UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

DDR HOLDINGS, LLC,	§	
Plaintiff,	§	
	§	
vs.	§	**CASE NO. 2:06-CV-42-JRG**
	§	
HOTELS.COM, L.P., et al.,	§	
Defendants.	§	

MEMORANDUM OPINION AND ORDER

Before the Court is Defendant Digital River, Inc.'s ("Digital River") Motion for Summary Judgment of Non-Infringement. (Dkt. No. 401.) After carefully considering the parties' written submissions, the Motion is **DENIED**.

I.   BACKGROUND

On January 31, 2006, DDR Holdings, LLC ("DDR") brought this suit against various Defendants, including Digital River, alleging infringement of U.S. Patent Nos. 6,629,135 ("the '135 patent"), 6,993,572 ("the '572 patent") and 7,818,399 ("the '399 patent"), which relate to e-commerce outsourcing.[1] Shortly after this suit was filed, in 2006, DDR filed a request for reexamination of the patents-in-suit, and the Court stayed the litigation pending the outcome of that reexamination. Ultimately, each of the asserted patents survived reexamination.

The basis for Digital River's Motion for Summary Judgment is its claim that DDR made statements to the USPTO during reexamination to avoid prior art which preclude the very infringement theories that DDR now asserts. (Dkt. No. 401.) Digital River contends that DDR persuaded the USPTO that the reexamined claims were allowable over the prior art because they

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[1] Digital River is accused of infringing the '135 and '572 patents.

are specifically limited to a three-party system. (Dkt. No. 401, at 2.) Digital River contends that, despite making such statements, DDR now takes the position that Digital River's two-party system infringes the asserted claims.   *Id.*   DDR responds that Digital River is simply mischaracterizing the statements made during the reexamination, and that the agreed-upon construction of the claims demonstrates that Digital River's two-party system is capable of infringing the '135 and '572 patents.

The independent claims asserted against Digital River are as follows:

> An e-commerce outsourcing process providing a host website in communication with a visitor computer with context sensitive, transparent e-commerce support pages, comprising the steps of:
>
> a) capturing a look and feel description associated with a host website;
> b) providing the host website with a link for inclusion within a page on the host website for serving to a visitor computer, wherein the provided link correlates the host website with a selected commerce object; and
> c) upon receiving an activation of the provided link from the visitor computer, serving to the visitor computer an e-commerce supported page with a look and feel corresponding to the captured look and feel description of the host website associated with the provided link and with content based on the commerce object associated with the provided link.

See '135 Patent, Claim 8.

> An e-commerce outsourcing system comprising:
>
> a) a data store including a look and feel description associated with a host web page having a link correlated with a commerce object; and
> b) a computer processor coupled to the data store and in communication through the Internet with the host web page and programmed, upon receiving an indication that the link has been activated by a visitor computer in Internet communication with the host web page, to serve a composite web page to the visitor computer with a look and feel based on the look and feel

> description in the data store and with content based on the commerce object associated with the link.

See '572 Patent, Claim 13.

> An e-commerce outsourcing process comprising the steps of:
>
> a) storing a look and feel description associated with a first website in a data store associated with a second website;
> b) including within a web page of the first website, which web page has a look and feel substantially corresponding to the stored look and feel description, a link correlating the web page with a commerce object; and
> c) upon receiving an activation of the link from a visitor computer to which the web page has been served, serving the visitor computer from the second website a composite of the first website and having content based on the commerce object associated with the link..

See '572 Patent, Claim 17.

In the Claim Construction Order (Dkt. No. 309, at 10-11), the Court established the following definitions:

Term	Construction
First web page	Host web page
First web site	Host website
Commerce Object	A third-party merchant's: catalog, category, product (goods or services), or dynamic selection
Merchant	Producer, distributor, or reseller of goods or services to be sold
Host/owner	An operator of a website that engages in Internet commerce by incorporating one or more links to an e-commerce outsource provider into its web content
Outsource provider / e-commerce outsource provider	A party, independent from the host associated with the commerce object or merchant of the commerce object, that provides e-commerce support services between merchant(s) and host(s)

Among these constructions, Digital River places particular emphasis on the construction of the term "commerce object," which the parties agreed to mean "a ***third-party*** merchant's: catalog, category, product (goods or services), or dynamic selection." (Dkt. No. 309, at 10) (emphasis

added.) Digital River contends that the addition of ***third-party*** to the definition of "commerce object" was necessitated due to arguments DDR made before the USPTO during reexamination, and that such construction means that it takes a three-party (not a two-party) system to infringe the asserted claims. (Dkt. No. 401, at 6.) DDR responds that the term "third-party" does not mean that infringement requires three separate parties, but rather that one element of the system (the outsource provider) be a "third-party" (*e.g.,* independent from) other actors within the system (the host and the merchant). (Dkt. No. 415, at 8.) DDR also points to a clear statement in the common specification of the '135 Patent which provides: "[t]hese parties include Merchants, Hosts, and the e-commerce outsource provider. This folds into two parties where one party plays the dual role of Host and Merchant." '135 Patent, col. 21, lines 44-48.

II.   Applicable Law

Summary judgment should be granted "if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). Any evidence must be viewed in the light most favorable to the nonmovant. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986) (citing *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 158-59 (1970)). Summary judgment is proper when there is no genuine issue of material fact. *Celotex v. Catrett*, 477 U.S. 317, 322 (1986). "By its very terms, this standard provides that the mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact." *Anderson*, 477 U.S. at 247-48. The substantive law identifies the material facts, and disputes over facts that are irrelevant or unnecessary will not defeat a motion for summary judgment. *Id.* at 248. A dispute about a

material fact is "genuine" when the evidence is "such that a reasonable jury could return a verdict for the nonmoving party." *Id.*

III.   DISCUSSION

A. *Parties' Contentions*

The written description of the patents-in-suit, which issued from a common specification, recites that "[t]here are three main parties in the outsourced e-commerce relationship, excluding the end consumer … [the] Merchants, Hosts, and the e-commerce outsource provider." *See* '135 Patent, col. 21, lines 44-46. The crux of the dispute before the Court involves the inter-relationship among these parties. Digital River contends that the merchant, host and e-commerce outsource provider must be distinct and independent entities that are each "third-parties" relative to one another, which justifies Digital River's arguments that infringement requires a "three-party system." (Dkt. No. 401.) DDR responds that the crucial inquiry is not the number of "parties" to the system, but rather whether the outsource provider is a "third-party" to both the merchant and the host. (Dkt. No. 415.) According to DDR's infringement theory, the relationship between the host and the merchant is not relevant to this analysis. *Id*. The parties have therefore raised a "fundamental dispute regarding the scope of a claim term," which the Court has a duty to resolve as a matter of law. *O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co., Ltd.*, 521 F.3d 1351, 1362-62 (Fed. Cir. 2008).

Digital River's basis for its "three-party system" limitation is primarily based on alleged prosecution history estoppel generated during the reexamination of the patents-in-suit before the USPTO. (Dkt. No. 401.) Specifically, Digital River points to statements made by DDR to distinguish the claims of the patents-in-suit from U.S. Patent No. 6,016,504 ("Arnold"), which

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