstances.

At the conclusion of its summary judgment opinion invalidating the '989 patent under § 101, the district court issued an order, questioning the validity of the related '576 patent and soliciting input from all parties in Phase 1 and Phase 2 of the litigation:

While the parties have not squarely addressed the question whether the '576 Patent is invalid under 35 U.S.C. § 101, it appears—though we do not decide—that *our ruling with respect to the '989 Patent may invalidate the '576 Patent as well*. Accordingly, *all parties—including those identified as Secondary Defendants* in our September 25, 2015 Case Management Order (Doc. 125)—**SHALL** file a joint status report within fourteen days hereof, stating their views on *whether this order effectively resolves this action as to all parties* and whether judgment should be entered accordingly.

Eligibility SJ Op., 221 F. Supp. 3d at 1174 (italic emphases added). The district court's order placed the '576 patent's validity at issue and required the parties to identify any outstanding issues in the litigation.

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In response, all the parties to the litigation, including the Secondary Defendants, filed a Joint Status Report. The parties' Joint Status Report indicated that the district court's eligibility and waiver opinions resolved all issues in the case with respect to all parties:

[T]he Parties are all in agreement that the Court's Order [invalidating the '989 patent], in addition to its Order of April 25, 2016 holding that REAL has waived its right to proceed on a theory of divided direct infringement under § 271(a), *effectively resolves all issues to this action, including all issues related to REAL's claims against the Secondary Defendants* Accordingly, the Parties jointly request that the Court enter Judgment of Non-Infringement and Invalidity in favor of Plaintiffs Move, Inc., National Association of Realtors, National Association of Homebuilders, *and all Secondary Defendants.*

J.A. 930 (emphases added). Relying on the parties' representation that its orders had "resolve[d] all issues in this case," the district court "adjudged that Plaintiffs and Secondary Defendants are entitled to judgment that the '576 Patent and the '989 Patent are invalid and not infringed." J.A. 2.

The only fair reading of the Joint Status Report is that no issues remained in the case. The district court made its view clear: the ruling invalidating the '989 patent "appear[ed]" to invalidate the '576 patent and might have

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resolved the litigation in its entirety. *Eligibility SJ Op.*, 221 F. Supp. 3d at 1174. When asked to respond, REAL not only declined to make any arguments to support the validity of the '576 patent, but went even further by agreeing that the district court's rulings had resolved "all issues," including those "relat[ing] to REAL's claims against the Secondary Defendants." J.A. 930. Thus, REAL conceded the invalidity of the '576 patent.

REAL's attempt to rationalize its concession lacks merit. According to REAL, the phrase "this action" in the district court's directive to identify "whether this order effectively resolves this action as to all parties," *Eligibility SJ Op.*, 221 F. Supp. 3d at 1174, only referred to Phase 1 of the litigation, not Phase 2. Therefore, REAL claims, its allegations of infringement of the '576 patent against the Secondary Defendants in Phase 2 of the litigation were not affected by the Joint Status Report.

We disagree. As an initial matter, the district court consolidated the cases giving rise to Phase 1 and Phase 2 of the litigation, meaning both phases were part of the same case or "action." By referring to "this action," the district court was referring to both Phase 1 and Phase 2. The district court's directive also sought input from the Secondary Defendants—parties who were not litigating the issues in Phase 1—which should have served as another indicator that the parties needed to identify any outstanding issues in either phase of the litigation. The validity of the '576 patent was one potential issue that remained in both phases, yet REAL never raised it. When read in context, we do not agree with REAL that the

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district court's directive seeking input from the parties in both phases regarding a patent that was at issue in both phases nonetheless referred only to Phase 1. Therefore, we conclude that REAL has conceded the invalidity of the '576 patent.

CONCLUSION

We have considered REAL's remaining arguments and find them unpersuasive. The district court did not err in holding the claims of the '989 patent ineligible under § 101. Because there can be no liability for infringing an invalid patent, we do not reach the issue of waiver for REAL's divided infringement claims. We also detect no error in the district court's judgment invalidating the '576 patent. We affirm.

AFFIRMED

**APPENDIX D — JUDGMENT OF THE UNITED
STATES DISTRICT COURT FOR THE CENTRAL
DISTRICT OF CALIFORNIA, FILED
DECEMBER 16, 2016**

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

CASE NO. CV 07-cv-02185-GHK (AJWx)

MOVE, INC., *et al.*,

Plaintiffs,

v.

REAL ESTATE ALLIANCE, LTD., *et al.*,

Defendants.

JUDGMENT

On January 12, 2009, Plaintiffs Move, Inc., National Association of Realtors, and National Association of Homebuilders (“Move”) filed their second amended complaint, seeking a declaratory judgment that U.S. Patents No. 4,870,576 (the “576 Patent”) and U.S. Patent No. 5,032,989 (the “989 Patent”) are invalid, unenforceable, and not infringed. Doc. 198. Defendant Real Estate Alliance, Ltd. (“REAL”) filed counterclaims for patent infringement against Move and a number of other entities (“Secondary Defendants”).

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On January 26, 2012, we granted summary judgment for Move on the issue of direct infringement. Doc. 493. The Federal Circuit affirmed this ruling on June 20, 2013. Doc. 511. On April 25, 2016, we held that REAL had waived any allegation that Move committed divided direct infringement. Doc. 563. On December 1, 2016, we held that the '989 Patent was invalid under 35 U.S.C. § 101. Doc. 563. The parties are in agreement that these there orders resolve all issues in this case. Doc. 579.

Accordingly, it is hereby adjudged that Plaintiffs and Secondary Defendants are entitled to judgment that the '576 Patent and the '989 Patent are invalid and not infringed.

IT IS SO ORDERED.

DATED: December 16, 2016

GEORGE H. KING
United States District Judge

**APPENDIX E — JOINT STATUS REPORT IN THE
UNITED STATES DISTRICT COURT, CENTRAL
DISTRICT OF CALIFORNIA, WESTERN
DIVISION, FILED DECEMBER 15, 2016**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

Case No. 2:07-CV-02185-GHK-(AJWx)

MOVE, INC., *et al.*,

Plaintiffs,

v.

REAL ESTATE ALLIANCE LTD., *et al.*,

Defendants.

REAL ESTATE ALLIANCE LTD.,

Counterclaim-Plaintiff,

v.

MOVE, INC., *et al.*,

Counterclaim-Defendants.

JOINT STATUS REPORT

Pursuant to this Court’s December 1, 2016 Order (the “Order”), all of the undersigned parties to this litigation, including the undersigned Secondary Defendants¹

1. Attempts were made to contact counsel of record for Secondary Defendants Keller Williams Realty, Inc., iHomefinder,

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(the “Parties”), jointly submit this Joint Status Report addressing (i) whether the Court’s Order effectively resolves this action as to all parties and (ii) whether judgment should be entered accordingly. After meeting and conferring on the issue, the Parties are all in agreement that the Court’s Order, in addition to its Order of April 25, 2016 holding that REAL has waived its right to proceed on a theory of divided direct infringement under § 271(a), effectively resolves all issues to this action, including all issues related to REAL’s claims against the Secondary Defendants. For its part, REAL, despite its belief that the Court’s Orders are factually and legally incorrect, agrees that in order for it to pursue its fourth appeal to the Court of Appeals for the Federal Circuit, it should join with the other parties in this report. Accordingly, the Parties jointly request that the Court enter Judgment of Non-Infringement and Invalidity in favor of Plaintiffs Move, Inc., National Association of Realtors, National Association of Homebuilders, and all Secondary Defendants.

Dated: December 15, 2016

Inc. and Trend Software, Inc. in connection with this filing but were unsuccessful. Counsel for CIS Data approved an earlier version of this Report that did not include the sentence beginning “For its part, REAL...” Although attempts were made to contact CIS Data’s Counsel with respect to the final version, those attempts were unsuccessful. No counsel representing Secondary Defendants Paymon Ghafouri or Wanisoft Corp. could be located.

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**APPENDIX F — CIVIL MINUTES – GENERAL
OF THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, FILED
DECEMBER 1, 2016**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV 07-cv-02185-GHK (AJWx)

MOVE, INC., *et al.*,

v.

REAL ESTATE ALLIANCE LTD., *et al.*

Date December 1, 2016

CIVIL MINUTES – GENERAL

**Presiding: The Honorable GEORGE H. KING, U.S.
DISTRICT JUDGE**

<u>Paul Songco</u>	<u>N/A</u>	<u>N/A</u>
Deputy Clerk	Court Reporter/ Recorder	Tape No.
Attorneys Present for Plaintiffs:		Attorneys Present for Defendants:
None		None

**Proceedings: (In Chambers) Order re: Plaintiffs’
7/15/2016 Motion for Summary Judgment (Doc. 572),
Plaintiffs’ 10/18/2011 Motion for Summary Judgment**

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(Doc. 475), and Defendants' 10/18/2011 Motion for Summary Judgment (Doc. 474)

In about four months, this case will be ten years old. Because life is short and this case has already taken up too much of it, we are doing our best to move this case forward. On May 16, 2016, we agreed to resolve all outstanding summary judgment issues, even though these issues will be rendered moot if our April 25, 2016 order on divided direct infringement is affirmed on appeal. Resolving these issues now is the most expeditious manner of proceeding because it will allow for a single appeal to the Federal Circuit. We have considered the parties' joint brief on Plaintiffs' July 15, 2016 Motion for Summary Judgment (Doc. 572), the joint brief on the December 12, 2011 Summary Judgment Motions (Doc. 476), and the portions of the record cited by the parties. We deem this matter appropriate for resolution without oral argument. L.R. 7-15. Accordingly, we rule as follows:

I. Background

On July 16, 1991, Defendant Real Estate Alliance Ltd. ("REAL") was awarded U.S. Patent No. 5,032,989 (the "'989 Patent") for an invention by Mark A. Tornetta ("Inventor Tornetta" or "Tornetta"). The '989 Patent is a continuation-in-part patent of U.S. Patent No. 4,870,576 (the "'576 Patent"), also invented by Tornetta and also assigned to REAL. The '576 Patent has an effective filing date of March 19, 1986; the '989 Patent has an effective filing date of April 24, 1989. Both patents have expired.

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According to its Abstract, the '989 Patent describes "a method for locating available real estate properties for sale, lease or rental using a database of available properties at a central location and remote stations which use a graphic interface to select desired regions on a map of the areas of interest." Doc. 575-1 at 2. The '989 Patent contains a single independent claim, and eleven dependent claims. *Id.* at 23. The sole independent claim, Claim 1, recites:

A method using a computer for locating available real estate properties comprising the steps of:

creating a database of the available real estate properties;

displaying a map of a desired geographic area;

selecting a first area having boundaries within the geographic area;

zooming in on the first area of the displayed map to about the boundaries of the first area to display a higher level of detail than the displayed map;

displaying the zoomed first area;

selecting a second area having boundaries within the zoomed first area;

displaying the second area and a plurality

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of points within the second area, each point representing the appropriate geographic location of an available real estate property; and

identifying available real estate properties within the database which are located within the second area.

Id. at 23.

On April 3, 2007, Plaintiffs Move, Inc., National Association of Realtors, and National Association of Home Builders (collectively, “Move”) filed this action seeking a declaratory judgment that the ‘576 Patent and the ‘989 Patent are invalid, unenforceable, and not infringed. Doc. 1. On January 12, 2009, Move filed its second amended complaint. Doc. 198. REAL filed an answer and asserted a counterclaim for patent infringement. Doc. 210. Move responded and asserted several affirmative defenses. Doc. 221.

On November 25, 2009, we entered our claim construction order. Doc. 419. After stipulating to a finding of non-infringement based on our construction (Doc. 426), REAL appealed to the Federal Circuit, which reversed on some points. Doc. 450 (published at *Move, Inc. v. Real Estate All. Ltd.*, 413 F. App’x 280 (Fed. Cir. 2011)).

On October 18, 2011, the parties filed cross-motions for summary judgment. Docs. 474, 475. Move sought summary judgment on all infringement claims, arguing that “Move did not perform all steps of the claimed method

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and exercised neither direction nor control over users who may have performed those steps so as to render it liable for joint infringement.” Doc. 476 at 32. We agreed, and granted summary judgment for Move. Doc. 493.

REAL appealed. Doc. 501. The Federal Circuit affirmed our conclusion that Move could not be liable for direct infringement, but remanded for us to consider whether Move might be liable for induced infringement. Doc. 511 (published at *Move, Inc. v. Real Estate All. Ltd.*, 709 F.3d 1117 (Fed. Cir. 2013)). Thereafter, the Supreme Court decided *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111 (2014), holding that a party could not be liable for inducing infringement if no party directly infringed the patent. *Id.* at 2115. We concluded that this decision totally undermined the Federal Circuit’s prior mandate, and reinstated our entry of summary judgment. Doc. 522. REAL appealed again. Doc. 529. The Federal Circuit summarily affirmed. Doc. 536. REAL petitioned for rehearing, and the Federal Circuit granted this petition, vacated its prior affirmance, and remanded the matter to us for further consideration in light of *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020 (Fed. Cir. 2015) (en banc). Doc. 537 at 3. In doing so, the Federal Circuit expressed “no opinion on the question of whether [REAL] has waived any allegations of divided infringement.” *Id.*

On April 25, 2016, we held that REAL had waived the divided direct infringement argument, and reinstated our grant of summary judgment in favor of Move. Doc. 563. We asked the parties to submit a Joint Status

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Report, which they did. Doc. 564. Based on this report, we concluded that “resolution of the remaining summary judgment issues would be the most expeditious manner of proceeding.” Doc. 565. We also agreed with Move that “resolution of any issues related to *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014)” would also be prudent. *Id.* We asked the parties to file a joint brief on the *Alice* issues, and stated that we would resolve the remaining summary judgment issues on the original briefing. *Id.* On July 15, 2016, the parties filed their joint brief on *Alice*, and Move sought summary adjudication that the ‘989 Patent is invalid under 35 U.S.C. § 101. Docs. 572, 573.

II. Legal Standard

We may grant summary judgment only “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a). “Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). On a motion for summary judgment, the district court’s “function is not . . . to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial.” *Id.* at 249. The moving party bears the initial responsibility to point to the absence of any genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Where the nonmoving party has the burden of proof at trial, the moving party can carry its initial burden either by

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submitting affirmative evidence that there is not a triable, factual dispute or by demonstrating that the nonmoving party “fail[ed] to make a showing sufficient to establish the existence of an element essential to that party’s case.” *Id.* at 322. The burden then shifts to the nonmoving party “to designate specific facts demonstrating the existence of genuine issues for trial.” *In re Oracle Corp. Sec. Litig.*, 627 F.3d 376, 387 (9th Cir. 2010) (citing *Celotex Corp.*, 477 U.S. at 324). This means that the evidence is such that “a jury could reasonably render a verdict in the non-moving party’s favor.” *Id.* (citing *Anderson*, 477 U.S. at 252). “The evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor.” *Anderson*, 477 U.S. at 255. “When the party moving for summary judgment would bear the burden of proof at trial, it must come forward with evidence which would entitle it to a directed verdict if the evidence went uncontroverted at trial.” *Miller v. Glenn Miller Prods., Inc.*, 454 F.3d 975, 987 (9th Cir. 2006) (internal quotation marks omitted). If the moving party meets its initial burden of demonstrating that summary judgment is proper, “the nonmoving party must come forward with specific facts showing there is a genuine issue for trial.” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986) (emphasis deleted; internal quotation marks omitted).

In ruling on a motion for summary judgment, we apply the “substantive evidentiary standard of proof that would apply at the trial on the merits.” *Anderson*, 477 U.S. at 252. Patents are “presumed valid,” 35 U.S.C. § 282(a), and this presumption can be overcome only by clear and convincing evidence. *Eli Lilly & Co. v. Barr Labs., Inc.*, 251 F.3d 955,

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962 (Fed. Cir. 2001). “Thus, a moving party seeking to invalidate a patent at summary judgment must submit such clear and convincing evidence of invalidity so that no reasonable jury could find otherwise.” *Id.* “Alternatively, a moving party seeking to have a patent held not invalid at summary judgment must show that the nonmoving party, who bears the burden of proof at trial, failed to produce clear and convincing evidence on an essential element of a defense upon which a reasonable jury could invalidate the patent.” *Id.*

III. Plaintiffs’ July 15, 2016 Motion**A. Waiver**

Move seeks summary adjudication that the ‘989 Patent is invalid under 35 U.S.C. § 101 because it impermissibly seeks to patent an abstract idea. Doc. 572. As a preliminary matter, we must consider whether Move waived this argument. We set forth the standard for waiver in our April 25, 2016 order:

Waiver is the intentional relinquishment of a known right with knowledge of its existence and the intent to relinquish it.” *CBS, Inc. v. Merrick*, 716 F.2d 1292, 1295 (9th Cir. 1983); *see also United States v. Olano*, 507 U.S. 725, 733 (1993) (“[W]aiver is the ‘intentional relinquishment or abandonment of a known right.’”). Waiver can be express or implied. *Mooney v. City of N.Y.*, 219 F.3d 123, 131 (2d Cir. 2000) (“[A] waiver need not be express, but may be inferred

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from the conduct of the parties.”). “An implied waiver of rights will be found where there is ‘clear, decisive and unequivocal’ conduct which indicates a purpose to waive the legal rights involved.” *United States v. Amwest Sur. Ins. Co.*, 54 F.3d 601, 602-03 (9th Cir. 1995). The party asserting waiver “bears [a] weighty burden of establishing that a ‘clear and unmistakable’ waiver has occurred.” *N.L.R.B. v. N.Y. Tel. Co.*, 930 F.2d 1009, 1011 (2d Cir. 1991).

Doc. 563 at 3 (“April 25 Order”).

REAL argues that waiver occurred here because (1) Move’s second amended complaint (“SAC”) did not plausibly allege invalidity under § 101; (2) Move did not file a motion for summary judgment on the § 101 issue before the January 18, 2010 deadline for dispositive motions set forth in the Court’s February 11, 2009 scheduling order; (3) Move did not raise the argument in response to REAL’s motion for summary judgment; and (4) Move never raised the argument before the Federal Circuit. Doc. 573 at 34–35.

We do not find these arguments persuasive. As to REAL’s first argument, the SAC alleged that “the ‘989 patent (and each and every claim thereof) is invalid for failure to comply with the provisions of one or more sections of the Patent Act, 35 U.S.C. §§ 1, *et seq.*” Doc. 198, ¶ 79. This allegation encompasses the argument that the ‘989 Patent is invalid under § 101. Thus, REAL was on notice that Move might assert this argument. *Cf.*

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Pfizer Inc. v. Apotex Inc., 726 F. Supp. 2d 921, 937–38 (N.D. Ill. 2010) (allegation that counter-defendant’s patents were “invalid for failure to comply with one or more of the conditions of patentability set forth in Title 35 of the United States Code” was “sufficient to put [counter-defendant] on notice of what [counterclaimant] is claiming”). While Move’s allegation might not satisfy the heightened pleading standard set forth in *Ashcroft v. Iqbal*, 556 U.S. 662 (2009), the SAC predates *Iqbal* by approximately four months. We cannot find waiver based on Move’s failure to comply with a pleading standard that had not yet been announced.¹

As to REAL’s second argument, we are aware of no authority suggesting that Move was required to move for summary judgment on its § 101 argument in order to preserve this argument. *See Street v. Corr. Corp. of Am.*, 102 F.3d 810, 816 (6th Cir. 1996) (finding “no authority” for the proposition that “failure to move for summary judgment” on an argument “amounts to a waiver” of that argument). We are particularly loathe to embrace such an argument here, given that Move’s motion for summary judgment was filed before the Supreme Court’s decision in *Alice*, which undeniably clarified the law in this area. To the extent REAL argues that Move’s present motion is *untimely* under the February 11, 2009 scheduling order,

1. As Move notes, it was unclear prior to *Iqbal* whether the pleading standard announced in *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007) was applicable outside of the antitrust context. The Court in *Twombly* indicated that it was addressing the “question of what a plaintiff must plead in order to state a claim under § 1 of the Sherman Act.” *Id.* at 545–55.

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that order was superseded by our May 16, 2016 order requiring the parties to file “a joint brief presenting the merits of any *Alice* arguments.” Doc. 565.

REAL’s remaining arguments are no more persuasive. REAL sought summary judgment on three issues: (1) whether the ‘989 Patent was anticipated by certain references; (2) whether these references were prior art; and (3) whether Inventor Tornetta engaged in inequitable conduct before the U.S. Patent and Trademark Office (“PTO”). Doc. 474. In its appeals to the Federal Circuit, REAL challenged this Court’s claim construction, our ruling on direct infringement, and our ruling on induced infringement. *See* Docs. 450, 511, 537. None of the issues previously raised by REAL implicates § 101. Nor is there evidence that REAL affirmatively argued that the ‘989 Patent was valid under § 101, either in its summary judgment motion or on appeal. Absent any affirmative argument by REAL, Move’s silence cannot be understood as waiver of the argument that the ‘989 Patent is invalid under § 101.

The fact that REAL never affirmatively asserted that the ‘989 Patent was valid under § 101 distinguishes our April 25 Order. There, we found that REAL waived its theory of divided direct infringement. Doc. 563. As we explained, even after Move “placed the issue of divided direct infringement *squarely before this court*” by arguing in its motion for summary judgment that this type of infringement could not have occurred, REAL failed to assert that such infringement had occurred. *Id.* at 3 (emphasis added). Later, Move sought to delay

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proceedings pending the Federal Circuit’s *en banc* decision in *Akamai*, which was expected to clarify the standard for divided direct infringement. *Id.* at 4 (citing Doc. 447). REAL vigorously opposed, arguing that the decision would have “[no] relevance” because “REAL is prepared to show that Move directly performed every step of the claim.” *Id.* at 5 (citing Doc. 448 at 3–4). Thus, REAL explicitly disclaimed any intention to pursue a theory of divided direct infringement. Move did not make a comparable disclaimer here; the § 101 issue simply was not raised by either party. Because we find that Move did not waive the § 101 argument, we proceed to consider the merits of Move’s argument.

B. The *Alice* Test**1. General Principles**

Section 101 provides that “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent thereof, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. This provision “contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice*, 134 S. Ct. at 2354 (citation and quotation marks omitted). The Supreme Court has developed a two-part framework to determine whether a claim is subject to this implicit exception. Under this framework, we begin by asking whether the relevant claims are directed to a patent-ineligible concept. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus*

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Labs., Inc., 132 S. Ct. 1289, 1296–97 (2012)). If so, we proceed “to consider the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297–98; quotation marks omitted).

The first step of the *Alice* inquiry is intended to be a meaningful one. Even though “[a]ll inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,” *Mayo*, 132 S. Ct. at 1293, not every invention is *directed* to a patent-ineligible concept. See *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016). To distinguish claims that are *directed* to abstract ideas from those that merely *involve* abstract ideas, we look to “the ‘focus’ of the claims” and “their ‘character as a whole.’” *Elec. Power Grp., LLC v. Alstom, S.A.*, 830 F.3d 1350, 1354 (2016) (citations omitted). If the essential features of the claim derive their meaning from a particular technical context and resist transplantation to other contexts, the claim is non-abstract. If, on the other hand, these features are readily transferrable across technical contexts, the claim is directed to an abstract idea. See *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1312 (Fed. Cir. 2016) (“The abstract idea exception prevents patenting a result where ‘it matters not by what process or machinery the result is accomplished.’”) (quoting *O’Reilly v. Morse*, 56 U.S. 62, 113 (1854)). Similarly, if the essential features of the claim can be implemented within the human mind or with pen and paper, the claim is directed to an abstract idea. See *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372–73 (Fed. Cir. 2011).

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If the relevant claims are directed to an abstract idea, we proceed to the second step of the *Alice* inquiry. Here, we look for an “inventive concept – i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.” *Alice*, 134 S. Ct at 2355 (quoting *Mayo*, 132 S. Ct. at 1294; quotation marks omitted; alterations incorporated). An artificial attempt by the drafter “to limit the use of the [abstract idea] to a particular technological environment” is not enough. *Mayo*, 132 S. Ct. at 1297 (quotation marks and citation omitted). Nor will it suffice to “append[] . . . well-understood, routine, conventional activities previously engaged in by workers in the field.” *Intellectual Ventures I LLC v. Symantec Corp.* (“*Symantec Corp.*”), 838 F.3d 1307, 1313 (Fed. Cir. 2016) (quoting *Alice*, 134 S. Ct at 2357, 2359; quotation marks omitted; alterations incorporated). However, an inventive concept may exist where the claim includes a “non-conventional and non-generic arrangement of known, conventional pieces.” *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016).

A comparison of two Supreme Court cases illustrates the type of analysis we perform when confronted with an abstractness challenge.² In *Diamond v. Diehr*, 450 U.S. 175 (1981), the relevant claims required a computer to perform “a well-known mathematical equation” as part of

2. Although both cases predate *Alice*, they employ the same basic analytical framework, and are therefore instructive. See *McRO*, 837 F.3d at 1312 (Supreme Court cases that preceded the two-step framework may nonetheless provide guidance).

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a broader process for curing rubber. *Id.* at 187. The Court held that the claims were patent eligible, notwithstanding their use of an abstract equation, because they “used the equation in a process designed to solve a technological problem in ‘conventional industry practice.’” *Alice*, 134 S. Ct. at 2358 (quoting *Diehr*, 450 U.S. at 178). The equation was useful only insofar as it was employed in connection with “all of the other steps in the[] claimed process” – “installing rubber in a press, closing the mold, constantly determining the temperature of the mold, constantly recalculating the appropriate cure time through the use of the formula and a digital computer, and automatically opening the press at the proper time.” *Diehr*, 450 U.S. at 178. Because the key improvements identified in these claims were integrated into a particular technical context, the claims were patent eligible. *See Mayo*, 132 S. Ct. at 1298 (process at issue in *Diehr* was patent eligible “because . . . the additional steps of the process integrated the equation into the process as a whole”).

In *Bilski v. Kappos*, 561 U.S. 593 (2010), by contrast, the relevant claims set forth “a series of steps instructing how to hedge risk,” and then offered “a simple mathematical formula” for applying these steps. *Id.* at 599. The claims went on to explain how buyers and sellers in the energy market could apply these concepts. *Id.* The Court found that hedging – a well-known concept used across fields – was an abstract idea, and that the relevant claims failed to anchor this idea to any particular technical context. *See id.* at 611–12 (claims added nothing to underlying idea except “well-known random analysis techniques”). Accordingly, the Court concluded that the claims were not patentable. *Id.* at 612.

*Appendix F***2. Applying *Alice* to Computer-Related Claims**

When computer-related claims are at issue, step one of the *Alice* inquiry “asks whether the focus of the claims is on the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an ‘abstract idea’ for which computers are invoked merely as a tool.” *Enfish*, 822 F.3d at 1335–36. Claims that involve the improvement of computer functionality are patent eligible. *See, e.g., McRO*, 837 F.3d at 1314 (claims “focused on a specific asserted improvement in computer animation” were non-abstract); *Enfish*, 822 F.3d at 1339 (method for improving “the way a computer stores and retrieves data in memory” was non-abstract); *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (method for website operation that involved “generat[ing] and direct[ing] the visitor to [a] hybrid web page that present[ed] product information from the thirdparty and visual ‘look and feel’ elements from the host website” was non-abstract). “Software can make non-abstract improvements to computer technology just as hardware improvements can.” *Enfish*, 822 F.3d at 1335. Claims that involve improvements to computer functionality are patent eligible because they derive their meaning from the particular context of computing, resist transfer to other technical contexts, and cannot be implemented within the human mind.

On the other hand, claims that involve the use of a computer to perform ordinary mental processes are directed to an abstract idea. *See, e.g., FairWarning IP*,

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LLC v. Iatric Sys., Inc., No. 2015-1985, 2016 WL 5899185, at *4 (Fed. Cir. Oct. 11, 2016) (computerized method for analyzing records of human activity to detect suspicious behavior “merely implement[ed] an old practice in a new environment,” and was therefore abstract). When confronted with claims of this type, we must proceed to step two of the *Alice* inquiry and “scrutinize” the technical aspects of the claim “more microscopically.” *Elec. Power Grp.*, 830 F.3d at 1354. “Steps that do nothing more than spell out what it means to ‘apply it on a computer’ cannot confer patent-eligibility.” *Intellectual Ventures I, LLC v. Capital One Bank (USA)* (“*Capital One*”), 792 F.3d 1363, 1370–71 (Fed. Cir. 2015) (quoting *Alice*, 134 S.Ct. at 2359).³ Nor does “claiming the improved speed or efficiency inherent with applying the abstract idea on a computer provide a sufficient inventive concept.” *Id.* at 1367. Rather, the claim must “reflect[] a specific implementation not demonstrated as that which any [programmer] engaged in the search for [a means of implementing the abstract idea] would likely have utilized.” *McRO*, 837 F.3d at 1316 (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2119–20 (2013)); see *BASCOM*, 827 F.3d at 1350 (novel arrangement of software elements to filter internet content, which provided “a technical improvement

3. See also *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715–16 (Fed. Cir. 2014) (instructions “to implement the abstract idea with routine, conventional [computing] activity” do not provide an inventive concept); *Symantec Corp.*, 838 F.3d at 1315 (“Claims that amount to nothing significantly more than an instruction to apply an abstract idea using some unspecified, generic computer . . . do not make an abstract idea patent-eligible”) (quoting *Alice*, 134 S. Ct. at 2359–60).

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over prior art ways of filtering such content,” provided inventive concept).

C. Analysis**1. *Alice* Step One**

Turning to the merits, we begin by asking whether the ‘989 Patent is directed to an abstract idea. Move argues that it is directed to such an idea: specifically, the idea of “locating available real estate that meets one’s geographic and other criteri[a].” Doc. 573 at 15. REAL accuses Move of overgeneralizing the invention. It argues that Patent ‘989 is directed to: “a method for transforming a database of available real estate properties into a computer display of a zoomed second area, where the information is displayed at a higher level of detail than a previous display, and the points displayed represent the locations of available real estate properties.” *Id.* at 32.

As an initial matter, we must decide the appropriate level of generality at which to view the ‘989 Patent. Some decisions of the Federal Circuit have instructed courts applying *Alice* step one to be “‘careful to avoid oversimplifying the claims’ by looking at them generally and failing to account for the specific requirements of the claims.” *McRO*, 837 F.3d at 1313 (quoting *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016)); *see also Enfish*, 822 F.3d at 1327 (“[D]escribing the claims at such a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule.”). However, a

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review of *Alice* itself, and recent Federal Circuit decisions applying it, indicate that courts routinely describe claims at a high level of generality at *Alice* step one.⁴ We therefore agree with a prior decision of this Court that *Alice* step one requires us to “recite a claim’s purpose at a reasonably high level of generality.” *Secure Mail Sols. LLC v. Universal Wilde, Inc.*, 169 F. Supp. 3d 1039, 1048 (C.D. Cal. 2016) (citation and quotation marks omitted); *cf. BASCOM*, 827 F.3d at 1349 (recognizing that analysis of specific limitations can occur at either step).

In deciding what the ‘989 Patent is directed to, we consider the Abstract and the language of the sole

4. *See Alice*, 134 S. Ct. at 2356 (“On their face, the claims before us are drawn to the concept of intermediated settlement, i.e., the use of a third party to mitigate settlement risk.”); *see, e.g., FairWarning IP*, 2016 WL 5899185, at *2 (claims were directed to “concept of analyzing records of human activity to detect suspicious behavior”); *Symantec Corp.*, 838 F.3d at 1313 (claim directed to “receiving e-mail . . . identifiers, characterizing e-mail based on the identifiers, and communicating the characterization”) *Elec. Power Grp.*, 830 F.3d at 1353 (“The focus of the asserted claims . . . is on collecting information, analyzing it, and displaying certain results of the collection and analysis.”); *BASCOM*, 827 F.3d at 1348 (claims “directed to filtering content on the Internet”); *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324 (Fed. Cir. 2016) (“asserted claims [were] directed to the abstract idea of ‘anonymous loan shopping’”); *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1333 (Fed. Cir. 2015) (claims directed to “the abstract idea of determining a price, using organizational and product group hierarchies”); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1348 (Fed. Cir. 2015) (claim directed to “the idea of retaining information in the navigation of online forms”).

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independent claim, Claim 1. The Abstract describes the invention as “a method for locating available real estate properties for sale, lease or rental using a database of available properties at a central location and remote stations which use a graphic interface to select desired regions on a map of the areas of interest.” Claim 1 discloses “[a] method using a computer for locating available real estate properties” comprising steps for “creating a database” of available properties, representing this information on a digital map, and allowing the user to “select a[n] . . . area” and “zoom[] in . . . to display a higher level of detail.” We therefore conclude that the ‘989 Patent is directed to a method for collecting and organizing information about available real estate properties and displaying this information on a digital map that can be manipulated by the user.

Based on this understanding, we conclude that the ‘989 Patent is directed at an abstract idea. The Federal Circuit has explained that “collecting information, including when limited to particular context,” is “within the realm of abstract ideas.” *Elec. Power Grp.*, 830 F.3d at 1353. Methods for “analyzing information” that rely on “steps people go through in their minds” or “mathematical algorithms” are also abstract. *Id.* at 1354; *accord Amdocs (Israel) Limited v. Openet Telecom, Inc.*, No. 2015-1180, 2016 WL 6440387, at *9 (Fed. Cir. Nov. 1, 2016) (“claims involving the mere collection and manipulation of information do not satisfy § 101”) (citations omitted). It follows that the concept of collecting and organizing data about available real estate properties is abstract.

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The requirement that the information be displayed on a digital map is also abstract. The Federal Circuit has explained that “merely presenting the results of abstract processes of collecting and analyzing information . . . is abstract as an ancillary part of such collection and analysis.” *Elec. Power Grp.*, 830 F.3d at 1354. Nothing about the display requirement renders Claim 1 non-abstract. The concept of using a map to display geographic information is ancient;⁵ it is certainly “part of the storehouse of knowledge of all men” which is “free to all men and reserved exclusively to none.” *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948). The fact that the map is digital, rather than physical, does not change the analysis. The ‘989 Patent relies on generic computing capabilities to render the map. *See Doc. 575-1 at 23* (“[T]he present invention may be implemented on an IBM or compatible personal computer” using a variety of existing softwares); *see also id.* at 41 (Patent Examiner: “It is well known in the prior art of computer to display information textually or graphically.”). Generic computer implementation of this sort does not defeat a finding of abstractness. *See, e.g., Symantec Corp.*, 838 F.3d at 1315.

Finally, the requirement that the user be able to manipulate the map to obtain more detailed information – i.e., that the user be able to “select a[n] . . . area” and “zoom[] in . . . to display a higher level of detail” – is also abstract. To begin, we note that the concept of using a

5. The oldest known map, the *Imago Mundi*, dates to the 6th Century BCE. *See* http://www.britishmuseum.org/research/collection_online/collection_object_details.aspx?assetId=404485001&objectId=362000&partId=1.

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series of related maps that provide progressively greater detail is an abstract idea. As the Eastern District of Virginia noted in a similar case, “atlases have long provided maps of large geographic areas along with corresponding maps of smaller portions of these larger areas in more detail.” *Peschke Map Techs. LLC v. Rouse Properties Inc.*, 168 F. Supp. 3d 881, 888 (E.D. Va. 2016). Organizing geographic data in this way is commonsensical – it is the type of approach anyone attempting to organize a large amount of geographic data would think to use. Allowing a user to orient herself using a larger map, and then to select a smaller, more detailed map corresponding to her geographic preference, is similarly commonsensical. All of these steps could be approximated by a realtor with an atlas.

Of course, even if the process is abstract, the claim may be directed to a patent-eligible subject if it discloses “a specific asserted improvement in computer [performance]” designed to implement the process. *McRO*, 837 F.3d at 1314. But we see no evidence that the ‘989 Patent discloses such an improvement. Claim 1 does not teach any innovation in computer functionality; instead, it speaks of performing generic functions such as “creating a database,” “zooming in” on a selected area, and “displaying a map.” REAL argues that steps such as “zooming to display a higher level of detail” cannot be performed without a computer (Doc. 573 at 41–42) and that the process as a whole requires a computer to be “programmed to operate in a specific manner,” (*id.* at 38), but that is not enough: claims involving software are often found to be abstract where they rely on “routine,

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conventional [computing] activity.” See, e.g., *Ultramercial*, 772 F.3d at 715–16. There is nothing to indicate that the computer activity disclosed by the ‘989 Patent is anything other than routine. Although the ‘989 Patent discloses pages of logical flow charts that explain how the computer should be programmed to perform the claimed method (Doc. 571 at 3–15), REAL does not explain how the disclosed program differs from that which any programmer would have used to implement the claimed method. Cf. *McRO*, 837 F.3d at 1316.⁶

Comparing the ‘989 Patent to one of the patents at issue in *Enfish*, where the Federal Circuit upheld a software patent against an abstractness challenges at *Alice* step one, demonstrates what is lacking here. The patents in *Enfish* were directed to the use of a self-referential table to organize data. *Enfish*, 822 F.3d at 1336. One of the claims recites:

A data storage and retrieval system for a computer memory, comprising: means for configuring said memory according to a logical table, said logical table including: a plurality of logical rows, each said logical row having an object identification number (OID) to identify each said logical row, each said logical row corresponding to a record of information; a

6. Similar flow charts appear in many software patents that have been invalidated on abstractness grounds. Consider Figure 4 of U.S. Patent No. 6,460,050, which was held invalid in *Symantec Corp.*, 838 F.3d at 1313, or Figure 2 of U.S. Patent No. 8,578,500, held invalid in *FairWarning*, 2016 WL 5899185.

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plurality of logical columns intersecting said plurality of logical rows to define a plurality of logical cells, each said logical column having an OID to identify each said logical column; and wherein at least one of said logical rows has an OID equal to the OID of a corresponding one of said logical columns, and at least one of said logical rows includes logical column information defining each of said logical column.

Claim 1 of U.S. Patent No. 6,151,604 (the “604 Patent”). The ‘604 Patent goes on to identify several benefits associated with the use of a self-referential table. First, the claimed method is compatible with “an indexing technique that allows for faster searching of data” than would be possible using the conventional method of organizing data in tabular form. *Enfish*, 822 F.3d at 1333 (citation omitted). Second, the claimed method “allows for more effective storage of data other than structured text, such as images and unstructured text.” *Id.* (citation omitted). Finally, the claimed method “allows more flexibility in configuring the database,” because the database can be launched without first configuring a series of related tables. *Id.* (citation omitted).

Thus, the patent in *Enfish* speaks directly to a particular method of organizing data on a computer. The benefits it provides – faster searching, more effective storage of images and unstructured text, and more flexibility in table configuration – can only be realized, and only make sense, in the computing context. The logical structure is decidedly novel, with no precursor in the pre-

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computer world. And crucially, the method is not one that any programmer seeking to perform the relevant function would have known to design; to the contrary, the evidence before the Federal Circuit indicated that programmers had traditionally relied on a different method to organize data in tabular form. All of these features distinguish the ‘604 Patent from the ‘989 Patent.

2. *Alice* Step Two

We proceed to step two of the *Alice* inquiry. Here, we “scrutinize” the technical aspects of the ‘989 Patent “more microscopically,” *Elec. Power Grp.*, 830 F.3d at 1354, to determine whether the Claim includes an inventive concept “sufficient to ‘transform’ the claimed abstract idea into a patenteligible application.” *Alice*, 134 S. Ct. at 2357 (citing *Mayo*, 132 S. Ct. at 1294, 1295).

REAL presents two arguments as to why the ‘989 Patent contains an inventive concept. First, REAL argues that the ‘989 Patent discloses “a particular way of improving the function of a computer to provide ease and speed of search and retrieval of information from a database of available real estate properties.” Doc. 573 at 49. This argument is a non-starter. There is no evidence that the ‘989 Patent improves computer functionality; to the contrary, the specification teaches that the claimed method relies on generic computing capabilities. *See* Doc. 575-1 at 23 (“[T]he present invention may be implemented on an IBM or compatible personal computer” using a variety of existing softwares). The fact that this generic computer implementation may increase the ease and

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speed of search and retrieval of information does not provide an inventive concept. *See Capital One*, 792 F.3d at 1370–71 (“the improved speed or efficiency inherent with applying the abstract idea on a computer” is not an inventive concept).

Second, REAL argues that zooming to display a higher level of detail is an inventive concept. It cites a declaration from its expert, Professor Dennis E. Shasha, stating that “[i]t was considered neither routine nor conventional in the mid-1980s for a computer-displayed map to be able to zoom to display a higher level of detail.” Doc. 573 at 44 (Doc. 575-3 at 4, ¶ 12). Although we accept that as true,⁷ we do not see it as evidence of an inventive concept. As explained, the concept of using a series of related maps that provide progressively greater detail is an abstract idea, and a zoom feature on a digital map is a commonsensical way to implement this abstract idea on a computer. *Accord Peschke Map*, 168 F. Supp. 3d at 888 (“[T]he use of multiple layers of maps that enables users to zoom into and out of a geographic area is an unpatentable

7. There is evidence that zooming in general was known in the art. *See* Doc. 575-1 at 148 (Patent Examiner: “As to the zoom feature . . . that too is known. Waller, for example, teaches a means for providing the operator with a large scale map. The operator may specify a region within the large scale map by positioning a window at the center of the desired region. The system will zoom in on the designated region and provide a close-up map of the region.”). REAL contends, and we see no evidence to the contrary, that the ‘989 Patent was among the first to teach a *dynamic* zoom – one providing more detail, not simply a larger display, as the user zooms in. *See* Doc. 573 at 45.

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abstract idea.”). Whether the ‘989 Patent was the first attempt to implement this idea on a computer is of no relevance. As the Supreme Court has explained, “the fact that a company may be the first to successfully apply an abstract idea within a new technological context does not transform the abstract idea into something tangible and patentable.” *Bilski*, 561 U.S. at 610–11.

REAL does not identify anything else that might constitute an inventive concept. Nor do we see anything. REAL has not identified any improvement to computer functionality. Nor does it identify a “non-conventional and non-generic arrangement of known, conventional pieces.” *BASCOM*, 827 F.3d at 1350. It appears to us that the ‘989 Patent provides instructions to implement an abstract idea “with routine, conventional [computing] activity.” *Ultramercial*, 772 F.3d at 715–16. Therefore, we hold that the implicit exception against patenting abstract ideas applies to the ‘989 Patent, and that Move is entitled to summary adjudication that the ‘989 Patent is invalid under § 101.

III. Defendants’ October 18, 2011 Motion

A. Anticipation

An invention is not patentable if it was anticipated – that is, if it was “patented, described in a printed publication, or in public use, on sale, or otherwise available to the public” before the priority date of the claimed invention. 35 U.S.C. § 102(a)(1). “Anticipation requires that all of the claim elements and their limitations are

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shown in a single prior art reference.” *In re Skvorecz*, 580 F.3d 1262, 1266 (Fed. Cir. 2009). It is not necessary that every element be explicitly disclosed; anticipation can also occur by implication. *See Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1369 (Fed. Cir. 1991). However, whether the disclosure is explicit or implicit, it must be “sufficient to enable one with ordinary skill in the art to practice the invention.” *Minn. Mining & Mfg. Co. v. Chemque, Inc.*, 303 F.3d 1294, 1301 (Fed. Cir. 2002). “Anticipation is a question of fact,” *Glaverbel Societe Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550, 1554 (Fed. Cir. 1995), and must be established by clear and convincing evidence. *Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 147 F.3d 1374, 1378 (Fed. Cir. 1998).

REAL seeks summary adjudication that the ‘989 Patent is not anticipated. Docs. 474. REAL argues that Move cannot demonstrate anticipation because (1) none of the alleged anticipating references discloses all of the steps of the claimed method and (2) none of the allegedly anticipating references was publicly available before the relevant priority date. Doc. 476 at 15–19, 21–27. We consider each argument in turn.

1. Disclosure

Move argues that the ‘989 Patent is anticipated by two sets of references, “MIDAS/MapInfo” and “Workplace.” The MIDAS/MapInfo references were developed by Navigation Technologies, Inc. (“Navigational Technologies”). Doc. 482-22 at 407, ¶ 3. The Workplace references were developed by Inventor Tornetta, pursuant

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to a license agreement between REAL and Synermation, Inc. (“Synermation”). Doc. 482-11 at 95–121. REAL argues that none of these references is anticipating because none teaches Step (a) of Claim 1, “creating a database of the available real estate properties.” Doc. 476 at 17–19.

With respect to the MIDAS/MapInfo references, REAL argues that none of these references teaches creating a database of available real estate properties because none of them actually works. In support of this argument, REAL cites testimony from Move’s expert Professor Todd S. Bacastow stating that: (1) he had to create his own database to operate MIDAS Version 1.2⁸ because otherwise he “couldn’t get [it] to run;” (2) he was not aware of anyone who performed all elements of Claim 1 using MIDAS Version 1.2 before the effective filing date of the ‘989 Patent; (3) he was “unable to run” any version of MapInfo Version 2.0 he received; and (4) he was “unaware of any version of MapInfo Version 2.0 that will run.” Doc. 482-9 at 82–83, 91, 48–50. Move does not meaningfully respond to these arguments.

We agree with REAL that no reasonable jury could find by clear and convincing evidence that MapInfo Version 2.0 anticipates the ‘989 Patent, given Move’s failure to produce any evidence that this program is functional. REAL is therefore entitled to summary adjudication that

8. Some but not all of the testimony distinguishes between two versions of MIDAS Version 1.2 –MIDAS V1.22S and MIDAS V1.22UM. As the testimony and briefing often fail to distinguish between the two versions, we ignore the distinction for present purposes.

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MapInfo Version 2.0 does not anticipate the '989 Patent. However, we think REAL mischaracterizes Professor Bacastow's testimony regarding MIDAS Version 1.2. Professor Bacastow testified that he was able to create a database using MIDAS Version 1.2 and to perform all of the steps of Claim 1 using this software. Doc. 482-9 at 89–90. He further testified that this software was “intended for and in fact probably used to look at available real estate properties.” *Id.* at 90. Based on this testimony, a reasonable jury could find by clear and convincing evidence that MIDAS Version 1.2 teaches creating a database of available real estate properties. REAL is not entitled to summary adjudication on the question whether MIDAS Version 1.2 anticipates the '989 Patent.

With respect to the Workplace references, REAL argues that none of these references anticipates the '989 Patent because none includes routines or language for creating a database of properties. REAL cites testimony from Move's expert Professor Peter Guth, who stated that the Workplace software he reviewed “would never have created a database because the database would have been created on the host. The Workplace software . . . was designed for a person or the Realtor to query the properties that had been created with another program in the database.” Doc. 482-19 at 116. Professor Guth acknowledged that he had no evidence that such a program existed, but explained that “you could have created that database as simply as going into a word processor or a spreadsheet.” *Id.* at 116–17. REAL also cites testimony from Professor Bacastow, who stated that the Workplace software he examined could not plot a plurality of points because it “was not provided with a database.” Doc.

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482-9 at 57–58. Move responds by accusing REAL of mischaracterizing the testimony of Professors Guth and Bacastow. Doc. 476 at 20, n.3.

Reading the cited testimony in context, we conclude that a reasonable jury could find by clear and convincing evidence that Workplace teaches creating a database. It is undisputed that the Workplace software reviewed by Professors Guth and Bacastow did not include a database or code for creating a database. But both professors testified that the software was designed to operate with a database. For example, Professor Guth testified that “[t]he source code has lines of code in it that would have plotted the properties from [a] database” had one been supplied; he went on to state that “it would have been virtually impossible to write the program without having a test database that would be plotting properties when you did that.” Doc. 482-19 at 118; *accord* Doc. 482-19 at 10, n.12 (Professor Guth’s expert report). Professor Bacastow testified similarly: “looking at the code we were given in hard copy format, it was quite clear that in fact it was intended to have a database.” Doc. 482-9 at 58. Based on this evidence, a reasonable jury could find by clear and convincing evidence that creating a database is necessarily implied by the Workplace references. REAL is not entitled to summary adjudication on the question whether Workplace anticipates the ‘989 Patent.

2. Public Availability

The second part of REAL’s motion argues that REAL is entitled to summary adjudication on the § 102 issue because neither MIDAS Version 1.2 nor Workplace

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was publicly available before the priority date of the '989 Patent. First, REAL argues that the '989 Patent is entitled to a priority date based on the effective filing date of the '576 Patent – i.e. March 19, 1986. There is no dispute that anticipation could not have occurred if REAL is correct. Second, REAL argues that it is entitled to summary adjudication even if the '989 Patent has a priority date based on the effective filing date of the '989 Patent (April 24, 1989), because Move has not produced evidence that the allegedly anticipating references were publicly available at the relevant time.

a. Is the '989 Patent Entitled to the '576 Patent's Priority Date?

The '989 Patent is a continuation-in-part (“CIP”) of the '576 Patent. A CIP application is entitled to the priority date of the parent application if the parent disclosed every element claimed by the CIP in the manner required by section 112(a). 35 U.S.C. § 120. “Subject matter that arises for the first time in the CIP application does not receive the benefit of the filing date of the parent application.” *Augustine Med., Inc. v. Gaymar Indus., Inc.*, 181 F.3d 1291, 1302 (Fed. Cir. 1999). To determine whether a CIP claim is entitled to the priority date of the parent application, we ask whether the disclosure in the parent “reasonably conveys to the artisan that the inventor had possession at that time of the later claimed subject matter.” *Id.* (citation omitted; alteration incorporated). “This is a question of fact.” *Id.* at 1303.

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REAL argues that the '989 Patent is entitled to the priority date of the '576 Patent because the patent examiner specifically concluded as much. If the examiner finds that the CIP application is entitled to the parent's priority date, we presume this finding is valid, absent clear and convincing evidence that it is erroneous. *See Bone Care Int'l, LLC v. Pentech Pharm., Inc.*, 741 F. Supp. 2d 865, 872–73 (N.D. Ill. 2010). If the examiner did not make such a determination, the burden is on the patent holder to show that the CIP patent is entitled to the parent's priority date. *Id.* at 873 (citation omitted). "Whether the examiner actually considered this issue can only be determined by reviewing the prosecution history." *In re NTP, Inc.*, 654 F.3d 1268, 1278 (Fed. Cir. 2011).

REAL argues that the examiner was required to make a priority determination because the record included two references created after the effective filing date of the '576 Patent but before the effective filing date of the '989 Patent. *See* Doc. 482-4 at 115. REAL contends that the examiner found that these references could be disregarded because they post-dated the effective filing date of the '989 Patent. In support of this argument, REAL points to the patent examiner's statement that "[t]he newllycited art is considered relevant to applicant's disclosure, *but does not qualify as prior art.*" *Id.* at 111 (emphasis added). We do not think this vague, conclusory statement is sufficient to establish that the patent examiner found the '989 Patent entitled to the priority date of the '576 Patent. There is "no evidence that the examiner actually considered whether the claims of the ['576 Patent] satisfy the requirements of § 112;" the examiner certainly did not "make an

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affirmative statement that the claims of the [‘576 Patent] satisfied § 112.” *In re NTP*, 654 F.3d at 1278–79. Absent such evidence, we cannot presume that the ‘989 Patent is entitled to the priority date of the ‘576 Patent.⁹

REAL argues in the alternative that the ‘576 Patent teaches every element of Claim 1 of the ‘989 Patent. Move disagrees, arguing that the ‘576 Patent fails to disclose element (g) of Claim 1 –displaying a plurality of points. Doc. 476 at 42–45. Move points to testimony from Professor Bacastow, who opined that the method set forth in the Appendix of the ‘576 Patent would not display a plurality of points because any point shown on a screen would be cleared before the user could access a second listing. Doc. 482-26 at 182–86. REAL counters with testimony from its expert, Professor Shasha, who opined that the ‘576 Patent discloses Step (g) because (1) the ‘576 Patent allows a user to position a crosshair cursor to “create[] a point representing the appropriate geographic location of a real estate property,” and (2) “[r]epeated application of this process would result in displaying a plurality of such points because there is no erasure of such points and no clear screen” in the program. Doc. 482-12 at 111–12. We think the disagreement between Professors Bacastow and Shasha creates a genuine dispute of material fact as to whether ‘989 Patent is entitled to the priority date of the ‘576 Patent.

9. Even if we were to adopt this presumption, it would not affect our ultimate conclusion. Move has presented evidence from which a reasonable jury could find by clear and convincing evidence that the ‘576 Patent does not disclose every step of Claim 1 of the ‘989 Patent. *See* Doc. 482-26 at 182–86

*Appendix F***b. Were the Allegedly Anticipating References Publicly Available At the Relevant Time?**

REAL argues that, even if Move is correct regarding the priority date for the '989 Patent, the '989 Patent was not anticipated because neither MIDAS Version 1.2 nor Workplace was publicly available before the relevant priority date.¹⁰

i. MIDAS Version 1.2

With respect to MIDAS Version 1.2, REAL points to Professor Bacastow's testimony that he had "no knowledge of invoices or actual sales" for MIDAS Version 1.2, nor any other "direct evidence" that the software was delivered to a customer before April 24, 1989. Doc. 482-9 at 35, 73-74, 80-81, 98-99. In addition, REAL cites testimony from Barry Indyke, a software engineer at Navigation Technologies. Although Indyke testified that he "know[s]" Navigational Technologies had customers for MIDAS Version 1.2 in 1987 and that it would "surprise [him]" if the first sales were after that year, he conceded that he does not have sales documentation to support his recollection. Doc. 482-6 at 79.

10. Because MIDAS was developed by a third-party, the priority date is the effective filing date of the '989 Patent, or April 24, 1989. 35 U.S.C. § 102(a)(1). Because Workplace was developed by Inventor Tornetta, the priority date is one year earlier. § 102(b)(1) (disclosures made by the inventor up to a year before the effective filing date are not considered prior art).

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Move counters with a declaration from John Haller, co-founder and former Vice President for Software Development of Navigational Technologies. Haller avers that the MIDAS program was offered for sale “[a]t least as early as July 1986,” and that “Version 1.2 of the MIDAS program was offered for sale and sold beginning in March 1987.” Doc. 482-22 at 407–09, ¶¶ 6, 11. Haller attaches two documents to his declaration: (1) a sales presentation on the MIDAS software given to the Albany Board of Realtors in July 1986, and (2) the user manual for MIDAS Version 1.2, which states that it is for use “with the MIDAS Version 1.2 software release of August 1987.” Doc. 482-23 at 2–26, 40.

Based on the Haller declaration and the corroborating evidence attached thereto, as well as the testimony of Barry Indyke, a reasonable jury could find by clear and convincing evidence that MIDAS Version 1.2 was publicly available before April 24, 1989. We therefore deny REAL’s motion for summary adjudication on the question whether MIDAS Version 1.2 anticipates the ‘989 Patent.

ii. Workplace

REAL argues that Workplace was not publicly available before the relevant priority date (here, April 24, 1988) because the software was maintained in confidence in accordance with the terms of the license agreement (“Agreement”) between REAL and Synermation. REAL relies on a provision of the Agreement stating that Synermation will “hold all technical information . . . furnished by [REAL] in confidence and will not disclose

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such technical information . . . to others without prior written permission received from [REAL].” Doc. 482-11 at 101, ¶ 2.8.

Move disputes REAL’s understanding of this provision. Move notes that the agreement defines the term “technical information” to include “system overview, flowcharts, and executable object code . . . relating to the manufacture, use and testing of” Workplace, but not to include Workplace itself. *See id.* at 97, ¶ 1.6. Move also points to provisions of the Agreement that contemplate public distribution of the software. *See, e.g., id.* at 102, ¶ 3.1 (granting Synermation “the exclusive worldwide right and license to use the technical information to operate, reproduce, distribute, market, franchise, sublicense, and support” Workplace). Finally, Move cites Inventor Tornetta’s testimony that he and Synermation gave free copies of the software to anyone who asked for it. Doc. 482-22 at 71, 116. Reviewing all of this evidence, we conclude that the Agreement contemplates public distribution of the Workplace software, and that such distribution may have occurred. The confidentiality provision would not preclude a reasonable jury from finding that Workplace was publicly available before April 24, 1988.

REAL also argues that Workplace is not prior art because it “was not completed and known to work for its intended purpose” before the priority date of the ‘989 Patent. Doc. 476 at 25. In support of this argument, REAL presents testimony from Inventor Tornetta stating that (1) Synermation terminated the Agreement by the end of 1988 because the software failed certain tests, and

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(2) Tornetta “did not have a functional working version” of the software “until a month before the application of the ‘989 Patent.” Doc. 482-6 at 16–17, 31–32.

Move points to other portions of Inventor Tornetta’s testimony, where states that (1) the Workplace software was written before 1988, and (2) the software was capable of displaying a plurality of points and performing all of the other limitations of Claim 1 of the ‘989 Patent. Doc. 482-22 at 113–14. In addition, Move produces an April 22, 1988 article from the *Times Herald* of Norristown, Pennsylvania, which states that Workplace is capable of “superimpos[ing] on [a] map . . . a series of ‘points’, each of which represents at least one property in the Workplace database.” Doc. 482-22 at 339 Move cites testimony from B. Jay Bagdis, the author of the *Times Herald* article, who stated that Tornetta had written “some software” by the time the article was written and the software was “probably” capable of accessing a database of real estate properties as of this time. Doc. 482-28 at 90.

Based on the evidence cited by Move, a reasonable jury could find by clear and convincing evidence that Workplace was capable of performing all of the steps of Claim 1 of the ‘989 Patent before April 24, 1988. A reasonable jury could also find that the software was publicly available before this date. We therefore deny REAL’s motion for summary adjudication on the question whether Workplace anticipates the ‘989 Patent.

*Appendix F***3. Conclusion**

REAL seeks summary adjudication that neither the MIDAS/MapInfo nor the Workplace references anticipate the '989 Patent. REAL argues that these references fail to anticipate the '989 Patent because (1) they do not teach every element of Claim 1 of the '989 Patent and (2) they do not constitute prior art. As to REAL's first argument, we conclude that REAL is entitled to summary adjudication that MapInfo Version 2.0 does not anticipate the '989 Patent because Move has not produced any evidence that this software is capable of performing all of the steps of Claim 1. However, a genuine dispute of material fact exists as to whether MIDAS Version 1.2 or Workplace is capable of performing these steps. Accordingly, REAL is not entitled to summary adjudication that these references fail to disclose all of the elements of Claim 1. As to REAL's second argument, we conclude that a reasonable jury could find by clear and convincing evidence that the '989 Patent is not entitled to the priority date of the '576 Patent. Finally, if a jury were to determine that the '989 Patent is not entitled to the priority date of the '576 Patent, it could reasonably find that MIDAS Version 1.2 and Workplace were publicly available before the relevant priority dates. Accordingly, we deny REAL's motion for summary adjudication that MIDAS Version 1.2. and Workplace are non-anticipating.

B. Inequitable Conduct

REAL moves for summary adjudication on Move's claim that the '989 Patent is unenforceable as a result

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of Inventor Tornetta's inequitable conduct before the PTO. "To prevail on the defense of inequitable conduct, the accused infringer must prove that the applicant misrepresented or omitted material information with the specific intent to deceive the PTO." *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011) (en banc). Intent and materiality are separate elements. *Id.* at 1290. To establish intent, the accused infringer must show that a specific intent to deceive is "the single most reasonable inference" supported by the evidence. *Id.* To establish materiality, the accused infringer must generally show that the patent would not have been granted but for the applicant's inequitable conduct. *Id.* at 1291.¹¹ Both intent and materiality must be established by clear and convincing evidence. *Id.* at 1287. If, after the close of discovery, it is clear that the alleged infringer has not offered sufficient evidence of intent or materiality, summary judgment is warranted. *See, e.g., Optium Corp. v. Emcore Corp.*, 603 F.3d 1313 (Fed. Cir. 2010).

Move contends that Inventor Tornetta committed fraud on the PTO by failing to disclose the Workplace software during prosecution of the '989 Patent. REAL argues that Move cannot establish specific intent. Doc. 476 at 30–31. We agree. Move offers no direct evidence that Tornetta specifically intended to deceive the PTO. Nor could a reasonable factfinder find such intent to be the single most reasonable inference supported by the

11. A lesser showing of materiality will suffice if the applicant engaged in "affirmative egregious misconduct." *Therasense*, 649 F.3d at 1292.

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evidence. Tornetta testified that he believed the '989 Patent application was entitled to the filing date of the '576 Patent, meaning that Workplace – developed after March 19, 1986 – would not constitute prior art. Doc. 482-5 at 6–7, 15–16. That is not an unreasonable belief; as explained above, we find a factual dispute as to whether the '989 Patent is entitled to the priority date of the '576 Patent. Given Tornetta's reasonable belief that Workplace was not prior art, no reasonable jury could find by clear and convincing evidence that Tornetta had a specific intent to deceive. REAL is therefore entitled to summary adjudication that Inventor Tornetta did not engage in inequitable conduct before the PTO.

IV. Plaintiffs' October 18, 2011 Motion**A. Anticipation**

Move seeks summary adjudication that the Workplace software anticipates the '989 Patent. Docs. 475. Move asserts that Inventor Tornetta's licensing of the Workplace software in January 1988 demonstrates that this software was on sale more than a year before April 24, 1989 – the effective filing date of the '989 Patent. Doc. 476 at 40–48. As explained above, we find a genuine dispute of material fact as to whether the '989 Patent is entitled to a priority date based on the effective filing date of the '576 Patent – March 19, 1986. If the '989 Patent is entitled to the earlier filing date, Workplace would not constitute prior art, and could not anticipate. In light of this factual dispute, we deny Move's motion for summary adjudication on the anticipation issue.

*Appendix F***B. Section 112**

Move seeks summary adjudication that the ‘989 Patent is invalid under 35 U.S.C. § 112 for lack of a written description and failure to enable. Docs. 475; 476 at 53–62. Section 112 provides that any patent shall include “a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same.” 35 U.S.C. § 112(a). This provision gives rise to two separate but related requirements. First, the patent “must describe the invention sufficiently to convey to a person of skill in the art that the patentee had possession of the claimed invention at the time of the application, i.e., that the patentee invented what is claimed.” *LizardTech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336, 1345 (Fed. Cir. 2005). This is referred to as the “possession requirement.” Second, the patent “must describe the manner and process of making and using the invention so as to enable a person of skill in the art to make and use the full scope of the invention without undue experimentation.” *Id.* at 1344–45. This is known as the “enablement requirement.” Whether the patent establishes possession is a question of fact. *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1307 (Fed. Cir. 2008). “Enablement is a question of law based on underlying factual findings.” *In re Morsa*, 713 F.3d 104, 109 (Fed. Cir. 2013). Any attack under § 112 must be supported by clear and convincing evidence. *See Alcon Research Ltd. v. Barr Labs., Inc.*, 745 F.3d 1180, 1188 (Fed. Cir. 2014); *Cordis Corp. v. Medtronic AVE, Inc.*, 339 F.3d 1352, 1364 (Fed. Cir. 2003).

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Move contends that the '989 Patent fails the possession requirement because it claims all methods for selecting an area having boundaries, but describes only one such method – a technique referred to as rubberbanding. Doc. 476 at 53.¹² As Move correctly notes, a patent is invalid under § 112 if its claims are broader than the disclosure will support. *See, e.g., LizardTech*, 424 F.3d at 1345 (patent was invalid under § 112 because it claimed all methods for creating a discrete wavelet transform, but disclosed only one such method). Move points to testimony from REAL's experts acknowledging that the '989 Patent does not specifically mention any method for selecting an area other than rubberbanding. *See* Doc. 482-21 at 304 (Professor Michael Dobson: "Are [other selection methods] specifically mentioned? I think I've said five times that they're not specifically mentioned, but they would be obvious to one with ordinary skill in the art."); *id.* at 458 (testimony of Professor Shasha, explaining that rubberbanding is the only method for selecting an area for which there is an "embodiment" in the patent).

REAL counters by citing language in the specification that describes methods other than rubberbanding for interacting with the program generally. The first sentence states: "There are three basic types of variables used in the system of the present invention: (1) numerical; (2) array of menu selection; and (3) floating point location." Doc. 575-1 at 20. Professor Dobson understood this

12. Rubberbanding is a technique whereby the user can "control the position and size of a 'rubberband' window box." Doc. 575-1 at 16. The rubberband "allows the user to enclose a search boundary on the map." *Id.*

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sentence to imply “a variety of ways that people could interact with the system to begin a selection of an area,” including “access[ing] the map through a menu.” Doc. 482-21 at 301–02. The second sentence states: “Th[e] location is selected through the use of manipulator keys or pointing devices such as a mouse, light pen or other known devices which allow positioning of a graphical interface selector in order to locate both property location and distance specifications without resort to numerical data on the part of the user.” Doc. 575-1 at 20. Professor Dobson understood this sentence to describe “a variety of methods of indicating areas,” including “touching a map and having the map bring up the zoom area around the point.” Doc. 482-21 at 302. Professor Shasha agreed that positioning a cursor and clicking was “definitely contemplated.” Doc. 482-7 at 34.¹³

We conclude that the specification language cited by REAL and the corresponding expert testimony would support a reasonable jury in finding that the ‘989 Patent demonstrates possession of methods for choosing an area

13. Move argues that the reference to manipulator keys and pointing devices simply “reflects various ways to perform rubberbanding, not ways to select areas without rubberbanding.” Doc. 476 at 56–57, n.22. We agree that this is the most natural reading of the sentence. *See* Doc. 575-1 at 20 (describing “use of manipulator keys or pointing devices such as a mouse, light pen or other known devices” for purposes of “*positioning of a graphical interface selector*”) (emphasis added). Even so, the sentence might establish possession if, as REAL’s experts contend, it clearly implies to one skilled in the art that the same selection techniques can be used without a graphical interface selector.

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other than rubberbanding. Although Move is correct that rubberbanding is the only method specifically described as being used for selecting an area, the specification teaches other methods for interacting with the program generally, and REAL's experts testified that the clear implication from these teachings is that these methods can be used for selecting an area. We see no reason why a clear implication cannot support a finding of possession. See *LizardTech*, 424 F.3d at 1345 (“it is unnecessary to spell out every detail of the invention in the specification; only enough must be included to convince a person of skill in the art that the inventor possessed the invention”); cf. *Standard Havens Prods.*, 953 F.2d at 1369 (“Anticipation can occur when a claimed limitation is ‘inherent’ or otherwise implicit in the relevant reference.”).

Turning now to enablement: we think this is one of those cases where the possession and enablement requirements “rise and fall together.” *LizardTech*, 424 F.3d at 1345. Professor Dobson testified that selection techniques other than rubberbanding would be “obvious to one with ordinary skill in the art.” Doc. 482-21 at 304. When a technique is obvious, simply referring to it in the specification may suffice to enable a person of skill to implement it. If a jury were to find that the specification of the ‘989 Patent clearly implies methods for choosing an area other than rubberbanding – as it reasonably could – it would also be justified in finding that the ‘989 Patent enables these techniques. Because there is a factual dispute as to whether the specification clearly implies the use of selection techniques other than rubberbanding, we deny Move’s motion for summary adjudication under § 112.

*Appendix F***C. Willful Infringement**

REAL's counterclaim asserts that Move engaged in willful infringement and seeks treble damages on that basis. Doc. 210 at 58. Move seeks summary adjudication that REAL cannot prove willfulness. Docs. 475; 476 at 62–63.

Section 284 of the Patent Act provides that “the court may increase the damages up to three times the amount found or assessed.” 35 U.S.C. § 284. This provision “gives district courts the discretion to award enhanced damages against those guilty of patent infringement.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1935 (2016). This discretion should be exercised only in “egregious cases of misconduct beyond typical infringement.” *Id.*

This is not an egregious case. REAL produces no evidence that Move engaged in any “misconduct beyond typical infringement;” at most, REAL's evidence indicates that Move continued to use the allegedly infringing method after it learned of REAL's patents. But Move had several reasonable arguments as to why its conduct was non-infringing.¹⁴ We think the reasonableness of Move's position precludes a finding of egregiousness. Move is entitled to summary adjudication on this issue.

14. For example, Move understood Step (c) – “selecting a first area having boundaries” – as requiring the *user* to define the area to be selected. We initially agreed (Doc. 419 at 12), and REAL stipulated to a finding of non-infringement based on this reasonable, but erroneous, construction (Doc. 426 at 3–4).

*Appendix F***V. Conclusion**

We have already held that Move cannot be liable for direct infringement, and the Federal Circuit affirmed this ruling. Docs. 493, 511. We subsequently held that REAL had waived the argument that Move committed divided direct infringement. Doc. 563. Based on these rulings, we granted Move summary judgment. *Id.* In order to expedite the resolution of this matter, we have considered the remaining issues identified by the parties. We rule as follows: (1) Move is entitled to summary adjudication that the ‘989 Patent is invalid under 35 U.S.C. § 101; (2) REAL is entitled to summary adjudication that MapInfo Version 2.0 did not anticipate the ‘989 Patent; (3) REAL is not entitled to summary adjudication on the question whether MIDAS Version 1.2 or Workplace anticipated the ‘989 Patent; (4) REAL is entitled to summary adjudication that Inventor Tornetta did not commit inequitable conduct before the PTO; (4) Move is not entitled to summary adjudication on the question whether Workplace anticipates the ‘989 Patent; (5) Move is not entitled to summary adjudication on the question whether the ‘989 Patent is invalid under 35 U.S.C. § 112; and (6) Move is entitled to summary adjudication that it did not engage in egregious conduct sufficient to give rise to treble damages under 35 U.S.C. § 284.

In light of the foregoing rulings – in particular, our ruling that the ‘989 Patent is invalid under 35 U.S.C. § 101 – it appears to us that no further issues remain in this case. While the parties have not squarely addressed the question whether the ‘576 Patent is invalid under 35 U.S.C.

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§ 101, it appears – though we do not decide – that our ruling with respect to the ‘989 Patent may invalidate the ‘576 Patent as well. Accordingly, all parties – including those identified as Secondary Defendants in our September 25, 2015 Case Management Order (Doc. 125) – **SHALL** file a joint status report within fourteen days hereof, stating their views on whether this order effectively resolves this action as to all parties and whether judgment should be entered accordingly.

IT IS SO ORDERED.

Initials of Deputy Clerk

:

PS

**APPENDIX G — DECLARATION OF MARK
TORNETTA IN THE UNITED STATES DISTRICT
COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA, WESTERN DIVISION,
FILED JULY 15, 2016**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

Case No. 2:07-CV-02185-GHK-(AJWx)
Assigned to: George H. King

MOVE, INC., *et al.*,

Plaintiffs,

v.

REAL ESTATE ALLIANCE LTD., *et al.*,

Defendants.

REAL ESTATE ALLIANCE LTD.,

Counterclaim-Plaintiff,

v.

MOVE, INC., *et al.*,

Counterclaim-Defendants.

Appendix G

**DECLARATION OF MARK TORNETTA IN
SUPPORT OF REAL ESTATE ALLIANCE
LTD.'S OPPOSITION TO MOVE, INC.'S MOTION
FOR SUMMARY JUDGMENT OF PATENT
INELIGIBILITY UNDER 35 U.S.C. § 101**

I, Mark Tornetta, declare as follows:

1. I am the sole inventor of U.S. Patent No. 4,870,576 (the "576 Patent") and U.S. Patent No. 5,032,989 (the "989 Patent") (collectively referred to herein as "the Patents"). I hold a Bachelor of Engineering degree awarded by the University of Pennsylvania. This declaration is based upon my personal knowledge and, if called to testify as a witness, I could testify competently to the facts set forth herein.

2. I am thoroughly familiar with the Patents and their file histories. Based upon my knowledge, I offer the following testimony:

3. The "public domain software program that is menu driven and includes a graphical locator interface to specify accurate search location boundaries." Described at column 2, lines 36-39 of the '989 Patent was written by me. It was not part of the prior art, and was placed into the public domain by me after the filing of the application that matured into the '576 Patent. The manner in which that software functioned was neither routine nor conventional at the time.

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4. IBM Personal Computers prior to the second-generation IBM-PC that I described in the '989 Patent at column 15, lines 11-23 were incapable of performing the method steps of the Claims of the '989 Patent because those computers lacked a variety of technical features required to implement those steps, most importantly, sufficient memory and the ability to display both text and graphics. My claimed invention could not, at the time I invented it, be carried out on computers having less than 512K bytes of random access memory and appropriate graphics and text display capabilities, which first became available in March 1983, and thus, the claimed method could not be carried out on "existing computers long in use" at the time of the invention.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

This declaration was executed at Sea Isle City, NJ on July 12, 2016.

/s/ _____
Mark Tornetta

**APPENDIX H — DECLARATION OF DENNIS E.
SHASHA IN THE UNITED STATES DISTRICT
COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA, WESTERN DIVISION,
FILED JULY 15, 2016**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

Case No. 2:07-CV-02185-GHK-(AJWx)
Assigned to: George H. King

MOVE, INC., *et al.*,

Plaintiffs,

v.

REAL ESTATE ALLIANCE LTD., *et al.*,

Defendants.

REAL ESTATE ALLIANCE LTD.,

Counterclaim-Plaintiff,

v.

MOVE, INC., *et al.*,

Counterclaim-Defendants.

Appendix H

**DECLARATION OF DENNIS E. SHASHA IN
SUPPORT OF REAL ESTATE ALLIANCE
LTD.'S OPPOSITION TO MOVE, INC.'S MOTION
FOR SUMMARY JUDGMENT OF PATENT
INELIGIBILITY UNDER 35 U.S.C. §101**

I, Dennis E. Shasha, declare as follows:

1. I am a full professor of computer science at New York University (“NYU”), Courant Institute of Mathematical Sciences. I have taught computer science at NYU since 1984 and hold a doctorate from Harvard University in applied mathematics. I have performed research and consulting in many aspects of data intensive systems, including those supporting interactive websites. I understand and have helped design the architecture of database-backed websites including the computer code at the browser level (what the user interacts with) and the computer code at the data access level (the “backend” that supplies information to be presented to the user). A true and correct copy of my curriculum vitae is attached to my earlier declaration and expert report in this matter. This declaration is based upon my personal knowledge and, if called to testify as a witness, I could testify competently to the facts set forth herein.

2. I have reviewed U.S. Patent No. 4,870,576 (the “576 Patent”) and U.S. Patent No. 5,032,989 (the “989 Patent”) (collectively referred to herein as “the Patents”), their file histories and analyzed the claims the Patents. In addition, I have reviewed Plaintiff MOVE’s expert reports, Defendant Real Estate Alliance Ltd.’s (“REAL”) expert

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reports, the opinions of this Court and of the Court of Appeals for the Federal Circuit construing the claims of the Patents, and relevant case law standards under the *Mayo* and *Alice* decisions of the Supreme Court. Based upon my review, I offer the following opinions:

3. It would be factually incomplete to characterize the claims of the '989 Patent (as MOVE has) as, “to allow for the location of available properties within a particular geographic area through the use of a computer” because that characterization ignores essential technical features of the claims.

4. The '989 Patent Claims, “A method using a computer for locating available real estate properties...”. Mr. Tornetta invented a particular way of using a computer for *locating* (verb) available properties. His claims recite steps requiring a computer programmed to operate in a specific manner to perform specific functions, and he fully disclosed the flowchart logic by which it operates in his patent applications. Although Mr. Tornetta disclosed his use of an IBM-PC (and other hardware and software) as his best mode of carrying out the invention, his claims are not directed or specific to a general-purpose computer, and are equally applicable to a special-purpose machine.

5. The essential transformation contained in Claim 1 of the '989 Patent is that which transforms the database of available real estate properties into a map displayed on a screen that includes a plurality of points representing the appropriate geographic location of real estate properties.

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6. The process of transformation set forth in Claim 1 of the '989 Patent comprises several steps of displaying, zooming, and identifying and these steps define one particular way in which the inventor, Mr. Tornetta, invented an improvement in search and retrieval of information about available real estate properties by a computer.

7. I can readily conceive of many other ways in which a map containing a plurality of points representing the appropriate geographic location of available real estate properties might be generated from a database of available real estate properties, other than the one claimed in the '989 Patent.

8. Among these alternative ways would be the entry of a ZIP code, a census tract number, the name of a school district, or some similar geopolitical identifier, a subdivision name, or the name of a builder to identify real estate properties by such criteria either individually or in combination. Such properties could be displayed in a list or map form, to name just two possibilities. If displayed on a map, the resulting map could be presented at a certain level of detail without the option to zoom in to show more detail.

9. The '989 Patent does not unduly preempt all methods that, *“allow for the location of available properties within a particular geographic area through the use of a computer”*.

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10. I am personally knowledgeable about the state of the art of database systems and how they were designed and operated in the 1980s when Mr. Tornetta made his invention.

11. In the mid-1980s, there were no databases of available real estate properties that could be queried graphically to locate available real estate properties.

12. It was considered neither routine nor conventional in the mid-1980s for a computer-displayed map to be able to zoom to display a higher level of detail in the sense of displaying information that wasn't present at the lower level of detail at all, and this zooming step cannot be performed by a human.

13. A person of ordinary skill in the art in the mid-1980s would have known and understood that Mr. Tornetta effectively combined a digital computer and novel methods disclosed in his patent applications to effectively create a special-purpose machine.

14. In fact, as one example, U.S. Patent 4,532,605, which was published and issued *after* the priority date of the '576 and '989 Patents demonstrates that simply zooming while maintaining the width of a displayed line was considered a patentable achievement during that period. The implication is that the implementation of visually palatable zooming was considered a challenge at that late date. Thus, zooming itself was neither routine nor conventional as of the priority date of the Tornetta Patents. Moreover, zooming to bring in both geographical

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features and data points derived from a database (in the Tornetta Patents, a database of properties) is not disclosed in the '605 patent or in any other prior art of which I am aware.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

This declaration was executed in Leipzig, Germany on July 12, 2016.

/s/
Dennis Shasha

**APPENDIX I — JOINT STATUS REPORT IN THE
UNITED STATES DISTRICT COURT, CENTRAL
DISTRICT OF CALIFORNIA, WESTERN
DIVISION, FILED MAY 05, 2016**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

Case No. 2:07-CV-02185-GHK-(AJWx)

MOVE, INC., *et al.*,

Plaintiffs,

v.

REAL ESTATE ALLIANCE LTD., *et al.*,

Defendants.

REAL ESTATE ALLIANCE LTD.,

Counterclaim-Plaintiff,

v.

MOVE, INC., *et al.*,

Counterclaim-Defendants.

*Appendix I***JOINT STATUS REPORT**

Pursuant to this Court's April 25, 2016 Order re: Motion for Ruling on Waiver (the "Waiver Order"), Defendants Real Estate Alliance, Ltd. ("REAL") and Equias Technology Development LLC (collectively, "Defendants") and Plaintiffs Move Inc., National Association of Realtors, and National Association of Home Builders (collectively "Plaintiffs") submit this Joint Status Report. The parties have met and conferred following the issuance of the Waiver Order and their respective positions are set forth below.

I. Move's Position

Having found that REAL has waived its right to proceed on a theory of divided infringement, the Court's Waiver Order reinstated the Court's January 26, 2012 grant of summary judgment of noninfringement, in which the Court ruled that the Move websites do not infringe U.S. Patent No. 5,032,989 ("the '989 patent"), and dismissed with prejudice Claims I-III of REAL's Counterclaims against Move. The Court's Waiver Order required the parties to file a joint status report identifying any issues that remain with respect to Phase 1 and Phase 2 of the litigation.

Because the Court's Waiver Order has resulted in the dismissal of Claims IIII of REAL's Counterclaims, the only claims remaining in Phase 1 of the litigation are: (1) Move's declaratory judgment claims with respect to the invalidity and unenforceability of the '989 patent (Move's

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Fourth, Sixth, and Seventh Claims for Relief); (2) Move's allegation of Unfair Competition (Move's Tenth Claim for Relief); (3) Move's allegations of Unfair and Deceptive Trade Practices (Move's Eleventh Claim for Relief); and (4) Move's allegations of Libel (Move's Twelfth Claim for Relief) (collectively the "Remaining Claims for Relief"). While REAL asserts below that "[a]ll of REAL's defenses to each of Move's claims remains outstanding" and that "none of its claims for relief has been adjudicated on the merits," REAL's position is contrary to the Court's Waiver Order in which the Court "reinstat[e] our grant of summary judgment of noninfringement in favor of Move" (Dkt. No. 563). That is, REAL's defenses and claims of infringement pled in response to Move's claim for declaratory judgment of non-infringement have been fully and finally resolved in this Court and do not remain outstanding.

In addition, Move has two pending motions for summary judgment on the grounds that: (a) the '989 patent is invalid under 35 U.S.C. §102(b) because REAL offered for sale and sold the patented invention more than one year prior to filing its patent application for the '989 patent; and (ii) the '989 patent is invalid under 35 U.S.C. §112 for lack of both written description and enablement. Both of these motions have been fully briefed. Move also believes that under the standard for patent eligibility set forth in *Alice Corp. v. CLS Bank Intern'l*, 573 U.S. _____, 134 S. Ct. 2347 (2014), the '989 patent is invalid under 35 U.S.C. §101. Because *Alice* issued after the parties briefed summary judgment in 2011, Move has not had an opportunity to brief the validity of the '989 patent under the *Alice* standard.

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REAL has informed Move that it intends to seek review of the Order by the United States Court of Appeals for the Federal Circuit (“the Federal Circuit”). REAL has also indicated that it plans to litigate in Phase 2 the Secondary Defendant’s liability for alleged infringement of the Move websites. Move believes that REAL’s intent to litigate in Phase 2 liability issues relating to the Move websites violates both the letter and spirit of the Court’s September 25, 2009 Case Management Order (Dkt. No. 125). The clear purpose and intent of that Order was to have all liability issues related to the Move websites resolved in Phase 1 of the case (*id.*, ¶ 4). Thereafter, if the ’989 patent survived the validity and unenforceability challenges in Phase 1, REAL and the Secondary Defendants would litigate in Phase 2 (i) REAL’s infringement claims against the Secondary Defendants relating to the Secondary Defendants’ respective websites, and (ii) the damages consequences to the Secondary Defendants of any finding in Phase 1 that the Move Websites infringe the ’989 patent. It is Move’s position that the Court’s rulings that REAL has waived the right to argue infringement by the Move websites under a theory of divided infringement in addition to its finding that the Move websites do not unilaterally directly infringe preclude REAL from asserting any claim relating to the alleged infringement by the Move websites against the Secondary Defendants in Phase 2. Any decision to the contrary would allow REAL to flaunt the Court’s noninfringement rulings in Phase 1, since REAL would have to show Move’s liability for infringement of the Move websites in Phase 2 in order to establish that the Secondary Defendants are likewise liable for such infringement.

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In view thereof, and given REAL's plan to appeal the Court's Waiver Order, it appears there are three available options for how Phase 1 can proceed. With each option, Phase 2 of the litigation would remain stayed pending a decision on REAL's appeal.

First, the Court can enter a Rule 54(b) final judgment dismissing Claims I-III of REAL's Counterclaims and granting Plaintiffs' Fifth Claim for Relief in Plaintiffs' Second Amended Complaint (declaratory judgment of Noninfringement of the '989 patent), while staying the balance of the case, including the Remaining Claims for Relief, pending a decision by the Federal Circuit on REAL's appeal. *Second*, the Court can rule on the pending motions for summary judgment before entering a 54(b) final judgment, so as to allow the Federal Circuit the ability to rule on more than just the issue of waiver, thereby reducing the potential for additional piecemeal appeals. *Third*, the Court can allow the parties to brief the § 101 issue and then rule on that issue as well as the pending motions for summary judgment. In addition to minimizing the likelihood of additional piecemeal appeals, options two and three offer the additional benefit of potentially eliminating Phase 2 of the litigation in its entirety. Specifically, should the Federal Circuit affirm any finding by this Court that the '989 patent is invalid under § 101, §102, or §112, REAL would have no legal basis to pursue its infringement claims against the secondary defendants in Phase 2.

While Move understands that it is within the Court's discretion as to how Phase 1 should proceed, Move believes

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it would be most expeditious for the Court to adopt option three and thereafter enter a schedule for the parties to brief the § 101 issue. In addition to the benefits already cited, including the possible elimination of Phase 2 of the litigation, option three would allow the Court to defer, and possibly eliminate the need for, a decision as to whether REAL can litigate claims related to the Move websites in Phase 2.

II. REAL's Position

Pursuant to the Court's April 25, 2016 Minute Order Defendants Real Estate Alliance Ltd. ("REAL") and Equias Technology Development LLC (collectively "Defendants") inform the Court that they intend to appeal from any final judgment entered on REAL's infringement claims against the Phase 1 Plaintiffs Move, Inc., National Association of Realtors and National Association of Home Builders.

With respect to Phase 2 of this litigation, Defendants' position is that Phase 2 has been stayed pursuant to an agreement of the parties. The question of waiver as to the Phase 2 counterclaim defendants has never been raised, litigated, or adjudicated. There was no waiver with respect to the Claim 2 counterclaim defendants.

For the sake of efficiency, until Phase 1 has been finally determined (including appeal), Phase 2 should remain stayed. It appears that the parties are in agreement as to the propriety of a continued stay of Phase 2.

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With respect to the three options set forth by Move, REAL urges the Court to adopt Option 1, limited solely to the Phase 1 counterclaim defendants.

This Court has determined the case each time by granting summary judgment on the issues argued and allowing an immediate appeal. Move now urges a contrary approach, which necessarily will involve vast consumption of the Court's time and attention.

In addition, there is no meaningful factual or legal overlap between the issues of waiver / non-waiver and the issue of patent validity. Addressing complex validity issues now, when the patent has already expired, does not affect the public interest and is not the most appropriate use of resources in the current posture of the case. If the Court is not inclined to allow an immediate appeal concerning waiver, then all remaining issues should be adjudicated, not just the issue of validity.

In response to the Court's direction to identify outstanding issues, REAL asserts that none of its claims for relief has been adjudicated on the merits, either as to the Phase 1 counterclaim defendants or the Phase 2 counterclaim defendants. Accordingly, except as to the issue of waiver with respect to Claims I-III of REAL's Counterclaim (Dkt. 210), no issues, either of liability or damages, have been decided in the case. All issues remain outstanding as to Claims IV-X of the REAL's Counterclaim. All issues except waiver remain outstanding with respect to Claims I-III of REAL's Counterclaim. All of REAL's defenses to each of Move's

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claims remains outstanding. This court did not reach the merits of the issue of infringement on remand from the Federal Circuit. By way of example, there has been no ruling on whether the Phase 2 counterclaim defendants infringe when they operate in conjunction with the Phase 1 counterclaim defendants. REAL continues to have the right to adjudicate that issue in Phase 2.

Move asserts at 3:15-4:7 that the Court's waiver order somehow affects the liability of the Phase 2 counterclaim defendants and that REAL's position to the contrary somehow "violates both the letter and spirit" of the Court's case management order (Dkt. 125). REAL disagrees. The Scheduling Order neither suggests nor implies that a waiver ruling as to Phase 1 counterclaim defendants somehow precludes full and fair litigation of all available infringement theories as to the Phase 2 counterclaim defendants. In any event, the matter is of substantial importance to the parties and should not be resolved through contentions and overly zealous name-calling in a status report. The matter is best resolved following the appeal of the waiver order.

If the Court does not enter a Rule 54(b) judgment based on the waiver order, REAL respectfully requests that the Court should adjudicate all claims and all defenses as to all parties.

Dated: May 5, 2016

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Respectfully submitted,

/s/ Laura W. Brill

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**APPENDIX J — OPINION OF THE UNITED
STATES DISTRICT COURT**

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CV 07-2185-GHK (AJWx)

MOVE, INC., *et al.*,

v.

REAL ESTATE ALLIANCE LTD., *et al.*

CIVIL MINUTES - GENERAL

**Proceedings: (In Chambers) Order re: Motion for Ruling
on Waiver [Dkt. 559]**

This matter is before us on Plaintiffs and Counterclaim-Defendants Move, Inc., National Association of Realtors, and National Association of Home Builders's (collectively, "Move") above captioned Motion. We have considered the arguments in support of and in opposition to this Motion and deem this matter appropriate for resolution without oral argument. L.R. 7-15. As the Parties are familiar with the facts, we will repeat them only as necessary. Accordingly, we rule as follows:

I. Background

Defendant and Counterclaim-Plaintiff Real Estate Alliance Ltd. ("REAL") is the owner by assignment of

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U.S. Patent No. 4,870,576 (the “576 patent”) and U.S. Patent No. 5,032,989 (the “989 patent”). The patents describe specific methods for locating available real estate properties using a zoom-enabled map on a computer. Both patents have expired. On April 3, 2007, Move filed this action seeking a declaratory judgment that the ’576 patent and the ’989 patent are invalid and not infringed. [Dkt. 1.] Move filed a Second Amended Complaint (“SAC”) to the same effect on January 12, 2009. [Dkt. 198.] On February 11, 2009, REAL answered the SAC and asserted several counterclaims against Move.¹ [Dkt. 210.]

On October 18, 2011, the Parties brought cross-motions for summary judgment on multiple grounds. [Dkt. 476.] Pertinent to the present Motion, Move sought summary judgment on noninfringement, arguing that it did not infringe the ’989 patent as a matter of law because “Move did not perform all steps of the claimed method and exercised neither direction nor control over users who may have performed those steps so as to render it liable for joint infringement.” [*Id.* at 18.] In response, REAL solely argued that Move committed undivided direct infringement of the ’989 patent by itself practicing

1. REAL also named as Counterclaim-Defendants a number of real estate brokers, agents, multiple listing services, home builders, and rental property owners and managers (collectively, “Secondary Defendants”). All Parties jointly stipulated to bifurcate the instant litigation into two stages. [*See* Dkt. 125.] In Phase 1, all disputed issues between REAL and Move will be adjudicated. [*Id.* ¶ 1.] If the Patents survive Phase 1, the case will proceed to Phase 2, where REAL’s claims against the Secondary Defendants will be adjudicated. [*Id.* ¶ 2.]

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all steps of the claimed method. [*See id.* at 23-26.] REAL did not include an argument that Move committed divided direct infringement. [*See id.*] We granted summary judgment in favor of Move, concluding that (1) Move did not itself perform the selection step of the claim—human users did—and thus Move did not directly infringe the claimed method; and (2) REAL presented no evidence that Move “exerted ‘control or direction’ over its users such that Move could be liable for [divided direct infringement].” [Dkt. 493.] REAL appealed our summary judgment order on March 27, 2012. [Dkt. 501.]

On August 31, 2012, the Federal Circuit issued an opinion in *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, holding that “all the steps of a claimed method must be performed in order to find induced infringement, but that it is not necessary to prove that all the steps were committed by a single entity.” 692 F.3d 1301, 1306 (Fed. Cir. 2012). Pursuant to this holding, the Federal Circuit vacated our summary judgment order on March 4, 2013. [*See* Dkt. 511.] Although the Federal Circuit agreed with our conclusion that Move did not directly infringe the claimed method of the ’989 patent under § 271(a), [*id.* at 8 (“[O]n the issue of direct infringement under § 271(a), we agree with the district court that there is no genuine issue of material fact that Move does not control or direct the performance of each step of the claimed method.”)], the court remanded for us to consider whether there was induced infringement under § 271(b), [*id.* at 8-11].

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However, a petition for certiorari was filed in *Akamai* on December 28, 2012. On August 19, 2013, we stayed the present case pending the outcome of this petition. [See Dkt. 517.] The Supreme Court granted the petition on January 10, 2014, and decided *Akamai* on June 2, 2014. See *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111 (2014). The Court held that a party cannot be liable for inducing infringement of a patent if no party has directly infringed the patent. *Id.* at 2115. We concluded that this decision totally undermined the Federal Circuit’s prior mandate, as the mandate had instructed us to consider the existence of induced infringement despite affirming our holding that there was no direct infringement. [See Dkt. 522.] We therefore reinstated our entry of summary judgment in favor of Move. [*Id.*] REAL again appealed. [See Dkt. 529.]

On July 15, 2015, the Federal Circuit affirmed our judgment reinstatement. [Dkt. 536.] However, on August 13, 2015, the Federal Circuit reheard *Akamai* en banc and modified the standard for divided direct infringement. See 805 F.3d 1368 (2015). Following this *Akamai* decision, the Federal Circuit, sitting en banc, vacated its own July 15, 2015 judgment in this case and remanded for further consideration. [See Dkt. 537.] The court expressed “no opinion on the question of whether [REAL] has waived any allegations of divided infringement.” [*Id.*] On January 15, 2016, Move filed the present Motion, arguing that REAL has waived its right to proceed on a theory of divided direct infringement. [Dkt. 559.] REAL timely opposed. [Dkt. 560.]

*Appendix J***II. Legal Standard**

“Waiver is the intentional relinquishment of a known right with knowledge of its existence and the intent to relinquish it.” *CBS, Inc. v. Merrick*, 716 F.2d 1292, 1295 (9th Cir. 1983); *see also United States v. Olano*, 507 U.S. 725, 733 (1993) (“[W]aiver is the ‘intentional relinquishment or abandonment of a known right.’”). Waiver can be express or implied. *Mooney v. City of N.Y.*, 219 F.3d 123, 131 (2d Cir. 2000) (“[A] waiver need not be express, but may be inferred from the conduct of the parties.”). “An implied waiver of rights will be found where there is ‘clear, decisive and unequivocal’ conduct which indicates a purpose to waive the legal rights involved.” *United States v. Amwest Sur. Ins. Co.*, 54 F.3d 601, 602-03 (9th Cir. 1995). The party asserting waiver “bears [a] weighty burden of establishing that a ‘clear and unmistakable’ waiver has occurred.” *N.L.R.B. v. N.Y. Tel. Co.*, 930 F.2d 1009, 1011 (2d Cir. 1991).

III. Analysis

Neither Party disputes that REAL asserted a theory of divided direct infringement in its Answer to the operative complaint. [*See* Dkt. 210 ¶ 94]; (*see also* Mot. at 2 (“REAL initially asserted that even if Move itself did not perform all steps of the asserted claims, Move was still liable for divided direct infringement because it directed or controlled the actions of those that did.”).) Move argues, however, that, through subsequent statements and conduct, REAL waived its right to proceed on this theory. REAL asserts that it “has never done anything

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that could constitute an intentional or express waiver of its claim of divided direct infringement.” (Opp’n at 2.) For the reasons set forth below, we find and conclude that REAL has waived any claim of divided direct infringement.

In Move’s summary judgment motion, it argued not only that it did not commit undivided direct infringement, but also that it did not commit divided direct infringement because it did not exercise “direction []or control over users who may have performed those steps.” [See Dkt. 476 at 18.] This argument placed the issue of divided direct infringement squarely before this court. Nevertheless, REAL chose not to address this issue in its noninfringement opposition, even as an alternative theory. [See *id.* at 23-26.] Despite Move putting the divided direct infringement issue into play, REAL decided to proceed with the sole theory that Move committed undivided direct infringement.

REAL again displayed this choice in its 2012 appeal of our summary judgment order. Although REAL recognized that the then-existing standard for divided direct infringement was under pending review, REAL elected to bring arguments rooted entirely in a theory that Move committed undivided direct infringement.²

2. In its opening brief, REAL acknowledged that, in answering the SAC, it had raised a theory of divided direct infringement. [See Case No. 12-1342, Dkt. 17 at 13 (citing REAL’s SAC Answer to state that “REAL alleges direct infringement by MOVE through sole direct infringement or, in the alternative, joint direct infringement”).] As mentioned, Move does not dispute that REAL asserted this theory in its SAC Answer. However, REAL’s appellate brief sets forth no corresponding argument pertaining to divided direct infringement.

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[See Case No. 12-1342, Dkt. 17 at 4 (REAL’s opening appellate brief, stating, “The proper standard for the issue of joint direct infringement is presently under *en banc* review by this Court . . . but the issue is not dispositive here because the evidence below demonstrates that the [Move] host computer system performs each and every step of the asserted claims”).] REAL once again had an opportunity to advance a divided direct infringement argument, even as a mere secondary theory of liability, but did not. REAL also had the chance to challenge the then-existing *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008), standard for divided direct infringement, but also declined to do so.³ By failing to advance a divided direct infringement theory in either its summary judgment opposition or its 2012 appeal—despite Move expressly raising this issue—REAL clearly, decisively, and unequivocally waived its right to later proceed on a theory of divided direct infringement. See *Samica Enters. LLC v. Mail Boxes Etc., Inc.*, 460 F. App’x 664, 666 (9th Cir. Dec. 1, 2011) (“Arguments not raised in opposition to summary judgment or in the opening brief before this [appellate] court are waived.”).

REAL’s pre-summary judgment statements further show its intent to relinquish its right to proceed against Move on a theory of divided direct infringement. On May 6, 2011, prior to the summary judgment motions, Move submitted an “Addendum to May 2, 2011 Joint Status

3. REAL eventually did challenge the *Muniauction* standard in its 2014 appeal. [See Case No. 14-1657, Dkt. 13.] REAL sets forth no reason why this challenge could not have been brought in the 2012 appeal, and we fail to discern such a reason.

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Report,” that requested a delay in the previously proposed pre-trial schedules in light of the Federal Circuit’s order for rehearing the *Akamai* decision en banc. [See Dkt. 447.] Move noted that “in the *en banc* rehearing, the Federal Circuit will be addressing the standard for infringement where, as here, separate entities each perform separate steps of a method claim, the result of which will be that the Federal Circuit will affirm, overrule, or clarify its jurisprudence on divided infringement including its decisions in *BMC* and *Muniauction*.” [Id. at 4.] “Because the Court’s decision in the *Akamai* case may have significant [e]ffect on Plaintiffs’ non-infringement defense,” Move proposed a new pre-trial schedule that would allow the Parties to file their summary judgment motions after the en banc rehearing of *Akamai*. [Id.]

In response to Move’s Addendum, REAL filed an “Opposition to Move’s Purported ‘Addendum’ to May 2, 2011 Joint Status Report” (“Addendum Opposition”). [Dkt. 448.] The Addendum Opposition vigorously opposed delaying the proceedings pending the *Akamai* rehearing. [Id. at 3-4.] REAL reasoned:

Move suddenly purported to recognize the need for . . . a stay of this case pending the Federal Circuit’s en banc review of a completely unrelated case that has no bearing on REAL’s primary case against Move and, at most, might have some tangential bearing on secondary theories of liability. . . .

Move originally argued that the claim element of “selecting” must be performed by a person,

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the end user . . . and that this element cannot be performed by a computer. Had Move prevailed in that argument, the issue of divided infringement might—might—have come to the fore. But Move flatly lost that argument in the Federal Circuit. The Federal Circuit explicitly ruled that “A User *or* a Computer May Select an Area” In so ruling the Federal Circuit wholly rejected the specter of a divided direct infringement problem in this case.

Accordingly, regardless of the eventual decision in the *Akamai* case, REAL’s position is that Move performs all the steps of the claim. . . .

Akamai will not control this case. . . .

[N]either *Akamai* nor its rehearing will have any relevance to the principal situation presented by this case. REAL is prepared to show that Move directly performed every step of the claim. Even were it true as Move alleges in support of its “Addendum”—and it is not—that Move can show that neither it nor any of its computers perform the claimed selecting step, any anticipated impact of the decision upon rehearing in *Akamai* is simply too speculative and remote to warrant holding up the proceedings in this case. . . .

REAL believes that it would not only be improvident, it would be highly prejudicial to

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REAL and an abuse of discretion to stay this case pending the decision of a Court of Appeals in an unrelated matter of—at most—peripheral interest.

[*Id.*] These statements reveal that REAL knew that the previously narrow divided direct infringement standard was facing possible expansion. Regardless of such changes, however, REAL’s “position is that Move performs all the steps of the claim.”⁴ [*Id.*] Such statements strongly evince REAL’s intent to relinquish its right to proceed on a theory of divided direct infringement. In its opposition to the present Motion, REAL notably does not attempt to explain these statements—indeed REAL’s opposition brief does not even reference these statements.

Certain statements in the Addendum Opposition might be construed as leaving open the possibility that REAL would assert divided direct infringement as a secondary theory of liability. [*See, e.g., id.* at 2 (“[A] stay of this case pending the Federal Circuit’s en banc review

4. The 2012 *Akamai* decision did not actually reach this divided direct infringement issue, finding it unnecessary in light of its holding regarding induced infringement. *See* 692 F.3d 1301, 1306 (Fed. Cir. 2012). However, as REAL acknowledged in its Addendum Opposition and opening appellate brief, this issue was before the Federal Circuit on appeal. Thus, regardless of the actual result of the 2012 *Akamai* decision, REAL’s pre-2012-*Akamai* statements show that REAL was aware of the potential for modification of the divided direct infringement standard when it opposed Move’s noninfringement arguments on summary judgment and appealed our summary judgment ruling.

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of a completely unrelated case that has no bearing on Real's *primary case* against Move and, at most, might have some tangential bearing on *secondary theories* of liability." (emphasis added).] But any such argument was defeated when, as explained above, REAL chose not to include a divided direct infringement theory—even in the alternative—in either its summary judgment opposition or its 2012 appeal despite Move expressly raising this issue on summary judgment. If REAL truly planned to assert a secondary theory of divided direct infringement, it would have done so when Move first brought divided direct infringement into play—either on summary judgment or the 2012 appeal. REAL instead chose to proceed exclusively on an undivided direct infringement theory at these junctures.

For similar reasons, we are unpersuaded by REAL's assertion that its failure to include a divided direct infringement argument in both its summary judgment opposition and its 2012 appeal merely reflected a "strategy of pursuing what it perceived to be its stronger claim, namely, its undivided direct infringement claim." (Opp'n at 3.) Move explicitly raised the divided direct infringement issue in its summary judgment motion on noninfringement. While REAL knew Move had brought this issue to the fore, REAL elected not to pursue this divided direct infringement theory even though it had ample opportunity to do so. Such conduct does not reflect a mere strategic decision to pursue a stronger claim; it shows an intentional relinquishment of an argument. REAL cites no authority, and we have found none, that permits a party to ignore a challenge presented on a

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summary judgment motion just because it chose to keep it as a backup argument.

REAL contends that “even if the Court were to conclude that any of REAL’s conduct might reflect an intent not to pursue divided direct infringement, that conduct should be disregarded in light of the constantly shifting legal landscape on direct infringement during the pendency of this case.” (Opp’n at 4); *see also Holzsager v. Valley Hosp.*, 646 F.2d 792, 796 (2d Cir. 1981) (“[A] party cannot be deemed to have waived objections or defenses which were not known to be available at the time they could first have been made, especially when it does raise the objections as soon as their cognizability is made apparent.”). This argument is also unavailing. In both the Addendum Opposition and REAL’s 2012 appellate brief, REAL expressly identified uncertainty surrounding the law of divided direct infringement, yet claimed such uncertainty was irrelevant to the present case. [See Dkt. 447 (“[R]egardless of the eventual decision in the *Akamai* case, REAL’s position is that Move performs all the steps of the claim.”); Case No. 12-1342, Dkt. 17 (“The proper standard for the issue of joint direct infringement is presently under *en banc* review by this Court . . . but the issue is not dispositive here because the evidence below demonstrates that the [Move] host computer system performs each and every step of the asserted claims.”).] These statements indicate, at the very least, that REAL was aware of the potential expansion of the divided direct infringement standard, yet still elected not to advance a divided direct infringement argument, even as a secondary theory of liability. Accordingly, REAL cannot

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now claim that any uncertainty surrounding the law of divided direct infringement excuses its failure to advance such an argument when it had a chance.

REAL also contends that Move’s “attempt to rely on the [P]arties’ 2010 stipulation to [Move’s noninfringement] of the ’989 Patent as an express statement and act of abandonment is disingenuous.” (Opp’n at 4.) Our waiver conclusion does not rely on this 2010 stipulation. Thus, REAL’s argument does not affect our analysis.

In sum, REAL’s failure to bring a divided direct infringement argument in either its summary judgment opposition or 2012 appeal—even after Move raised the divided direct infringement issue—shows that REAL clearly and unmistakably relinquished the right to proceed on this theory, thus waiving this right. REAL’s prior statements in the Addendum Opposition confirm this waiver. Thus, REAL has waived its right to proceed on a theory of divided direct infringement.

IV. Conclusion

Move’s Motion is **GRANTED**. REAL has waived its right to proceed on a theory of divided direct infringement under § 271(a). Accordingly, we reinstate our grant of summary judgment of noninfringement in favor of Move. [See Dkt. 493.] The Parties **SHALL** file a joint status report **within 10 days hereof**, identifying any issues that remain with respect to Phase 1 and Phase 2 of this litigation. If the Parties fail to identify any remaining issues in their Status Report, it will be deemed their consent to the

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dismissal of any other claims in this action. Thereafter,
we will issue such orders as may be appropriate.

IT IS SO ORDERED.

Initials of Deputy Clerk BEA