

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

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NORTHMOBILETECH LLC,

Plaintiff,

v.

SIMON PROPERTY GROUP, INC.,

and

SIMON PROPERTY GROUP, LLP,

Defendants.

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OPINION AND ORDER

11-cv-287-wmc

In this lawsuit, plaintiff NorthMobileTech LLC alleges that defendants Simon Property Group, Inc. and Simon Property Group, LLP infringe United States Patent No. 7,805,130 (the '130 patent), entitled "Marketing Method." Simon counterclaims that the patent is invalid and not infringed. Both issues are before the court on cross-motions for summary judgment. For the reasons discussed below, the court will: (1) deny NorthMobileTech's motion for partial summary judgment on its infringement claim (dkt. #117); and (2) grant Simon's motion for summary judgment on its counterclaim of non-infringement, but deny summary judgment on its counterclaim of patent invalidity (dkt. #124).

**PRELIMINARY ISSUES**

Plaintiff's motion to supplement its brief in support of summary judgment (dkt. #182) will be denied. Well after the court's established deadline, this motion seeks to introduce new argument based on the deposition of Mr. Gennady Stesal. Specifically, plaintiff seeks to bolster its assertion that the Simon computer server performs a

“determining” step. As the court finds in plaintiff’s favor on this point for the reasons set forth below, further briefing serves no purpose. Moreover, plaintiff provides no valid excuse for its delay.<sup>1</sup>

Similarly, plaintiff’s appeal of Magistrate Judge Crocker’s partial denial of plaintiff’s motion to compel discovery (dkt. #178) will be dismissed as moot. Plaintiff sought to compel additional discovery of documents relating to damages. As the court will grant defendants’ motion for summary judgment of noninfringement, the documents in question are no longer relevant to this case.

Defendants’ motion for a protective order regarding the deposition of its in-house counsel (dkt. #212) will be granted. Plaintiff represents that it seeks to depose defendants’ in-house counsel because he may have information relevant to the development of the Simon service and to the question of whether defendants willfully infringed the patent. (*See* dkt. #219, p.11.) As the court will grant summary judgment of noninfringement, *infra*, there is no longer any need to conduct this deposition.

Plaintiff’s motion for leave to file a supplemental reply in support of proposed findings of fact (dkt. #223) will be denied as untimely.

## UNDISPUTED FACTS<sup>2</sup>

### A. The ’130 Patent

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<sup>1</sup> Plaintiff’s new counsel aver that they only became aware of the deposition on March 30, 2012, but this is more explanation than valid excuse.

<sup>2</sup> Based on the submissions of the parties, the following facts appear to be material and undisputed unless otherwise noted.

Plaintiff NorthMobileTech is the assignee owner of the patent-in-suit, U.S. Patent No. 7,805,130. Inventors Paul Edwards and Gregory Smith applied for the patent on May 23, 2006. The patent issued on September 28, 2010.

The '130 patent describes a method of delivering location-specific marketing messages and incentives to mobile communication devices, and a computer server for practicing this method. First, a user's mobile phone or other wireless device initiates contact with a designated computer server via a wireless call or message. The server determines whether the user is located at a participating shopping mall. If the user is located at a participating mall, the server generates a menu of choices specific to that mall and transmits it to the user's mobile device, where it is displayed. By selecting among the menu of choices, the user is able to access various promotions, deals and other marketing incentives for stores in the mall.

According to the patent specification, the claimed method provides value to shoppers by serving as a "sales aid, reminding them of specific sales programs now underway, alerting them to promotions that may not be advertised outside the mall." The patent's "value to the retailer is even greater as the merchant now has the ability to more actively, in real time, drive extremely qualified traffic to their store. The shopper is in the mall; at that moment and wants to see what you have to offer."

## **B. The Asserted Claims**

The '130 patent contains 19 claims, of which two (1 and 19) are independent.

Plaintiff has accused defendants of infringing claims 1, 17, and 19, which are set forth below.

Claim 1:

A marketing method comprising:  
at a server system:

- receiving from a mobile wireless communications device a wireless call or message;
- determining that said mobile wireless communications device is located at a given shopping facility;
- correlating a menu of choices specific to said given shopping facility with said given shopping facility;
- responsive to said receiving, returning to said wireless communications device information to provision said wireless communications device with said menu of choices;
- subsequent to said returning said information, on receiving from said wireless communications device a choice selected from said menu, returning to said wireless communications device one or more text-based marketing messages, at least one of said text-based marketing messages comprising a marketing incentive particular to a store in said given shopping facility.

Claim 17:

The method of claim 1 wherein said menu is a further menu and said choice is a further choice and wherein said returning returns information to provision said wireless communications device with a first menu and, upon selection of a first choice from said first menu, with said further menu.

Claim 19.

A computer readable medium containing computer executable instructions which, when executed by a processor of a server cause said server to:

- on receiving a wireless call or message from a mobile wireless communications device, determining that said mobile wireless communications device is located at a given shopping facility, correlating a menu of choices specific to said given shopping facility with said given

shopping facility and returning to said wireless communications device information to provision said wireless communications device with said menu of choices;

subsequent to returning said information, on receiving from said wireless communications device a choice selected from said menu, return to said wireless communications device one or more text-based marketing messages, at least one of said messages comprising a marketing incentive particular to a store in said given shopping facility.

### **C. Claims Construction**

In response to the parties' motions for claims construction, the court construed three claim terms:

“determining that said mobile wireless communications device is located at a given shopping facility”;

“a wireless call or message”; and

“text-based marketing messages.”

The court found that each term should be given its plain and literal meaning. (Claims Construction Order (dkt. #166).)

### **D. The Simon Server and the Simon App**

Plaintiff alleges that defendants have infringed the '130 patent with their “Simon Malls -- More Choices” product, which is a marketing system comprising one or more data servers (the “Simon Server”) that interact with any number of mobile communication devices running a downloadable program called the Simon Malls Application (the “Simon App”).

The Simon Server is an internet web server located at [www.simon.com](http://www.simon.com). Defendants either own or control the Simon Server, which has a processor and a computer readable medium containing computer executable instructions. The associated Simon App is offered in two versions, one for the Android mobile device operating platform, and one for the Apple iOS mobile device platform. Both versions of the App enable users to obtain information such as deals, maps, directions, and events relating to Simon-owned shopping facilities.

On launch, the Simon iOS App accesses the mobile device's location framework to retrieve a latitude-longitude data pair for the iOS Device. The App then compares the latitude-longitude data pair supplied by the device against its own local database of mall locations to determine if there is a "regional" or "Mills" mall within 50 miles. If so, the App will default to the nearest such mall. If no regional mall or Mills mall is found to be within 50 miles of the user, the Simon App will then search its list of all Simon-owned malls to identify the closest mall of any type. Even if a person is several hundred miles away from any Simon mall, the application will still search for, and default to, the mall that is geographically the closest. If the App does not default to the mall that the user is interested in, the user can select any Simon mall by pushing the "Find" icon, which allows the user to manually search for another mall.

When a mall is defaulted to or manually chosen by the user, the Simon iOS App selects the specific identification number (the "Mall ID") associated with that mall. The App then automatically sends four HTTP GET requests to the Simon Server. Each request contains the Mall ID. After receiving the four HTTP GET requests from the

Simon iOS App, the Simon Server returns four HTTP responses to the App containing information about the requested mall.

One of the four requests sent by the App to the Simon Server is an HTTP GET request for “ShowcaseItems,” which refers to information about shopping deals specific to the mall. In response to the HTTP GET request for “ShowcaseItems,” the Simon Server sends an HTTP response to the Simon iOS App containing “ShowcaseItemBase” objects. This response contains the requested information about shopping deals specific to the mall.

Once the Simon iOS App has finished parsing the mall-specific data contained in the four HTTP responses sent by the Simon Server, the App displays its pre-loaded main menu of choices. One of the menu options is a “Deals” button. When the user selects this button, the Simon iOS App loads the list of deals that was previously returned to the App as a list of “ShowcaseBaseItem” objects. The list of deals displayed on the App are all specific to stores located at the mall.

When the user selects a deal in the list, the Simon iOS App sends an HTTP GET request for “Recommends” to the Simon Server. This request contains a unique ID number representing the deal that was selected (the “Deal ID”). After receiving the HTTP GET “Recommends” request, the Simon Server sends an HTTP response to the Simon iOS App which contains, among other information, a count field set to the number of times the deal has been recommended (the “Recommends Number”).<sup>3</sup> The

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<sup>3</sup> The parties disagree about whether the recommend number shows the number of times the deal *at that mall* has been recommended, or whether it shows the total number of recommendations for the deal across multiple malls. Although arguably relevant to an

Simon iOS App then displays information about the selected deal, including the “Recommends Number” for that deal.

The Android App operates in largely the same way as the iOS App, with one relevant exception. Unlike the iOS App, the Android app does not immediately request “ShowcaseItems” from the server after defaulting to a mall upon startup. Instead, the Android App contacts the Simon Server for the first time when the user selects a choice from the App’s main menu, such as the “Deals” button.

## **E. Asserted Prior Art<sup>4</sup>**

### **1. The Treyz Patent**

U.S. Patent No. 6,587,835, the “Treyz patent,” was filed with the USPTO on February 9, 2000, and issued on July 1, 2003. Treyz discloses a location-based shopping assistance service that allows users to obtain, on a handheld wireless communications device, special deals offered by stores in the mall at which they are shopping. According to one embodiment shown in the patent, when a shopper enters a mall, communication is established between the handheld device and a server, either through a remote wireless link or through a local wireless link via a local network access point intermediary. The system then monitors the shopper’s location within the mall using any one of a number of techniques, including GPS and cell-tower triangulation. The shopper’s location data is

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infringement analysis, the court need not consider the distinction here.

<sup>4</sup> Defendants identified a third piece of prior art that is not discussed in this opinion. This is because defendants concede that if the court adopted a literal reading of the word “at,” the Chelsea Premium Outlets website prior art would not anticipate. (*See* Pl’s Br. in Reply (dkt. #173) p. 34 n. 14.)

used by the server to provide the handheld device with information about special deals offered by nearby stores. If the shopper selects the “specials” option from a menu on her handheld device, the device will display such a list of deals. By further selecting a particular deal, the user can access more information about the deal, including how she can accept it.

## **2. The m-Qube System**

In 2002, a company named m-Qube launched a service, in conjunction with CambridgeSide Galleria (a shopping mall in Cambridge, Massachusetts), that allows shoppers to use their cellular phones to get instant coupons for stores in the Galleria mall. The functionality of this system was described in a press release published on October 1, 2002, and the system came into public use at approximately that time. The press release discloses that “by dialing an 800 number and choosing from menu options, shoppers carrying an SMS-capable cellular phone can get a message back within seconds that contains a code good for a store coupon.” In the m-Qube system, when a user dials a specified phone number, the call is processed by a designated computer server, which then sends coupon information to the user’s phone via SMS message. With this information, the phone displays a menu or series of nested menus containing the various coupons.

# **OPINION**

## **I. INFRINGEMENT**

The ’130 patent contains 19 claims but for infringement purposes it will suffice to address only the two independent claims, 1 and 19. Defendants have carried their

burden of showing that there are no genuine issues of material fact preventing this court from finding that their service does not read onto the '130 patent.

### A. Legal Standard

Patent infringement analysis requires two steps. First, the patent claims are interpreted or construed to determine their meaning and scope. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995). When “the dispositive claim language on its face is susceptible to two equally plausible meanings,” courts are encouraged to adopt the narrower construction. *Athletic Alternatives, Inc. v. Prince Mfg., Inc.*, 73 F.3d 1573, 1579 (Fed. Cir. 1996). *See also Halliburton Energy Serv’s, Inc., v. M-I LLC*, 514 F.3d 1244, 1253-54 (Fed. Cir. 2008) (“We note that where a claim is ambiguous as to its scope we have adopted a narrowing construction when doing so would still serve the notice function of the claims.”). This rule stems from the need “to guard against unreasonable advantages to the patentee and disadvantages to others arising from uncertainty as to their [respective] rights.” *General Electric Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 369, 58 S.Ct. 899, 902 (1938). *See also McClain v. Ortmyer*, 141 U.S. 419, 424, 12 S.Ct. 76, 77 (1891) (“The object of the patent law in requiring the patentee [to precisely describe his invention] is not only to secure to him all to which he is entitled, but to apprise the public of what is still open to them.”).

Second, properly construed claims are compared to the product accused of infringement. *Markman*, 52 F.3d at 976. To establish infringement, a plaintiff must prove that each claim element is present in the accused product, either literally or by

equivalence. *Dawn Equip. Co. v. Ky. Farms Inc.*, 140 F.3d 1009, 1015 (Fed. Cir. 1998). Accordingly, a defendant may prevail by demonstrating that at least one element from the asserted claim is absent from the accused product. “Summary judgment on the issue of infringement is proper when no reasonable jury could find that every limitation recited in a properly construed claim either is or is not found in the accused device either literally or under the doctrine of equivalents.” *U.S. Philips Corp. v. Iwasaki Elec. Co.*, 505 F.3d 1371, 1374-1375 (Fed. Cir. 2007) (quotation omitted).

## **B. Analysis**

Claim 1 is a method claim and Claim 19 covers a computer server that practices the method described in Claim 1. For purposes of the parties’ dispute, however, the two claims are identical. Defendants concede that their product employs some elements of the independent claims, but identify two areas of divergence: (1) the Simon Server does not determine that a mobile wireless communications device is located at a given shopping facility; and (2) the Simon Server does not return a marketing incentive in response to a device user’s choice of a menu option.

### **1. Determining that the mobile wireless communications device is located at a given shopping facility**

Defendants argue that the Simon Server does not make any sort of “determination,” because its *only* function is to receive the identity of a particular mall from the Simon App and then to spit back data for that mall. According to this argument, a determination requires logical analysis and no analysis is required of the

server here. Plaintiff responds that the server need only “come to a conclusion” in order to make a determination -- in the case of the Simon Server, which contains data for multiple malls, the “determining” limitation is satisfied when the server comes to the conclusion that the user is interested in one of several possible malls. Under plaintiff’s reading, a “determining” step can be as simple as receiving the mall ID provided by the Simon App. Proof that such a determination has been performed is established by the fact that the server returns data for the mall of interest.

The parties’ dispute over the meaning of the word “determine” should have been settled by this court’s claims construction order (dkt. #166), which held that the word must be given its plain meaning. Since more specific guidance is apparently required, the court will briefly explain why plaintiff’s more permissive definition represents the plain meaning in the context of the patent.

Plaintiff’s definition is supported by dictionaries in use around the time the patent was granted. The 2001 Webster’s New World College Dictionary (4th ed.) defines “determine” as “to settle conclusively; decide.” The 2010 New Oxford American Dictionary (3rd ed.) defines “determine” as “ascertain or establish exactly, typically as a result of research or calculation.” As the quoted language indicates, a certain amount of “research or calculation” may be expected, but it is not strictly necessary.

The ’130 patent contains at least one claim in which minimal, if any, logical calculation is required of the server. Claim 13 teaches a method in which the user calls a designated phone number posted at a shopping facility, connects to a central server system “and wherein . . . determining that [the] mobile wireless communications device

is located at a given shopping facility comprises identifying [the] shopping facility by [its] destination number.” (’130 Pat., col. 5, lns. 35-42.) As with the Simon system’s receipt of a mall ID, the determining step in Claim 13 requires nothing more than recognizing that the destination phone number is a code for a particular shopping mall. While no complicated analysis is required, the “determining” step still serves a useful purpose because without it the server would not be able to perform the next step in the patented process -- “correlating a menu of choices specific to [the identified] shopping facility.” Because the plain meaning of “determining” is “coming to a conclusion,” the court finds as a matter of law that the Simon Server performs a determining step in ascertaining which mall’s data to return.

But this only disposes of one half of the first disputed phrase. Defendants also argue that even if the Simon Server performs a “determining step,” it only determines that the user is *interested in* a mall, rather than that the user is *at* a mall. On this, the court finds defendants’ argument much more convincing.

Whether a computer server determines that a user is at a shopping mall is complicated by the fact that a computer program is not sentient and -- as far as the court is aware -- does not think or process in terms of nouns and verbs. To discover exactly what a computer is “determining,” therefore, the court must look at the program’s inputs and outputs. The ’130 patent claims a system that is capable of “determining that [a] mobile communications device is located at a given shopping facility.” In the preferred embodiments, possible inputs include GPS coordinates, the identity of the nearest cell tower, or an in-mall phone number dialed by the user, all of which allow the server to

distinguish (within a margin of error) between a user who is actually “at” a mall and one who is miles away.<sup>5</sup>

If the input shows the user is literally “at” a recognized mall, the server covered by the patent-in-suit springs into action -- in one listed embodiment, even automatically “pushing” data to the user’s cell phone. (’130 pat. col. 4, lns. 18-23.) If the input does not signal the user is “at” a mall, the server remains silent. The patent specification explains the reason for making a distinction between users who are “at” a mall and those who are not:

The value to the shopper is tremendous: it is a sales aid reminding them of specific sales programs now underway, alerting them to *promotions that may not be advertised outside the mall*, it conveys time sensitive information, such as “Happy Hour” Specials in restaurants and bars.

The value to the retailer is even greater as the merchant now has the ability to more actively, in real time, drive extremely qualified traffic to their store. *The shopper is in the mall at that moment and wants to see what you have to offer.*

(’130 pat., col. 2, lns. 53-61 (emphasis added)). Thus, when the ’130 patent speaks of determining that the user is “at a mall,” this phrase is meant to be taken literally, not simply as a sloppy way of saying that the server determines the user is “interested in” or “inquiring about” the mall.

In contrast, the Simon App is designed to function the same way whether a user is

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<sup>5</sup> As the court acknowledged in its claims construction order, in relying on a phone number, the server does not obtain direct information about the user’s location – there may be some false positives when a user dials a mall-specific number from outside the mall. But the server is still designed to come to the conclusion that the user is “at” the mall because at least as contemplated by the patent, the number is only displayed *at* the mall, for the user to call for immediate promotions and savings.

standing in the middle of a mall or 300 miles distant. In fact, the App cares so little whether a user is “at” a mall that if a user is literally at a Simon-owned strip mall, but there is a Simon-owned regional or Mills mall within 50 miles, the program will default to the regional or Mills mall upon startup.<sup>6</sup>

The behavior of the Simon App controls what the Simon *Server* -- which is wholly dependent on the App -- is capable of determining. Neither party has submitted an analysis of the server code describing how the Simon Server processes the simple mall ID input it receives, but it is enough to consider the outputs produced. From the input of a mall ID number, telling the server which mall’s data to serve up, the output is the same regardless of whether the user is or is not “at” a mall. As a result, the Simon Server is not attuned to the user’s physical presence “at” a given mall.

Adopting a literal construction of the phrase “determining that said mobile wireless communications device is located at a given shopping facility,” the court finds that the Simon service does not infringe the ’130 patent. While this result may seem harsh given the considerable similarity between the patented invention and the Simon service, it is dictated by sound policy *and* by plaintiff’s own choice of words in drafting

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<sup>6</sup> As the ’130 claim language requires, the focus of this inquiry is on what processes the *server* is performing, rather than what the Simon App does or is theoretically capable of doing. The Simon App learns where the user is “at” in terms of geographical coordinates, and it compares those coordinates against pre-stored mall coordinates. There is no evidence that the App can or does care whether these coordinates match up exactly (which would show the user is actually at the mall). But even if the App has enough data to, in theory, make such a determination, in practice the App always sends the same information to the server regardless of whether the user is actually at the mall or not. Thus the *server* must work with the only data it has -- a particular mall ID number. This simply does not provide enough information for the server to determine that a user is or is not at a mall.

the patent. *See Texas Instruments Inc. v. United States Int'l Trade Comm'n*, 988 F.2d 1165, 1171 (Fed. Cir. 1993) (“[C]ourts can neither broaden nor narrow claims to give the patentee something different than what he has set forth.”); *Superspeed Software, Inc. v. Oracle Corp.*, 447 F. Supp. 2d 672, 679-80 (S.D. Tex. 2006) (“A court must presume that the terms in the claim mean what they say.” (quotation omitted)). Even if the court were to find that the disputed phrase is subject to two plausible interpretations -- and the express language does not allow it -- this court would still be bound to choose the narrower construction. *See Athletic Alternatives, Inc.*, 73 F.3d at 1581 (“Were we to allow [the patentee] successfully to assert the broader of the two senses of [a patent term], we would undermine the fair notice function of the requirement that the patentee distinctly claim the subject matter disclosed in the patent from which he can exclude others temporarily.”). Plaintiff appears to have taken considerable pains in describing its exact invention, as is required under the written description requirement. 35 U.S.C. § 112. Having done so, it must now live with the language that it chose.<sup>7</sup>

## **2. Returning a marketing incentive in response to the user’s choice of a menu option**

The marketing method claimed by the '130 patent requires that a server return to a wireless device one or more “marketing incentives” in response to a selection from the first menu of choices supplied by the server. Both sides agree that (1) the Simon Server returns a “recommends number” in response to a selection from this menu; and (2) if a

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<sup>7</sup> Perhaps the specific phrase “at a given shopping mall” was chosen in an attempt to distinguish it from prior art or an obviousness defense. *See* discussion *infra*, II. Regardless, the phrase was included and limits the patent by its terms.

“recommends number” is not a marketing incentive, the Simon service does not read onto this element of the patent claim.<sup>8</sup>

The court did not construe the term “marketing incentive” because neither party asked it to do so. Insofar as either party is now advocating for a construction of the term to give it some other meaning than its plain one, their argument is untimely. Because patents are addressed to “the hypothetical person skilled in the art,” however, expert testimony at the fact-finding stage is welcome to establish the relevant “ordinary meaning” of the term to one skilled in the art. *Markman*, 52 F.3d at 986.

Defendants offer the affidavit of their expert, Nathaniel Polish, who opines that a

person of ordinary skill would understand an incentive to involve some form of material reward for a behavior. This could be a discount, loyalty point, or some other good or service received in exchange for making the purchase. The number of times that something has been recommended is, at best, information about what other people thought about the deal and that information offers no reward. This would not be considered an incentive by a person of ordinary skill.

(Polish Report (dkt. #115) ¶ 37; Polish Decl. (dkt. #128).)

In response to defendants’ proposed finding of fact on this issue, plaintiff chose not to offer the testimony of a qualified expert, or for that matter of anyone with ordinary skill, in the art of marketing. (Response to Proposed Finding of Fact, (dkt. #148) ¶ 49.) The only admissible evidence offered by plaintiff to contradict Mr. Polish’s opinion is a report created by Forrester Consulting, commissioned by defendants and published on defendants’ website, that extols the advantages of “experiential marketing.”

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<sup>8</sup> Because the App’s main menu is built into the App software, the first menu actually “provisioned” by the server is the second menu the user sees – the list of deals for the mall.

The Forrester report does not speak to the question of whether peer recommendations constitute marketing “incentives” as understood by one of ordinary skill in the art.

If it were enough simply to determine a lay-person’s understanding of the phrase “marketing incentive,” the appropriate course at this juncture would be to submit the question directly to a jury. The actual question is, however, how one of ordinary skill in the art understands the phrase. Plaintiffs’ failure to offer *any* evidence to contradict Mr. Polish’s testimony that a “recommends number” would not be seen as a marketing incentive by one of ordinary skill in the art leaves this court with no factual dispute and, thus, a reasonable juror no choice but to agree with Mr. Polish.

### **C. Patent Misuse Affirmative Defense**

In addition to arguing that its Simon Service does not infringe the terms of the ’130 patent, defendants have also pled the affirmative defense of patent misuse. Patent misuse is an equitable defense to an infringement action; a finding of misuse suspends the owner’s right to recover for infringement. *Senza-Gel Corp. v. Seiffhart*, 803 F.2d 661, 668 n.10 (Fed. Cir. 1986). This issue is moot given that the court has found noninfringement as a matter of law.

## **II. INVALIDITY**

### **A. Anticipation**

Defendants have also moved for summary judgment on their counterclaim seeking declaratory judgment on patent invalidity by anticipation. As in any case brought under

Article III of the Constitution, an action for declaratory relief must present an actual case or controversy. *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240–241 (1937). The Federal Circuit has held that an actual controversy remains on a counterclaim of invalidity even after the court has decided that the patent is not infringed. *Liquid Dynamics Corp. v. Vaughan Co., Inc.*, 355 F.3d 1361, 1371 (Fed. Cir. 2004) (citing *Nystrom v. TREX Co.*, 339 F.3d 1347, 1351 (Fed. Cir. 2003)). The court, therefore, concludes that it has jurisdiction to consider defendants’ counterclaim under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and in its discretion will permit defendants to proceed on the question of patent invalidity.<sup>9</sup> At this stage, the court finds genuine issues of material fact preclude the court from granting summary judgment to either side on the question of invalidity.

### **1. Legal Standard**

At summary judgment, the court must apply the standard of review that a jury would use at trial. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252–53 (1986). Under 35 U.S.C. § 282, issued patents are presumed valid and “a moving party seeking to invalidate a patent at summary judgment must submit such clear and convincing evidence of facts underlying invalidity that no reasonable jury could find otherwise.” *TriMed, Inc. v. Stryker Corp.*, 608 F.3d 1333, 1340 (Fed. Cir. 2010) (internal quotation omitted).

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<sup>9</sup> The ’130 patent is the subject of more than one case in this court, of which the Simon infringement action is merely the first. If the patent is invalid, it will serve the interests of judicial efficiency to establish this sooner rather than later.

Whether a prior art reference anticipates a patent claim is a question of fact. *Id.* at 1343. A patent claim is anticipated if every limitation is found in a single prior art reference, either expressly or inherently. *Id.*; 35 U.S.C. § 102. In other words, “[t]here must be no difference between the claimed invention and the referenced disclosure, as viewed by a person of ordinary skill in the field of the invention.” *Scripps Clinic & Research Found. v. Genentech, Inc.*, 927 F.2d 1565, 1576 (Fed. Cir. 1991) *overruled on other grounds by Abbott Labs v. Sandoz, Inc.*, 556 F.3d 1282 (Fed. Cir. 2009).<sup>10</sup>

## 2. Analysis

The first step in an anticipation analysis is to identify the prior art and its effective date. The prior art that defendants claim anticipates the ’130 patent as construed by this court are the Treyz ’835 patent, which was issued on July 1, 2003, and the m-Qube System, which was publicly described and used in October of 2002. Plaintiff does not dispute that both constitute valid and antecedent prior art under § 102(a) or (e).

The second step is to define the hypothetical person having ordinary skill in the art at the time of the invention, who acts as the prism through which a judge or jury must compare the prior art and the claimed invention. *Abbott Labs v. Diamedix Corp.*, 969 F. Supp. 1064, 1069 (N.D. Ill. 1997). The parties generally agree that a person of ordinary skill in the art has experience with marketing, with the technical aspects of

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<sup>10</sup> A patent may also be invalid for obviousness. 35 U.S.C. § 103. However, defendant did not raise the issue of obviousness in its opening brief, and thus waived any argument on that issue for purposes of summary judgment. *See United States v. Magana*, 118 F.3d 1173, 1198 n.15 (7th Cir. 1997) (“Arguments not raised in an opening brief are waived . . .”).

wireless device software applications, and with location-based technology services. (*See Goldstein Report* (dkt. #114) p. 9; *Hussmann Supp. Report* (dkt. #125, ex. 5) p. 6.)

The third step in the anticipation analysis is to determine if the prior art discloses all of the elements of the challenged claims. Defendants' counterclaim of invalidity seeks to show that claims 1, 17 and 19 are anticipated. For the reasons that follow, the court finds that (a) the m-Qube system does not anticipate these claims as a matter of law; and (b) genuine issues of material fact remain as to whether the Treyz patent anticipates them.

#### **a. The m-Qube System**

The court agrees with plaintiff that m-Qube system does not anticipate the '130 patent because that system's server (1) does not determine that a mobile wireless communications device is located at a given shopping facility; and (2) does not correlate a menu of choices specific to that shopping facility. According to the m-Qube press release (dkt. #114, ex. 13), users obtain coupons for Galleria stores by dialing an 800 number. There is no suggestion that this 800 number is only advertised in the mall or is only meant to be used by shoppers who are at the mall. Thus, the m-Qube system does not even appear to be a location-based marketing service, and does anticipate the '130 patent's "determining" limitation. Moreover, because the m-Qube System was designed to serve only the CambridgeSide Galleria Mall, and its server contains data for that mall and no other shopping facility, it is evident that the system also does not anticipate the

'130 patent's "correlating" limitation: the server could not have taken the step of correlating a menu of choices *specific to a mall*, because there was only one mall to serve.

### **b. The Treyz Patent**

Plaintiff argues that the Treyz patent does not anticipate the '130 patent because the Treyz server does not determine that a mobile wireless communications device is located at a given shopping facility. Defendants contend that because the Treyz patent expressly discloses a server that can determine a shopper's location *within* a mall, it must naturally also be determining that he or she is *at* the mall. However, plaintiff objects that this is merely an assumption on the part of defendants' expert that cannot be read into the patent.

There is no need to settle this disagreement, because there is other language in the Treyz patent that expressly discloses a server performing the determining limitation:

The service may be invoked by selecting an icon or other on-screen option displayed on [a] handheld computing device. The icon or other suitable notification may be automatically displayed by [the] handheld computing device *when the user enters the mall*. For example, *the handheld computing device may detect the presence of local wireless transmissions from equipment in the mall* that is advertising the availability of the shopping assistance service and may automatically convey information on the availability of the service to the user by displaying the icon.

(Treyz patent, col. 35, lns. 21-40.) Because the court has defined "determining" as "coming to a conclusion," all that is necessary for a server to anticipate the "determining" limitation is receipt of input signaling that the user is at a mall and production of output that would not have occurred otherwise. These modest criteria are met if the server can

only be accessed within the mall, which is precisely what is described in the above-quoted language from the Treyz patent.<sup>11</sup>

Plaintiff's more convincing argument is that the Treyz server does not receive a choice from a first- or second-level menu and respond with a marketing message. Plaintiff accurately points out that -- while the Treyz patent expressly discloses a handheld device displaying a list of marketing incentives in response to a menu selection -- the patent is silent about *when* the server sends the marketing incentives to the device. According to '130 patent claims 1 and 19, the marketing incentives must be sent from the server to the mobile device after the user has made a selection from a first server-supplied menu. In claim 17, the marketing incentives must be sent to the device after the user has made a selection from a second server-supplied menu. The Treyz patent does not foreclose these possibilities, but does not explicitly require them either. Defendants' expert, Neal Goldstein, opines that the Treyz patent anticipates the timing of the menu selection process at least implicitly, if not explicitly. There is probably correct, but the court cannot find that there is so much "clear and convincing evidence" as to make any reasonable juror settle this fact question in defendants' favor. The question of whether the Treyz patent anticipates claims 1, 17 and 19 must be left to the jury.

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<sup>11</sup> Plaintiff also argues that the Treyz patent is silent as to whether the disclosed server is dedicated to multiple shopping facilities or only a single shopping facility, and asserts that in the latter case the server would not need to distinguish between one mall or another. However, it is not strictly necessary that the server determine a user is at one mall but not at another; it is enough that a single-mall server determines the user has arrived at *that mall*. Plaintiff's argument, while misplaced, may be relevant to the question of whether the Treyz patent requires the server to perform the "correlating" limitation, but plaintiff does not make that argument in its summary judgment brief.

## B. Obviousness

The obvious similarities between the Treyz patent and the '130 patent compel this court to comment on the possibility, indeed probability, that the '130 patent may be invalid as obvious as a matter of law, pursuant to 35 U.S.C. § 103. While defendants pled obviousness as an affirmative defense, they chose not to raise this issue at summary judgment, making it inappropriate for the court to issue a *sua sponte* ruling on the subject without plaintiff having an opportunity to first respond. *Peckmann v. Thompson*, 966 F.2d 295, 298 (7th Cir. 1992) (“Entry of summary judgment is improper when it comes as a surprise to the adverse party.”).

Given the limited number of issues remaining to be disposed of at trial, the court would prefer to settle the question now, rather than needlessly take up a jury’s time. Accordingly, the court will order expedited briefing on the issue of obviousness, with the hope that this will not unduly burden either party, who after all have been preparing to contest the issue at trial in any event. Defendants will be given 14 days within which to file an abbreviated motion for summary judgment on the question of obviousness; plaintiff will have 10 days to respond; and defendants will be given four days for reply.

## ORDER

IT IS ORDERED that:

- (1) plaintiff NorthMobileTech LLC’s motion to supplement its brief in support of summary judgment (dkt. #182) is **DENIED**;
- (2) plaintiff NorthMobileTech LLC’s appeal of Magistrate Judge Crocker’s partial denial of plaintiff’s motion to compel discovery (dkt. #178) will be **DISMISSED** as moot;
- (3) defendants Simon Property Group, Inc. and Simon Property Group, LLP’s

motion for a protective order regarding the deposition of their in-house counsel (dkt. #212) is **GRANTED**;

- (4) plaintiff NorthMobileTech LLC's motion for leave to file a supplemental reply in support of proposed findings of fact (dkt. #223) is **DENIED**;
- (5) plaintiff NorthMobileTech LLC's motion for partial summary judgment and judgment on the pleadings (dkt. #117) is **DENIED**;
- (6) defendants Simon Property Group, Inc. and Simon Property Group, LLP's motion for summary judgment (dkt. # 124) is **GRANTED** with respect to its infringement arguments, and **DENIED** with respect to its invalidity and patent misuse arguments; and
- (7) the parties are directed to address the appropriateness of entering summary judgment on the issue of obviousness on the following expedited schedule:
  - a. defendants will be given 14 days from this order within which to file an abbreviated motion for summary judgment on the question of obviousness;
  - b. plaintiff will have 10 days to respond; and
  - c. defendants will be given four days for reply.

Entered this 25th day of July, 2012.

BY THE COURT:

/s/

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WILLIAM M. CONLEY  
District Judge