

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS**

MARSHALL DIVISION

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| VERSATA SOFTWARE, INC., F/K/A | § | |
| TRILOGY SOFTWARE, INC.; | § | |
| VERSATA DEVELOPMENT GROUP, | § | |
| INC., F/K/A TRILOGY DEVELOPMENT | § | |
| GROUP, INC.; AND | § | |
| VERSATA COMPUTER INDUSTRY | § | |
| SOLUTIONS, INC., F/K/A TRILOGY | § | |
| COMPUTER INDUSTRY | § | |
| SOLUTIONS, INC. | § | |
| | § | |
| Plaintiffs, | § | CIVIL ACTION NO. 2:07-cv-153-CE |
| | § | |
| v. | § | JURY TRIAL DEMANDED |
| | § | |
| SAP AMERICA, INC. AND SAP AG | § | |
| | § | |
| Defendants. | § | |
| | § | |

**JOINT CLAIM CONSTRUCTION AND PREHEARING STATEMENT PURSUANT TO
PATENT RULE 4-3 FOR U.S. PATENT NOS. 6,553,350, 5,878,400, AND 7,069,235**

Pursuant to Local Patent Rule 4-3, Plaintiffs Versata Software, Inc., f/k/a Trilogy Software, Inc., Versata Development Group, Inc., f/k/a Trilogy Development Group, Inc., and Versata Computer Industry Solutions, Inc., f/k/a Trilogy Computer Industry Solutions, Inc. (collectively “Versata”), Defendants SAP America, Inc. and SAP AG (“collectively SAP”) jointly submit this Joint Claim Construction and Prehearing Statement.

I. PATENT L.R. 4-3(a): UNDISPUTED CLAIM TERMS, PHRASES, OR CLAUSES

The parties have met, conferred, and agreed to the construction of the terms and phrases in Joint Appendices A and B. Joint Appendix A details undisputed patent claim terms, phrases, or clauses for U.S. Patent Nos. 5,878,400 and 6,553,350 (“the Pricer Patents”). Joint Appendix B details undisputed patent claim terms, phrases, or clauses for U.S. Patent No. 7,069,235 (“the Order Management Patent”).

II. PATENT L.R. 4-3(b): PROPOSED CONSTRUCTION OF DISPUTED CLAIM TERMS, PHRASES, OR CLAUSES

Joint Appendix C details disputed patent claim terms, phrases, or clauses for which Versata and SAP propose different constructions for the Pricer Patents. Joint Appendix D details disputed patent claim terms, phrases, or clauses for which Versata and SAP propose different constructions for the Order Management Patent. In Joint Appendices C and D, the parties have endeavored to identify in good faith the intrinsic and extrinsic evidence that each party presently intends to rely upon in support of its proposed construction or to oppose the other party’s proposed construction. This does not foreclose the possibility of either party relying on additional intrinsic evidence in support of either party’s construction in their claim construction briefs.

SAP’s Position

SAP’s specific claim construction positions are set forth in Joint Appendices C and D. SAP contends that its constructions are consistent with the specification and prosecution history, including patentees’ specific disclaimers of claim scope.

As described in more detail in the joint appendices, SAP contends that certain claim terms and phrases should be treated as means-plus-function limitations pursuant to 35 U.S.C.

§ 112, ¶ 6, and has for each element either identified the disclosed structure corresponding to the claim element that performs the recited function, or taken the position that there is no disclosed corresponding structure and that the underlying claim is indefinite. SAP believes that P.R. 4-3 requires Versata to set forth in this filing any position it may have in the alternative. SAP's positions with respect to § 112, ¶ 6 are included in Joint Appendices C & D.

Versata's Position

Versata contends that SAP is impermissibly importing limitations of a preferred embodiment into its construction of claim terms, and that some of SAP's constructions actually exclude the preferred embodiment. Versata's position is supported by the claims of the patents-in-suit in light of the claim language, the specification, the prosecution history of the patents-in-suit and the applications in their family tree, and the extrinsic evidence.

Specifically, Versata will argue that one of ordinary skill in the art reading the claims, specification, and prosecution histories of the patents-in-suit and their relative patents would understand the claims of the patents-in-suit do not require the extraneous limitations proposed by SAP. For example, nothing in the intrinsic record of the Pricer Patents requires all "price adjustments" to be limited to a "denormalized number" as SAP proposes.

SAP argues that claims 26 and 31 of the '400 patent (*i.e.* those claims which comprise an "article of manufacture" including "a computer usable medium"), claim 29 of the '350 patent (*i.e.* an apparatus including a memory that includes "computer program instructions") and claims 26-27 of the '235 patent (*i.e.* "a system" including "memory storing code that is executable by the processor") are required to be construed according to 35 U.S.C. § 112, ¶ 6 and are indefinite for failing to disclose corresponding structure. This is not the first time SAP has made this argument. Earlier in this case, in the consolidated Markman proceedings between this case and

the *Sun Microsystems* case before Judge Ward (Civ. Action No. 2-06CV-358-TJW), SAP made similar arguments with respect to similarly structured claim terms. (See dkt. 91 - SAP's 6/28/08 Claim Construction Brief - at p. 28-30). Judge Ward specifically rejected this contention. (See Civ. Action No. 2-06CV-358-TJW, dkt. 90 (8/19/08) at 23-24). Judge Ward held:

None of the elements SAP identifies contain the term "means" and therefore are presumptively not subject to means-plus-function construction under § 112 ¶ 6. See *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1369 (Fed. Cir. 2002)); see also *Watts v. XL Sys., Inc.*, 232 F. 3d 877, 880-81 (Fed. Cir. 2000). This presumption against means-plus-function treatment is not readily overcome. See *Lighting World, Inc. v. Birchwood Lighting, Inc.*, 382 F.3d 1354, 1358 (Fed. Cir. 2004). SAP has not overcome the presumption in this case. Therefore, the court declines to construe these terms as means-plus-function limitations.

(*Id.*) This Court adopted Judge Ward's constructions. (Dkt. 102). There is no reason to re-visit either Judge Ward's or this Court's reasoning on this issue, and with respect to similarly structured claim terms.

III. PATENT L.R. 4-3(c): ANTICIPATED LENGTH OF CLAIM CONSTRUCTION HEARING

SAP requests that the Court schedule one full day for the claim construction hearing on March 5, 2009, pursuant to the Court's Docket Control Order dated February 29, 2008.

Versata believes that a three-hour claim construction hearing on March 5, 2009 (or other date as the Court prefers) will be adequate.

IV. PATENT L.R. 4-3(d): WITNESSES TO BE CALLED AT THE CLAIM CONSTRUCTION HEARING

SAP's Position

SAP may call Dr. Douglas Tygar, who is a Professor of Information Management at the University of California at Berkeley, as a witness at the claim construction hearing on March 5, 2009. Dr. Tygar may testify regarding the knowledge of a person of ordinary skill in the art in

the relevant time frame and how the claims of Versata's patents-in-suit would be understood by a person of ordinary skill in the art. Dr. Tygar may respond to or rebut testimony from Versata's testifying expert if one is called. Dr. Tygar may submit a declaration in support of SAP's claim construction briefing (not prepared yet), pursuant to the patent local rules, setting forth his opinions. Pursuant to P.R. 4-3, SAP proffers the following summary of Dr. Tygar's opinions:

A. Background and Prior Art

Dr. Tygar may testify concerning the state of the art in the pricing field as of the priority date, as well as providing a historical overview regarding the computation of product prices based on complex criteria, including the well-known practice of dividing customers and products into groups and hierarchies. Dr. Tygar also may testify concerning pricing functionality performed by the SAP R/3 system, distinguished from what applicant called his "invention" in the specification shared by the Pricer Patents.

Dr. Tygar also may testify regarding the state of the art as of the priority date in the field of order request fulfillment systems. In particular, his testimony may include a historical overview of the use of computers to solve procurement and order management problems, as well as background information regarding the development of network technologies, communication between remote computer systems, the Internet, and computer-facilitated commerce. Dr. Tygar may describe the patents-in-suit and prior art references and systems known in the art as of the priority date, including: object-oriented programming, distributed order management systems, databases, electronic communication between computer systems, and rule-based processing of information or requests.

B. Identification of One of Ordinary Skill in the Art

Dr. Tygar may testify concerning the identification of one of ordinary skill in the art in the field of complex product pricing and marketing as of the priority date. Specifically, Dr. Tygar may testify that one of skill in the art would have held at least a graduate degree in

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