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May 23, 2018

The Honorable Richard G. Andrews
United States District Court
for the District of Delaware
844 North King Street
Wilmington, DE 19801

VIA ELECTRONIC FILING

Re: Acceleration Bay LLC; C.A. Nos. 16-453 (RGA); 16-454 (RGA); and 16-455 (RGA)

Dear Judge Andrews:

Acceleration Bay LLC (“Acceleration”) filed a motion for summary judgment, in part, on whether there was sufficient evidence that the software program “ActiveNet” was prior art to the asserted patents. Defendants provided evidence that ActiveNet was included in a video game called “Heavy Gear II Demo” that was published and sold more than a year prior to the filing of the asserted patents and therefore is prior art under 35 U.S.C. §102(b).

During the March 17, 2018 summary judgment hearing, Acceleration contended for the first time that because the actual ActiveNet source code used in connection with Heavy Gear II Demo product was not visible to the public, the Heavy Gear II Demo product did qualify as prior art with respect to that software.¹

Defendants’ counsel explained that the law does not require that a public use need not be enabling and that Defendants could properly rely on source code to show the features that were in public use and on sale by virtue of the public use and prior art sales of the Heavy Gear II Demo product. In support of this position, Defendants’ counsel referred to a case that the parties and Court called “the corset case.”

¹ Specifically, Plaintiff’s counsel argued in response to the Court’s question: “I would disagree, Your Honor, because it would show that there was, the game was publicly available, but the information and how that game operates is not, because in order to be publicly available prior art, it has to be enabling. It has to teach someone how to use it. The whole idea behind source code is you keep a secret. You don’t teach people how to use it. The fact that it’s in a game, that is going to teach one skilled in the art how to make that invention.” (Tr.12:5-13.)

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The Court asked the parties to provide additional information, specifically:

I would like to get from you your case saying, as close as you can, source code that is in some publicly available thing doesn't count as public use....And just for the completion of the record, I would like to get the citation to the corset case, and if you have some case that's more like source code in a publicly available thing, it doesn't count as a public use. (Tr. 31:12-20)

This is Defendants' submission on these issues.

The "corset" case is *Egbert v. Lippmann*, 104 U.S. 333 (1881), and it remains good law. For instance, the Federal Circuit explained in 2007:

The classical standard for assessing the public nature of a use was established in [*Egbert v. Lippman*, 104 U.S. 333, 26 L. Ed. 755 (1881)]. In *Egbert*, the inventor of a corset spring gave two samples of the invention to a lady friend, who used them for more than two years before the inventor applied for a patent." *Invitrogen*, 424 F.3d at 1382. Although the inventor in *Egbert* did not obtain any commercial advantage, the Court determined that the invention had been used for its intended purpose for over a decade without limitation or confidentiality requirements. Thus, even though not in public view, the invention was in public use.

Motionless Keyboard Co. v. Microsoft Corp., 486 F.3d 1376, 1384 (Fed. Cir. 2007). The Federal Circuit has explained that "[p]ublic use includes any public use of the claimed invention by a person other than the inventor who is under no limitation, restriction or obligation of secrecy to the inventor." *Id.* (citing *Egbert v. Lippmann*, 104 U.S. 333, 336, 26 L. Ed. 755 (1881)).

The Federal Circuit has also rejected Plaintiff's argument that public use prior art is tied to the extent the invention is *disclosed* by that public use. The Federal Circuit has explained the relevant inquiry regarding a "public use" focuses on the nature of the use—not some disclosure requirement. *J.A. LaPorte, Inc. v. Norfolk Dredging Co.*, 787 F.2d 1577, 1583 (Fed. Cir. 1986) ("[O]ur precedent holds that the question is not whether the sale, even a third party sale, 'discloses' the invention at the time of the sale, but whether the sale relates to a device that *embodies* the invention." (emphasis original)); *Lough v. Brunswick Corp.*, 86 F.3d 1113, 1122 (Fed. Cir. 1996) (rejecting argument that claimed invention was not in public use because prototypes were unlikely to be seen by the public and citing *Egbert v. Lippmann*).

Acceleration's argument that source code cannot be used as proof of a "public use" because the public has no access to the source code has also been rejected. In *Touchcom, Inc. v. Bereskin & Parr*, 790 F. Supp. 2d 435, 453 (E.D. Va. 2011), the Court rejected the very same argument plaintiffs made at the hearing:

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Plaintiffs further argue that the ARCO II system cannot qualify as “prior art” because its use was “secret” in that members of the public “would not have been able to discern the claimed structure” by reviewing the system's source code. The Court disagrees.

Public use occurs where “an inventor, having made his device, gives or sells it to another, to be used by the donee or vendee, without limitation or restriction, or injunction of secrecy, and it is so used.” *Egbert v. Lippmann*, 104 U.S. 333, 336, 26 L. Ed. 755 (1881) (emphasis added). “[T]he public use itself need not be enabling,” however. *Zenith Electronics Corp. v. PDI Commc'n Sys., Inc.*, 522 F.3d 1348, 1356 (Fed. Cir. 2008). It need not outwardly describe the full structure of the invention for all to see and recognize, it *454 need simply embody that invention. *J.A. LaPorte, Inc. v. Norfolk Dredging Co.*, 787 F.2d 1577, 1583 (Fed. Cir. 1986). Indeed, were Plaintiffs correct, even if the ARCO II system was installed at every gas station nationwide, it probably would still not be in “public use,” as consumers using it would still not be able to see its source code.

The court specifically rejected the “secrecy” argument:

Plaintiffs cite *W.L. Gore & Associates v. Garlock, Inc.*, 721 F.2d 1540, 1550 (Fed. Cir. 1983), for the proposition that “[f]or the use to qualify as ‘public use,’ the public must have been able to learn about the claimed process by examining the ARCO II system.” What is being claimed here, however, is a product, not a process, meaning that a different standard for prior art applies. *See D.L. Auld. Co. v. Chroma Graphics Corp.*, 714 F.2d 1144, 1147-48 (Fed. Cir. 1983).²

² Nor would any such argument apply here. First of all, Heavy Gear II Demo was released to the public in December 1998 as the evidence shows. There is no contention that the use of the video game by the public after its release was a secret. The law regarding “secret” uses is inapplicable, which focuses on whether there were reasonable attempts to keep the actual use a secret and the nature of the use is examined, among other things. *See, e.g., Woodland Trust v. Flowertree Nursery, Inc.*, 148 F.3d 1368, 1370-71 (Fed. Cir. 1998). And, cases distinguish between public uses that are “noninforming” and secret uses. *See Hall v. Macneale*, 107 U.S. 90, 97 (1883); *Gillman v. Stern*, 114 F.2d 28, 31 (2nd Cir. 1940) (“We are to distinguish between a public user which does not inform the art and a secret user”); *Dunlop Holdings Ltd. v. Ram Golf Corp.*, 524 F.2d 33, 36 (7th Cir. 1975) (“If Wagner had applied for a patent more than a year after commencing the public distribution of Surlyn covered golf balls, his application would have been barred notwithstanding the noninforming character of the public use or sale.”). Second, the

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Id. at note 6. *See also In re Epstein*, 32 F.3d 1559, 1563 (Fed. Cir. 1994) (affirming PTO's rejection of claims over abstracts discussing software products being used as "evidence of prior art products").

Judge Sleet rejected a similar argument made by Acceleration's national counsel in a different case. *See Finjan, Inc. v. Symantec Corp.*, C.A. No. 10-593, 2013 WL 5302560, at *43-44 (D. Del. Sept. 19, 2013). During closing argument, counsel told the jury that his client's expert did not review source code "[b]ecause the law tells him not to" and because "[h]e was required to rely on public information. Source code is not public information." *Id.* at *43 (quoting trial transcript). Judge Sleet gave a corrective instruction:

I think [Mr. Andre] has made a statement, perhaps unintentionally, that might be misleading to you, I want to give you a brief bit of guidance, as to source code and what he just said. The defendants in this case relied on products as prior art, the products as prior art. They relied on source code, and the witnesses, the experts talked about source code, to demonstrate how the prior art products work and therefore demonstrate the invalidity, in their view, of the particular Finjan patents that are at issue." *Id.* at *43 (bracketed material in original).

Finjan's post-trial motions took issue with Judge Sleet's corrective instruction to the jury. Citing *Touchcom*, Judge Sleet explained that the corrective instruction was appropriate:

Because the prior art the defendants asserted was the products themselves, Finjan's statement was incorrect as a matter of law and misleading to the jury. Rather, it was appropriate for the defendants' experts to rely upon the source code to explain how the products worked. *See Touchcom, Inc. v. Bereskin & Parr*, 790 F.Supp.2d 435, 453-54 (E.D. Va. 2011) (rejecting the argument that a product is not prior art because the public would not have been able to see its source code); *Lab. Skin Care, Inc. v. Limited Brands, Inc.*, 2011 WL 4005444, at *5 (D. Del. Sept. 8, 2011) (concluding that "the offered product is in fact the claimed invention may be established by any relevant evidence, such as memoranda, drawings ... and testimony of witnesses" (citation omitted)). *Id.*

The judgment was affirmed on appeal without opinion. *See Finjan Inc. v. Symantec Corp.*, 577 Fed. App'x 999 (Fed. Cir. Sept. 15, 2014).

claim here is an apparatus claim, not a process claim, so the reasoning of *W.L. Gore & Associates* is inapplicable.

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Respectfully,

/s/ Jack B. Blumenfeld

Jack B. Blumenfeld (#1014)

JBB/dlw

cc: All Counsel of Record (Via Electronic Mail)