

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

ALMONDNET, INC.,

OPINION and ORDER

Plaintiff,

10-cv-298-bbc

v.

MICROSOFT CORPORATION,

Defendant.

In this patent infringement suit, plaintiff AlmondNet, Inc. is suing defendant Microsoft Corporation for infringement of 28 claims of its United States Patents Nos. 6,973,436 ('436 patent); 7,072,853 ('853 patent); 7,454,364 ('364 patent); and 7,822,637 ('637 patent), all related to internet advertising. Defendant has filed counterclaims against plaintiff, asserting its own claims of infringement of its United States Patent No. 6,632,248 ('248 patent).

Defendant has filed a motion for summary judgment with respect to infringement of plaintiff's patents as well as defendant's invalidity defense for inadequate written description. Dkt. #56. Plaintiff has filed a motion for summary judgment with respect to infringement of defendant's patent. Dkt. #62.

I am granting defendant's motion with respect to noninfringement because plaintiff

has failed to show that defendant's adCenter performs all steps of the asserted claims. In particular, plaintiff has not shown that adCenter forms combinations of attributes and assesses prices for those combinations before a visitor's visit to a website for which adCenter provides ads. These steps are required in each of the asserted claims of plaintiff's patents. Because noninfringement is clear and defendant has shown no reason to believe it is at risk for further infringement suits, I will exercise my discretion not to decide defendant's invalidity counterclaims or defenses.

With respect to plaintiff's motion, I conclude that defendant has failed to adduce sufficient evidence to allow a reasonable jury to find that plaintiff has directly infringed claims 1-4, 8 and 17 of the '248 patent. Defendant has no evidence that plaintiff used its Post Search product in such a way as to carry out each step of these claims. Additionally, I conclude that defendant has adduced no evidence that plaintiff indirectly infringed any asserted claims of the '248 patent by licensing its Post Search technology to third parties. Defendant has no evidence that any third party used Post Search or used it in a way that performed all required steps of these claims. Therefore, I will grant plaintiff's motion for summary judgment with respect to these claims. However, I will deny plaintiff's motion regarding direct infringement of claims 11-13, 16 and 18-20. Plaintiff's only argument of noninfringement for these claims relies on an unsupported claim construction argument.

I. DEFENDANT'S MOTION FOR SUMMARY JUDGMENT

Defendant has moved for summary judgment on all asserted claims of plaintiff's patents. For the sake of brevity, I will discuss most of the facts as they become relevant to the opinion. However, for context I will begin with a brief discussion of the undisputed facts related to the technology of the asserted patents and the accused product.

UNDISPUTED FACTS

A. Plaintiff's Patents

Plaintiff is the owner of the '436, '853, '364 and '637 patents, all titled "Method of Transacting an Advertisement Transfer." All patents share the same specification and claim priority to the date of the '436 application. (Throughout this opinion, I cite the '436 patent specification for all of plaintiff's patents unless otherwise noted.) The patents relate to methods for facilitating internet advertisement, connecting advertisers with target groups by obtaining information about a website visitor and his or her interests and matching that up with advertisers' bids on what they would pay for each particular interest or feature of the visitor.

The '436 and '853 patents recite a method whereby advertisers assign economic value contributions to visitor attributes. The method includes spreading those attributes into combinations and then determining the overall price by logically and arithmetically aggregating the economic value contributions.

The '364 and '637 patents describe a system and method that allows advertisers to define a first offer price for one or more attributes and then a supplemental offer price for one or more additional attributes. The method or system then determines an overall price for a particular attribute combination based on the total of the first and supplemental price offers. The overall price is used to select a bid and associated advertisement for delivery to the visitor.

The common specification describes a preferred embodiment of a system and method in which advertisers identify amounts they will pay for displaying their ads to a viewer with specified attributes, for example, 3 cents for the male gender and 5 cents for the 18 to 35 age bracket. '436 pat., col. 15, lns. 64-66. The patent explains that “[f]or every advertisement campaign, the advertiser’s price offer includes a set of required profiles that needs to be matched with any visitor’s profile. The advertiser places price tags and logic tags on every requested characteristic, thus creating a combination of user profiles.” Id. at col. 10, ln. 65-col. 11, ln. 2.

The system then creates the different possible combinations of viewer attributes, each combination having an associated price. In the specification, this is called “spreading the price offer,” and includes creating profile combinations and determining the price of each profile combination before a visitor’s request for an advertisement. Id. at col. 13, ln. 49, col. 15, lns. 4-15, col. 18, ln. 3. When a visitor arrives, the system determines which advertisements are eligible to be shown to the visitor, selects the advertisement with the

highest associated price and displays that advertisement to the visitor. The advertiser is then charged the price associated with the displayed advertisement.

The specification describes algorithms and data structures that can be employed to accomplish these steps. E.g., id. at col. 15, ln. 4; col. 16, ln. 30 (creating single profile combination); col. 16, ln. 31-col. 17, ln. 67 (constructing and managing matching tree); col. 18, ln. 1-col. 19, ln. 21 (searching tree and allocating visitor's advertisement space). In particular, the specification describes the creation of a "matching tree" to contain the bid information provided by advertisers. Once the price offer is spread, a matching tree is created or updated with this information. The matching tree is structured to allow the system to identify what advertisements are eligible to be displayed to a visitor and which one of those has the highest price associated with it. Id. at col. 10, lns. 38-47. The system uses the matching tree to determine what advertisement to display to a visitor. First, it uses the visitor's profile to search the matching tree to find the appropriate node. Id. at col. 18, lns. 3-26. Then, if the particular profile has not been sold to a particular advertiser in advance, the system "scan[s] the matching bids list by price (in descending order) and check[s] other constraints . . . [and] allocate[s] the advertisement space that will be represented to the visitor with the given profile to the highest bidder that answers to the additional constraints." Id. at col. 18, lns. 27-37.

The inventions in plaintiff's patents allow an advertiser's bid to be matched against a visitor's attributes and selected for delivery in real-time, meaning there is minimal delay

in displaying the requested webpage to a visitor.

B. AdCenter

Plaintiff accuses defendant's adCenter product of infringing several claims of the asserted patents. AdCenter uses a "keyword bidding" system to select advertisements to display alongside search results on search engines, including defendant's Bing search engine. When a searcher enters a search term, if that search term is related to a keyword bid on by an advertiser, that advertiser's ad may be shown above or beside the search results. AdCenter also provides ads shown on other web pages where the ads are related to the content of the page.

AdCenter includes a "campaign management engine" with interfaces for advertisers to enter their ad listings and corresponding bids. AdCenter includes a "delivery engine" that receives advertisement listings and corresponding bid data from adCenter's campaign management engine, then delivers ads to visitors in response to ad requests. The bid data received by the delivery engine from the campaign management engine includes base keyword bids and any incremental bid percentage boosts that, if applicable to a particular ad request, will be applied to the base bid.

The bid data is stored in "listing objects" in adCenter's delivery engine. The listing object stores the base bid on that keyword and any incremental target bids the advertiser chose to include. For example, if an advertiser wanted to bid \$0.10 to show ads to a visitor

searching for the keyword “car” with a 10% incremental bid if the visitor is female and a 20% incremental bid if the visitor is more than 40 years old, adCenter would create a listing object for the keyword, containing the base bid of \$0.10, the 10% incremental bid for female and the 20% incremental bid for more than 40 years old. The base bid and incremental bids are stored as three separate fields within the data structure for the ad listing. AdCenter does not determine, before a visitor’s visit, that the advertiser bid \$0.11 for a female under the age of 40 and \$0.13 for a female over the age of 40 searching for “car.” (A “visitor’s visit” begins when the visitor clicks on the “search” button.) At the time of a visit and as part of the ad selection process, adCenter computes the sum of the base bid and any incremental boosts that might apply, using the characteristics of the visitor and the visitor’s search request. At the ad selection time, adCenter performs algorithms to rank ads, elect ads and set the price that will be charged to the advertiser if the visitor clicks on the ad.

OPINION

A. The ‘436 and ‘853 Patents

Plaintiff contends that defendant infringes method claims 1, 3, 6 and 15 of the ‘436 patent and method claims 1, 4, 6 and 15 of the ‘853 patent. Defendant contends that it is entitled to summary judgment of noninfringement of these claims because its adCenter does not perform two steps of the claimed methods. In particular, defendant contends that adCenter does not “spread[] the attributes of a preponderance of the responses to form a

number of combinations of various attributes” or “determin[e] the price of each combination of attributes by logically and arithmetically aggregating the economic value contributions” before a visitor’s visit, as required by the asserted claims.

Patent infringement analysis has two steps: first, the patent claims must be interpreted or construed to determine their meaning and scope; second, the properly-construed claims are compared to the process or product accused of infringing. Markman v. Westview Instruments, Inc., 52 F.3d 967, 976 (Fed. Cir. 1995). The first step of this analysis, claim construction, is a matter of law reserved to the court. Id. at 970-71.

1. Claim construction

The parties disagree about the proper construction of the phrases “spreading the attributes of a preponderance of the responses to form a number of combinations of various attributes” and “determining the price of each combination of attributes by logically and arithmetically aggregating the economic value contributions.” Because plaintiff’s arguments in opposition to defendant’s motion for summary judgment on infringement rely solely on plaintiff’s proposed construction of these phrases, I must construe them before I can resolve the parties’ infringement disputes.

Both phrases appear in the asserted independent claims in the ‘436 and ‘853 patents. For example, claim 1 of the ‘436 patent discloses:

1. A method for transacting an advertisement transfer from an advertisement

distributor to a visitor, the method comprising performing the steps of:

- (a) prior to the occurrence of a visitor visitation at a communications node,
 - (i) making at least one advertisement distributor aware that profile information comprising visitor attributes and corresponding economic value contributions is desired,
 - (ii) collecting responses from the at least one distributor, wherein a preponderance of the responses have a plurality of attributes and the at least one distributor has assigned to each of at least some of the plurality of attributes an economic value contribution,
 - (iii) spreading the attributes of a preponderance of the responses to form a number of combinations of various attributes,**
 - (iv) determining the price of each combination of attributes by logically and arithmetically aggregating the economic value contributions,**
- (b) upon the occurrence of a visitor visitation at a communications node, the communication node electronically:
 - (i) constructing a profile of the visitor containing various attributes,
 - (ii) selecting the combination from the response that includes some or all of the attributes from the profile and that yields the highest price,
 - (iii) contracting, between the node and the distributor of the selected combination, a transference of an advertisement from the distributor to the visitor, and
 - (iv) effecting a transfer of the advertisement to the visitor.

'436 pat., col. 21, lns. 9-42 (emphasis added).

The parties agree that both the “spreading” and “determining . . . by . . . aggregating” steps must occur before a visitor’s visit to the website that will display the ad. However, the

parties dispute whether the “spreading” and “determining” steps can be satisfied simply by taking an advertiser’s bid information, which includes bid information related to various viewer attributes, and storing the information as a listing object in a data structure. Plaintiff contends that the act of storing bid data in a listing object satisfies these claim limitations, while defendant contends that the “spreading” step requires *processing* the data to form more than one combination of attributes and the “determining . . . by . . . aggregating” step necessarily involves adding bid information together to compute a price of combinations of various attributes. The parties’ claim construction dispute is directly relevant to their infringement arguments because adCenter does not “process” bid data before a visitor’s visit; rather, it stores the data in a listing object and does not form various combinations of attributes or calculate a price for those combinations until the time of a visit.

a. “spreading the attributes of a preponderance of the responses to form a number of combinations of various attributes”

I have already issued a claim construction opinion addressing the appropriate construction of “spreading the attributes of a preponderance of the responses to form a number of combinations of various attributes.” Dkt. #50, at 16-19. During the claim construction stage, the parties framed their dispute regarding this phrase as whether the requirement that a “number” of combinations be spread could be satisfied by only one combination or required more than one combination of attributes. I concluded that the

“spreading” must form more than one combination of attributes. Id. at 23.

The parties have provided no reason why my previous construction should be amended. However, they have raised a new dispute regarding this term in the context of the summary judgment motions. In particular, the parties dispute whether the “spreading” step requires more than simply storing bid data. Plaintiff contends that storage of bid data in a data object satisfies the “spreading” step if the data object contains bids on various attributes. Defendant contends that the “spreading” step requires some kind of processing to form the “combinations of various attributes” recited in the claims.

Defendant’s position is more persuasive. All discussions of “spreading” in the specification and prosecution history suggest a processing of bid data, rather than merely storing it. In concluding that spreading must form multiple combinations of attributes, I relied on the prosecution history of the ‘436 patent, in which the applicant distinguished prior art by stating that prior art did not disclose “[a] key aspect of the invention defined in the claims,” which was the spreading of attributes “to form a large number of bid-response combinations.” Id. at 17 (citing dkt. #35-8 at 12). The applicant further stated that “[t]his ‘spreading’ step involves an information pre-positioning of the large number of combinations, and is an essential step that allows the invention to operate viably in real-time.” Id. In allowing the patent, the examiner explained that the prior art did not disclose “spreading the attributes within the response to form a number of combinations of various attributes (to form groups of profiles comprising a plurality of attributes).” Id. at 20.

The specification describes the “spreading” and “determining” steps by using an example of a bid containing the following:

Male - Must - 3¢	Age (18–35) - 5¢	
Location - Must.	England - 5¢	France - 3¢
Basketball - 1¢	Football - 2¢	Tennis - 3¢

‘436 pat., col. 15, lns. 63-66. The “spreading” step would not be satisfied by simply storing this information in a data object. Instead, as the specification explains, “spreading” this bid offer results in the following combinations:

(Gender, Location); or (Gender, Age, Location); or (Gender, Location, Content); or (Gender, Age, Location, Content).

Id. at col. 16, lns. 11-14. Thus, the “spreading” step results in combinations of attributes that are distinct from the bid data provided by the advertiser. Accordingly, I conclude that the “spreading” step requires more than simply storing bid data in a data object; it requires using the data to form various combinations of attributes.

b. “determining the price of each combination of attributes by logically and arithmetically aggregating the economic value contributions”

Unfortunately, the parties did not seek construction of the “determining . . . by . . . aggregating” phrase during the claim construction stage of this case. (Plaintiff does not 13

even acknowledge the existence of a claim construction dispute regarding the phrase in its summary judgment materials and points to no intrinsic or extrinsic evidence to support its interpretation of the claim.) Nonetheless, I do not need additional briefing from the parties on this issue because it is clear from the intrinsic evidence that plaintiff's interpretation of the phrase is incorrect.

Plaintiff contends that “determining . . . by logically and arithmetically aggregating” does not require adding together the bid for various attributes or calculating the total price for a particular bid combination. Plt.'s Br., dkt. #83, at 20. Plaintiff says all that is required is the formation of a listing that includes bids and logical operators. This makes no sense because it would read the requirement of “determining the price” out of the claim. Under plaintiff's theory, the “determining . . . by . . . aggregating” step would be performed as soon as the attributes are spread to form various combinations. However, the “spreading” and “determining” steps are two distinct steps under the claim language.

As the applicant explained during the prosecution of the '436 patent, the patent “discloses a method that ‘spreads’ the attributes of an advertiser's bid/response to form a number of combinations of various attributes, and then ‘prices’ each combination using the economic value contributions assigned to each attribute by the advertiser.” Dkt. #59-11 at 5. Continuing with the same example above, the specification explains “determining . . . by . . . aggregating” as follows:

Now, for each of the attribute combination, we need to generate all the

combinations of values (which make a “profile combination”).
In this example we will do so only with the (Gender, Location, Content)
combination. The values for this attribute combination are:

Male, England, Basketball (9¢)
Male, France, Basketball (7¢)
Male, England, Football (10¢)
Male, France, Football (8¢)
Male, England, Tennis (11¢)
Male, France, Tennis (9¢)

‘436 pat., col. 16, lns. 11-30. This example shows that “determining the price of each combination of attributes by logically and arithmetically aggregating the economic value contributions” involves performing a calculation or computation with the various economic value contributions (bids and logical indicators such as “must” and “must not”) to assign particular values to each attribute combination.

Plaintiff has not explained how “arithmetically aggregating” to determine a price could mean anything other than using bid information to calculate a price. It is clear from the claim language and prosecution history that this step requires some sort of computation or calculation of a price for attribute combinations before the visitor visits a website.

I do not need to decide the exact scope of the “determining . . . by . . . aggregating” step to resolve the parties’ disputes. It is sufficient to conclude that the “determining” step in claim 1 of the ‘436 and ‘853 patents requires a calculation that results in determining a specific price for each combination of attributes that is formed in the previous “spreading” step.

2. Infringement

Defendant has moved for summary judgment of noninfringement on all asserted claims of the '436 and '853 patents, contending that plaintiff has not shown that adCenter performs the “spreading” or “determining the price . . . by logically and arithmetically aggregating” steps of the asserted claims. Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318, 1328 (Fed. Cir. 2008) (“[A] method claim is directly infringed only if each step of the claimed method is performed.”). Plaintiff’s only arguments in response are based on its flawed claim construction arguments. In particular, plaintiff contends that adCenter performs the “spreading” step “[w]hen adCenter populates the listing for each ad in the ad group with the keyword and any targeting criteria for that ad.” Plt.’s Br., dkt. #83, at 17. Plaintiff provides only conclusory statements to support this proposition, such as “[t]he act of *creating* the listings results in spreading the attributes and determining the price because *the listings are combinations of attributes.*” Id. at 19 (emphasis in original). Notably, plaintiff’s expert did not find that adCenter’s listing objects were combinations of attributes. Instead, Dr. Shamos states in his report that “a combination of attributes is known as a ‘target’ in adCenter.” Dkt. #72, ¶ 52. Plaintiff does not develop any argument regarding “targets” in its brief in opposition to summary judgment.

Similarly, plaintiff has provided no evidence to support its argument that adCenter performs the “determining . . . by . . . aggregating” step. Plaintiff states that “because each individual listing includes the distributor, base bid, incremental bid, and logical operators

(such as negative keywords), adCenter ‘determin[es] the price of each combination of attributes by logically and arithmetically aggregating the economic value contributes.’ Plt.’s Br., dkt. #83, at 17; see also id. at 19 (“The base bid and incremental bid are combined in the listing object and aggregated with the logical operators associated with the bid. Thus, adCenter satisfies the ‘determining the price . . . by logically and arithmetically aggregating the economic value contributions’ claim element of the ‘436 and ‘853 patents.”).

These conclusory arguments are not sufficient to create a genuine issue of material fact. The undisputed facts establish that adCenter simply stores the bid information provided by advertisers in the listing objects. The bid data includes base keyword bids and incremental bid percentage boosts that will be applied to the base bid if they are applicable to a particular ad request. To create the listing objects, adCenter does not “form” more than one combination of various attributes as required by the “spreading” step. Rather, adCenter takes all of the information related to a particular keyword bid, that is, the base bids and any incremental boosts, and places the information in one listing object. AdCenter does not process the information to create multiple listing objects consisting of multiple combinations of the bid information. As I explained in the claim construction order, the “spreading” step requires creation of *more than one* combination. In adCenter, there is only a single listing object for a keyword, containing all of the bid information.

Additionally, plaintiff has not shown that adCenter “determine[s] the price of each combination of attributes by logically and arithmetically aggregating the economic value

contributions.” AdCenter does not add base and incremental bids together before a visitor’s visit to determine the total price for a combination of attributes and it does not perform any other type of computation until a visitor visits a page that hosts adCenter ads. The mere storage of numbers separately before a visitor’s visit does not qualify as “logically and arithmetically aggregating.”

In sum, the operation of the adCenter does not meet what the applicant told the patent office was “the patentable aspect of the invention—i.e., a mechanism by which you can take various combinations of attributes (for example, coupling name with gender or income or age), and determine a price for sending an ad to a website visitor with those attributes.” Dkt. #59-8 at 2. Accordingly, defendant is entitled to summary judgment on plaintiff’s claims of infringement as they relate to the ‘436 and ‘853 patent.

B. ‘364 and ‘637 Patents

Plaintiff contends that defendant’s adCenter infringes claims 1, 2, 6-11, 14-15, 17 and 18 of the ‘364 patent and claims 1, 2, 5, 9, 12 and 13 of the ‘637 patent. All of the asserted claims of the ‘637 patent are method claims. Claims 1, 2 and 6-10 of the ‘364 patent are method claims; claims 11 and 14 are apparatus claims; and claims 15, 17 and 18 are program product (article of manufacture) claims. Defendant has moved for summary judgment of noninfringement of the ‘364 and ‘637 patents, contending that like the ‘436 and ‘853 patents, the asserted claims of these patents require forming combinations of

various attributes before a visitor's visit. Defendant contends that to the extent this limitation is not present in the claims, the claims are invalid for lack of written description. As with the '436 and '853 patents, the parties' infringement disputes concerning the '364 and '637 patents boil down to issues of claim construction. Unfortunately, neither party raised the relevant issues during the claim construction phase of the case. In construing the terms, I will rely on the arguments they make in their summary judgment materials, as well as the evidence in the record.

1. Claim construction

It is necessary to construe three phrases found in the asserted independent claims of the '364 and '637 patents to resolve the parties' summary judgment disputes. These phrases are (1) "pre-stored data derived from a plurality of pre-collected bids . . .," from claim 1 of each of the '364 and '637 patents; (2) "storing . . . data defining at least one combination," from claim 11 of the '364 patent; and (3) "storing data identifying at least one combination of the first offer price and at least one of the supplemental offer price," from claim 15 of the '364 patent.

The claim construction issue for each of these phrases is the same. In particular, the parties' dispute is whether these phrases require forming combinations of various attributes with particular prices and determining ad prices before a visitor's visit. In other words, the question is whether the claims of the '364 and '637 patents are subject to the same

“spreading” and “determining the price” limitations as the asserted claims of the ‘436 and ‘853 patents discussed above. Defendant contends that “spreading” and “determining the price” are essential elements of the asserted claims in all four patents and that the three phrases at issue in the ‘364 and ‘637 patents should be construed to have the same meaning as the “spreading” and “determining” phrases for the ‘436 and ‘853 patents. In other words, these claims, like those in the ‘436 and ‘853 patents, require pre-processing and combination of bid data before a visitor arrives and an ad is requested. Plaintiff disagrees, contending that the inventions of the ‘364 and ‘637 patents are distinct from the ‘436 and ‘853 inventions, as evidenced by the applicant’s decision to omit the “spreading” and “determining . . . by . . . aggregating” language from the claims of the later issued patents.

a. “pre-stored data derived from a plurality of pre-collected bids . . .”

Claim 1 of the ‘364 patent recites:

. . . Upon a visitor visiting a communications node, electronically and automatically, and individually for that visitor:

(a) obtaining a profile of the visitor, which profile contains data identifying various attributes believed to be associated with the visitor;

(b) accessing **pre-stored data derived from a plurality of pre-collected bids**, the bids being for delivery of an associated advertisement to a visitor visiting the communications node, **each of which plurality of bids having been collected by receiving:**

(i) a first offer price if a visitor to the communications node has a subset of attributes; and

(ii) at least one supplemental offer price if the visitor has an individual attribute in addition to the subset of attributes

'364 pat., col. 21, lns. 6-39 (emphasis added). Claim 1 of the '637 patent contains similar language.

The parties agree that the “pre-stored data” must be derived from the bid data before a visitor’s visit, when a request for an advertisement arrives. However, plaintiff contends that “pre-stored data derived” from bids should not be limited to “combinations” of pre-collected bids on various attributes. Citing three non-technical dictionaries, plaintiff contends that the word “derived” means “to take, get or receive something from a source,” and thus, “pre-stored data derived from a plurality of pre-collected bids” is nothing more than “data that has been taken or received from a pre-collected bid.” Plt.’s Br., dkt. #83, at 6 (citing Webster’s New World College Dictionary (1997); Merriam-Webster’s Collegiate Dictionary (2003); Webster’s Third New International Dictionary (2002)).

Plaintiff’s construction is not helpful because “data that has been taken or received from a pre-collected bid” does not explain what the “data” is. Additionally, under plaintiff’s construction, there is no difference between “data derived from” bid data, and the bid data itself. Plaintiff cites nothing in the specification that would support such a construction. The claims require accessing “pre-stored data derived from a plurality of pre-collected bids,” not simply “accessing pre-collected bids.”

Defendant contends that the “pre-stored data derived from a plurality of pre-collected

bids” means combinations of attributes and prices. The specification supports defendant’s interpretation. As the court explained in Phillips v. AWH Corp., 415 F.3d 1303, 1315 (Fed. Cir. 2005), “claims must be read in view of the specification, of which they are a part.” In fact, “the specification is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.” Id. (citation omitted). See also ICU Medical, Inc. v. Alaris Medical Systems, Inc., 558 F.3d 1368, 1374 (Fed. Cir. 2009) (“[N]ot only is the written description helpful in construing claim terms, but it is also appropriate ‘to rely heavily on the written description for guidance as to the meaning of the claims.’”) (citation omitted).

The ‘364 and ‘637 specification describes an algorithmic procedure for implementing the claimed invention, including a step of “[b]uilding a matching tree in a batch process” that consists of combinations of the relevant bids. ‘364 pat., col. 10, lns. 42-46. The specification’s description of this process explains that this pre-processing is necessary “[i]n order to minimize the search, match and allocation time” that must take place at visit time when an ad is delivered. Id. at col. 11, lns. 30-31. The specification separates the inventions’ process into four phases: (1) “Creating and spreading the price offer”; (2) “Constructing and managing a matching tree”; (3) “Searching the matching tree for the Profile”; and (4) “Allocating the visitor’s advertisement space.” Id. at col. 11, lns. 38-41. The specification explains in detail how the matching tree is constructed and stored and includes examples of forming combinations for bids. Id. at col. 13, ln. 49-col. 19, ln. 29.

Although the specification does not use the exact phrase “data derived from a plurality of pre-collected bids,” it is clear that the matching tree is constructed with such data. The specification states that “the first phase in the construction of the search tree” involves spreading the bid “into a collection of ‘profiles’ that match the bid.” Id. at col. 13, lns. 49-51. The profiles are a “series of attribute values that form a branch on the matching tree” and that are drawn from an advertiser’s bid. After “[a] given bid is spread into a large number of profile combinations,” the price is determined for each combination. Id. at col. 15, lns. 14-19.

Plaintiff’s points out that the description in the specification regarding the construction of the matching tree refers to a “preferred embodiment.” This is true. However, the alternate embodiments suggested in the specification involve optimizations of the matching tree or reductions in the size and complexity of the tree. Id. at col. 19, ln. 21–col. 21, ln. 3. Such alternative embodiments would still require forming combinations of attributes before a visit using data derived from collected bids. Additionally, plaintiff has not pointed to any language in the claims, specification, prosecution history or anywhere else explaining what “data derived from a plurality of pre-collected bids” could mean other than combining bids on various attributes. Plaintiff states only that “the specification describes a preferred embodiment, but then offers numerous other ways in which data derived from bids may be stored.” Plt.’s Br., dkt. #83, at 10. However, plaintiff does not cite any evidence to support this argument, does not identify even one of these “numerous other

ways in which data derived from bids may be stored” and most important, does not explain what the “derived data” is.

The prosecution history of the ‘436 patent confirms that the applicant viewed forming combinations of attributes before a visit, known as “spreading” in the ‘436 patent, as an essential element of the invention. During prosecution of the ‘436 patent, the applicant stated that the prior art did not disclose a “key aspect of the invention,” namely, the “spreading step, done prior to the visitor’s visit.” Dkt. #59-8. The applicant explained that the Roth reference taught “the creation of a specific bidding environment,” but did not teach “any method for dealing with bid complexity” or “the art of calculating a bid. That is taught by the instant application.” Dkt. #59-7 at 8, 10. Specifically, Roth did not teach “spreading the price offer” or “determining the price of each profile combination,” as disclosed in the specification. Id. at 9. The applicant explained that the spreading step “is essential because it allows the later ‘selecting’ step to be done in real time. Without this step, sensible selection of a combination from an advertiser response *is not viable* in the economically critical real-time circumstances of Internet traffic banner placement and the like.” Dkt. #59-9 at 18-19 (emphasis added); see also dkt. #59-6 at 9-10 (“[t]he instant invention . . . builds virtually all combinations of these attributes with corresponding rational bids from the distributor, thereby automating a previously complex mental step.”). The applicant made similar arguments with respect to other prior art references. Dkt. #59-9 at 19 (“Like Roth, Goldhaber, and Hanson, Dedrick does not disclose a key aspect of the

invention defined in the claims—‘spreading’ the attributes of an advertiser’s response to form a number of combinations of various attributes. This ‘spreading’ step, done prior to a visitor’s visit, is essential because it allows the later ‘selecting’ step to be done in real-time.”).

Plaintiff contends that these statements made during the prosecution of the ‘436 patent are irrelevant to interpretation of the claims in the ‘364 and ‘637 patents because the applicant was referring to specific language in the ‘436 patent that is not present in the later patents. I disagree. Because the ‘436 patent is the parent patent of the ‘364 and ‘637 patents and has an identical specification, statements the applicant made regarding the invention as a whole and the specification are relevant to interpreting the claims of the ‘364 and ‘637 patents. Cat Tech LLC v. TubeMaster, Inc., 528 F.3d 871, 886 (Fed. Cir. 2008) (using file history of parent patent to support claim construction); Microsoft Corp. v. Multi-Tech Systems, Inc., 357 F.3d 1340, 1349-50 (Fed. Cir. 2004) (“Any statement of the patentee in the prosecution of a related application as to the scope of the invention would be relevant to claim construction.”); Omega Engineering, Inc. v. Raytek, Inc., 334 F.3d 1314, 1333 (Fed. Cir. 2003) (“an interpretation asserted in the prosecution of a parent application can also affect continuation applications, continuation in-part applications, and even related continuation-in-part applications arising from the same parent”) (internal citations omitted); Jonsson v. Stanley Works, 903 F.3d 812, 818 (Fed. Cir. 1990) (using prosecution history of one patent to interpret common term in second patent stemming

from same parent application). See also MDO Labs., Inc. v. Becton, Dickonson & Co., 474 F.3d 1323, 1330 (Fed. Cir. 2007) (“Prosecution arguments like this one which draw distinctions between the patented invention and the prior art are useful for determining whether the patentee intended to surrender territory, since they indicate in the inventor’s own words what the invention is not.”).

Although the applicant referred to the specific “spreading” language found in the claims of the ‘436 patent, the applicant also referred to the invention as a whole and the common specification in describing the “spreading” and “determining . . . by . . . aggregating” steps. He repeatedly distinguished prior art because that art did not disclose combining bids before a visitor’s visit and he stated that his invention was “not viable” without this step because there would be too much delay at the time of a visit. The common specification makes the same observation, stating that the algorithm associated with the disclosed matching tree is optimal because it “enables matching a profile with a set of given bids in an almost fixed time.” ‘364 pat., col. 18, lns. 37-38. In sum, because the specification is the same for all four patents, the applicant’s arguments regarding the “patentable aspect” of the invention as disclosed in the specification are highly relevant to interpretation of all patents and support defendant’s interpretation of the claims.

Plaintiff raises one final argument against defendant’s interpretation, which is that defendant’s construction cannot be correct under the doctrine of claim differentiation. Under that doctrine, “two claims of a patent are presumptively of different scope.” Kraft

Foods, Inc. v. International Trading Co., 203 F.3d 1362, 1366 (Fed. Cir. 2000). Plaintiff points out that dependent claims 3 and 4 of the '364 patent and dependent claims 6 and 7 of the '637 patents include language narrowing the “pre-stored data derived from a plurality of pre-collected goods” to combinations. Thus, plaintiff contends, the “pre-stored data” in the independent claims does not require combinations of attributes and pre-calculated total offer prices; otherwise, the dependent claims would be superfluous.

The doctrine of claim differentiation creates only a presumption that each claim in a patent has a different scope; it is “not a hard and fast rule of construction.” Comark Communications, Inc. v. Harris Corp., 156 F.3d 1182, 1186 (Fed. Cir. 1998). In this case, plaintiff has cited no evidence in the specification or prosecution history in support its own proposed construction in which the “data derived” is the same as bid data. Moreover, the weight of the specification and prosecution history limits the claims in a manner that the claim differentiation doctrine cannot avert. Retractable Technologies, Inc. v. Becton, Dickinson & Co., 653 F.3d 1296, 1305 (Fed. Cir. 2011) (“any presumption created by the doctrine of claim differentiation will be overcome by a contrary construction dictated by the written description or prosecution history”) (citations and quotations omitted); Multiform Desiccants Inc. v. Medzam, Ltd., 133 F.3d 1473, 1480 (Fed. Cir. 1998) (“[C]laim differentiation can not broaden claims beyond their correct scope, determined in light of the specification and the prosecution history and any relevant extrinsic evidence.”). See also Renishaw PLC v. Marposs Societa' per Azioni, 158 F.3d 1243, 1250 (Fed. Cir. 1998)

(“Ultimately, the interpretation to be given a term can only be determined and confirmed with a full understanding of what the inventors actually invented and intended to envelop with the claim. The construction that stays true to the claim language and most naturally aligns with the patent’s description of the invention will be, in the end, the correct construction.”) (internal citations omitted).

Accordingly, I conclude that “pre-stored data derived from a plurality of pre-collected bids” in claims 1 of the ‘364 and ‘637 patents means combinations of attributes and the prices for those combinations.

b. “storing . . . data defining at least one combination”

Independent claims 11 and 15 of the ‘364 patent recite “storing . . . data defining at least one combination of the first offer price and at least one of the supplemental offer prices.” Both claims distinguish this “data defining at least one combination” from data specifying “a plurality of bids.” For example, claim 11 discloses:

(b) at least one electronic storage in communication with the server **storing:**

(i) **first data specifying a plurality of bids** for delivery of an associated advertisement to a visitor visiting the communications node, each of which plurality of bids including: (A) a first offer price if a visitor to the communications node has a subset of attributes; and (B) at least one supplemental offer price if the visitor has an individual attribute in addition to the subset of attributes;

(ii) **second data defining at least one combination of the first**

offer price and at least one of the supplemental offer prices

'364 pat., col. 22, lns. 22-41 (emphasis added).

The parties agree that the claimed “data defining at least one combination” exists before a visitor’s visit to the communications node. However, the parties dispute whether the “data defining a least one combination” must be the result of pre-processing and combination of bid data before a visitor arrives and an ad is requested. Defendant contends that, like the other claims in plaintiff’s patents, claims 11 and 15 require forming combinations of attributes and pricing those combinations before a visitor’s visit.

For the reasons explained above, I agree with defendant that the entirety of the intrinsic evidence suggests that combining various attributes and determining prices for those combinations before a visitor’s visit are essential elements of the inventions claimed in all four of plaintiff’s patents. However, to resolve the parties’ infringement disputes regarding claims 11 and 15 of the ‘364 patent, I need not decide whether “second data defining at least one combination” is a result of the “spreading” and “determining the price” steps described in the specification. Claims 11 and 15 make it clear that the second data (at least one combination) is distinct from the first data (the bid data itself). In other words, claims 11 and 15 require that the claimed system store both bid data and second data that is something different.

2. Infringement

Defendant is entitled to summary judgment of noninfringement on all asserted claims of the '364 and '637 patents. With respect to the independent claims 1 of the '364 and '637 patents, plaintiff has not shown that adCenter forms combinations of attributes or determines the prices for those combinations before a visitor's visit. With respect to independent claims 11 and 15 of the '364 patent, plaintiff has not shown that adCenter stores any combinations of data that are distinct from the bid data stored in the listing objects. As explained above, the bid data in the listing objects is not "combined" or processed in any way until adCenter receives an ad request. Plaintiff's only arguments in opposition to summary judgment are based on its claim construction arguments that I have rejected. Accordingly, defendant is entitled to summary judgment on these claims.

3. Invalidity

Defendant has moved for summary judgment on invalidity of the '364 and '637 patents, contending that they are invalid for failure to meet the written description requirements under 35 U.S.C. § 112(1). The Court of Appeals for the Federal Circuit has held that a district court has the discretion to dismiss invalidity counterclaims upon a grant of summary judgment of non-infringement. Phonometrics, Inc. v. Northern Telecom Inc., 133 F.3d 1459, 1468 (Fed. Cir. 1998); Cardinal Chemical Co. v. Morton International, Inc., 508 U.S. 83, 95 (1993) (in addressing motion for declaratory judgment district court has

discretion to decide whether to exercise jurisdiction even when established). It is appropriate for a district court to address only the infringement issue when non-infringement is clear and invalidity is not plainly evident. Phonometrics, 133 F.3d at 1468 (citing Leesona Corp. v. United States, 530 F.2d 896, 906 n.9 (Ct. Cl. 1976)).

Discretionary dismissal of defendant's invalidity counterclaim is appropriate in this case because it is clear that plaintiff has failed to prove infringement and it is less clear whether these patents are invalid. It would be a poor use of judicial resources to explore these issues at this time, when defendant has given the court no reason to believe that it is at risk of a future infringement suit based on the '364 or '637 patents. In sum, because defendant's motion for summary judgment will be granted on the core issue of non-infringement and because the outcome of defendant's counterclaim for invalidity is less certain, I will exercise my discretionary authority and dismiss defendant's invalidity counterclaims without prejudice.

II. PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

Plaintiff has moved for summary judgment of noninfringement on all asserted claims of defendant's '248 patent, contending that its accused Post Search product does not perform the required steps of the asserted claims. Additionally, plaintiff contends that defendant has failed to present any evidence of indirect infringement for any of the asserted claims and has failed to present evidence of direct infringement for many of the claims.

Relying on the parties' proposed findings of fact, I have provided a brief description of the patented technology and accused product. (In its brief in opposition to summary judgment, defendant suggests for the first time that plaintiff has a current product called "Datonics" that also infringes the '248 patent. Plaintiff denies that it offers Datonics and that Datonics uses the same source code as Post Search. The Datonics product is not at issue in this case. Defendant did not point to Datonics in its infringement contentions and plaintiff had no notice until defendant filed its opposition brief that Datonics was accused of infringing. Thus, I will not consider any argument or proposed findings of fact related to Datonics.)

UNDISPUTED FACTS

A. The '248 Patent

Defendant is the owner of U.S. Patent No. 6,632,248, titled "Customization of Network Documents By Accessing Customization Information on a Server Computer Using Unique User Identifiers." The '248 patent is directed to providing customized documents to users over the internet by obtaining information about a user and storing the information on a server. Defendant contends that plaintiff is directly and indirectly infringing claims 1-4, 8, 11-13 and 16-20 of the '248 patent. Independent claims 1, 11, 17 and 20 are method claims and independent claims 18 and 19 are claims for "computer-executable instructions." Each of the asserted claims require "obtaining customization information" from a user and

“storing the customization information” on a server computer on a network.

B. Post Search

Defendant accuses plaintiff’s Post Search product of infringing the ‘248 patent. Plaintiff’s Post Search product, which was in operation until 2008, is a targeted internet advertising product. Post Search saves a user’s search terms in a permanent cookie on the user’s computer in order to track users, store information about their searches and serve targeting advertising to them. Post Search also maintains a temporary data cache on its own server in order to cache information about users who recently made requests to Post Search. Entries in the data cache are deleted from memory within nine minutes. (Although defendant suggests in its briefing that the cache may have a lifetime longer than nine minutes, defendant has pointed to no actual evidence of a longer cache time and its expert explains that Post Search source code defines a cache that times out after nine minutes. Dkt. #68, ¶¶ 86, 88.) Thus, if a user visits a page hosting Post Search ads within nine minutes of Post Search’s obtaining the search terms and storing them in the cache, Post Search has the capability to access the cache to serve customized advertisements to the user. Data cached in the cache would be unavailable if a request from a user was not received within nine minutes of a previous request. The purpose of the temporary cache was to address instances in which Post Search received multiple requests for advertisements in relation to a user’s single visit to a network address, such as a request to display multiple banner

advertisements on a webpage.

OPINION

A. Claim Construction

To resolve the parties' summary judgment disputes, I must construe the term "storing customization information . . . on the server computer," which is found in all asserted claims of the '248 patent. (The parties did not seek construction of this term during the claim construction phase of this case.)

Claim 1 of the '248 patent is representative:

1. A method of providing a network document over a network to each of multiple users . . . comprising. . . obtaining customization information from the corresponding user, assigning to the customization information a unique user identifier corresponding to the user, **storing the customization information in association with the unique user identifier on the server computer**, and returning the unique user identifier to the client computer; and
during subsequent accessing of a selected address on the network by each user client computer, retrieving the customization information stored on the server computer by using the unique user identifier and returning to the corresponding client computer over the network a document customized according to the customization information.

'248 pat., col. 8, lns. 41-60.

The parties disagree about how long the customization information must be stored on the server computer. Defendant says there is no time limitation in the asserted claims, while plaintiff says that "storing" should be construed as "long-term" storage and should not

cover storage of information in a temporary cache.

Plaintiff contends that the specification provides support for its proposed limitation. In particular, the specification describes the purpose and process of the '248 patent as obtaining customization information from a user that is stored at a server. Then, “[w]henever the user navigates back to the network address associated with the customizable HTML document,” the user’s browser passes a cookie to the server, which correlates the user’s information in the cookie with the customization options stored at the server to return a customized document. ‘248 patent, col. 2, lns. 49-52 (emphasis added). Plaintiff points to similar language in the Abstract, which states that “[w]henever the user navigates back to the network address of the HTML document, the user is identified automatically” Id. at Abstract (emphasis added). Plaintiff contends that customization information must be stored on the server “long-term,” because information that is stored only temporarily would not be available *whenever* the user visits the network address.

Plaintiff fails to provide a convincing case for its proposed limitation. Under plaintiff’s interpretation of the word “whenever,” the claimed methods could be performed only if the server stored customization information indefinitely. However, there is no support in the specification, prosecution history or the claims themselves for concluding that the word “whenever” in the specification was intended to limit the claims in any way. Neither the claims nor specification says how long customization information must be stored. The claims state only that the information must be stored long enough to be used

“during subsequent accessing of a selected address.” The claims do not require using stored customization information during “every” subsequent visit to a selected address and the two references relied on by plaintiff are too vague to impose such a limitation.

In sum, plaintiff has failed to provide evidence supporting the limitation it seeks. Accordingly, I conclude that “storing the customization information” means storing information long enough for it to be used to produce a customized document in response to a subsequent visit from the same user.

B. Infringement

Plaintiff has moved for summary judgment of noninfringement on all asserted claims of the ‘248 patent, contending that (1) its Post Search product does not satisfy the “storing the customization information” limitation found in all of the asserted claims; (2) defendant has adduced no evidence that plaintiff directly infringed claims 1-4, 8 and 17; and (3) defendant has adduced no evidence of indirect infringement of any claims.

Plaintiff’s first argument is based on its construction of “storing the customization information” as requiring “long-term” storage. Because I rejected plaintiff’s construction, this argument is moot. Additionally, because plaintiff’s only arguments regarding direct infringement of claims 11-13, 16 and 18-20 relied on its claim construction arguments, I will deny plaintiff’s motion for summary judgment with respect to those claims. Defendant’s claims of direct infringement of claims 11-13, 16 and 18-20 must be resolved at trial. I

discuss plaintiff's remaining arguments below.

I. Direct infringement of claims 1-4, 8 and 17

Plaintiff has moved for summary judgment on claims 1-4, 8 and 17, contending that defendant has failed to present any evidence of direct indirect infringement of these method claims. To establish direct infringement, defendant must prove that plaintiff performed every step of the claimed methods. Muniauction, 532 F.3d at 1328 (“[A] method claim is directly infringed only if each step of the claimed method is performed.”); BMC Resources, Inc. v. Paymentech, L.P., 498 F.3d 1373, 1381 (Fed. Cir. 2007) (“Direct infringement . . . is limited to those who practice each and every element of the claimed invention.”). Defendant must either “point to specific instances of direct infringement or show that the accused [product] *necessarily* infringes the patent in suit.” ACCO Brands, Inc. v. ABA Locks Manufacturer Co., 501 F.3d 1307, 1313 (Fed. Cir. 2007) (emphasis added).

This means that to prove direct infringement of claims 1-4, 8 and 17, defendant must show, among other steps, that Post Search obtains user customization information, stores the customization information on a server and retrieves the customization information during the same user's subsequent visit to a Post Search server. Plaintiff does not deny that Post Search obtains user customization information and then stores it in a temporary cache on a server for approximately nine minutes. However, plaintiff contends that defendant has adduced no evidence that any user has ever accessed a Post Search server within the nine-

minute time period when the temporary cache was holding the user's customization information.

Defendant contends that it has adduced sufficient circumstantial evidence of direct infringement to create a genuine dispute of fact regarding whether any user accessed a Post Search server within the nine-minute time period, thus causing Post Search to retrieve the user's customization information from the temporary cache. First, defendant points to the testimony of its expert, Dr. Houh, who concluded that Post Search would perform the steps of the claimed method if, after a user first accesses a Post Search server, the visitor's "subsequent access to the Post-Search server occurs within the time out period of 9 minutes from the last visit to the Post-Search server." However, Dr. Houh's statement is not sufficient to create a genuine dispute of fact because his statement is not evidence that such a visit *actually took place*. Although "it is true that circumstantial evidence may be used to demonstrate direct infringement, the evidence must still indicate that infringement actually occurred." SRI International Inc. v. Internet Security Systems, Inc., 647 F. Supp. 2d 323, 336 (D. Del. 2009), aff'd, 2010 WL 4569946, at *1 (Fed. Cir. Nov. 5, 2010) (internal citation omitted)). Dr. Houh's opinion is grounded solely on speculation. He does not state that Post Search "necessarily" performs all of the steps of the claimed methods and does not point to even one specific instance in which Post Search performed all of the steps. He does not even allege that he was able to perform all the steps of the claimed methods using Post Search.

The only other evidence defendant points to in support of its argument is that one of plaintiff's witnesses, Adi Pinhasi, testified that plaintiff designed Post Search to include the temporary cache for situations in which a user may visit a page on which Post Search has multiple banners and thus, receives multiple requests for ads from the same page. Pinhasi Dep., dkt. #69, at 79. The temporary cache would allow Post Search "to treat the full page as one piece" in order to effect "business logic." Id.

Pinhasi's statement does not create a genuine dispute of fact regarding direct infringement. The witness was discussing a hypothetical situation and design decision. His testimony does not establish that any user's browser actually visited the Post Search server multiple times when loading a page with multiple Post Search ads, causing Post Search to access customization information from the temporary cache. No reasonable jury could rely solely on the fact that plaintiff implemented a temporary cache to deal with a particular hypothetical situation in Post Search to conclude that plaintiff has directly infringed these method claims.

In sum, defendant has failed to present any evidence that plaintiff has performed all steps of the claimed methods in claims 1-4, 8 and 17. Therefore, plaintiff is entitled to summary judgment on defendant's claims of direct infringement of these claims.

2. Indirect infringement

Defendant also accuses plaintiff of indirect infringement of claims 1-4, 8, 11-13 and

16-20 of the '248 patent arising from alleged licensing of Post Search to third parties. Indirect infringement may be proven by evidence of “inducing infringement” or “contributory infringement.” 35 U.S.C. §§ 271(b) & (c). Defendant’s counterclaim includes both contributory and induced infringement claims. Plaintiff has moved for summary judgment on both types of claims.

To establish contributory infringement, a patent owner must show “(1) that there is direct infringement, (2) that the accused infringer had knowledge of the patent, (3) that the component has no substantial noninfringing uses, and (4) that the component is a material part of the invention.” Fujitsu Ltd. v. Netgear Inc., 620 F.3d 1321, 1326 (Fed. Cir. 2010); 35 U.S.C. § 271(c).

In its brief in support of its motion for summary judgment, plaintiff argues that defendant cannot prove contributory infringement because defendant has adduced no evidence of direct infringement by a third party and because Post Search has substantial noninfringing uses. Defendant did not respond to plaintiff’s arguments regarding contributory infringement; therefore, plaintiff is entitled to summary judgment on defendant’s contributory infringement claims.

Turning to defendant’s claims of induced infringement, defendant must prove that plaintiff “actively induce[d] infringement of a patent.” 35 U.S.C. § 271(b). As with contributory infringement, defendant must establish that some other third party committed the entire act of direct infringement. BMC Resources, 498 F.3d at 1380. Additionally,

defendant must show that plaintiff took specific acts to knowingly induce the infringement. DSU Medical Corp. v. JMS Co., 471 F.3d 1293, 1304 (Fed. Cir. 2006) (en banc) (citations and quotations omitted).

Thus, the threshold question for defendant's inducement claim is whether defendant has adduced evidence showing that a third party directly infringed the claims by using the Post Search product. Dynacore Holdings Corp. v. U.S. Philips Corp., 363 F.3d 1263, 1272 (Fed. Cir. 2004). Defendant devotes only one sentence in its brief to this element of its claim, stating that "[plaintiff's] witness Michael Benedek explained that [plaintiff] licensed its Post Search technology to third parties, who would then use Post Search on their own sites to collect information about users, and use that information to serve them targeted ads." Dft.'s Br., dkt. #78, at 8.

This statement is insufficient to create a genuine dispute of material fact. Nothing about Benedek's testimony would allow a jury to conclude that any of plaintiff's licensees used Post Search to perform all steps of the asserted claims. Benedek testified only that certain companies "licensed [plaintiff's] technology" to "drop a cookie" on a visitor and then serve ads to the visitor based on the information in the cookie. Benedek's Dep., dkt. #70, at 194-99. It is not clear from Benedek's testimony what "technology" was licensed and whether the technology that was licensed contained all of the limitations required by the asserted claims. He testified that the licensed technology "was not part of the Post-Search

network” and “to the best of his knowledge . . . [plaintiff] never offered out-of-the-box software that somebody could put on their own server and run themselves.” Id. at 195, 198. Additionally, defendant’s expert never gives any opinions about whether this technology licensed by plaintiff is the same as the accused Post Search product and whether a licensee’s use of the technology would result in infringement. Defendant has simply failed to show any evidence of direct infringement by a third party. Therefore, plaintiff is entitled to summary judgment on defendant’s claims of induced infringement.

ORDER

IT IS ORDERED that

1. Defendant Microsoft Corp.’s motion for summary judgment, dkt. #56, is DENIED with respect to its invalidity counterclaims and GRANTED in all other respects.
2. Defendant’s counterclaims asserting invalidity are DISMISSED without prejudice.
3. Plaintiff AlmondNet, Inc.’s motion for summary judgment, dkt. #62, is GRANTED IN PART and DENIED IN PART. The motion is DENIED with respect to defendant’s claim that plaintiff directly infringes claims 11-13, 16, 18-20 of defendant’s U.S.

Patent No. 6,632,248. It is GRANTED in all other respects.

Entered this 30th day of November, 2011.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge