

Docket No.: 072575-0088

PATENT

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

In re Reexamination of	:	Customer Number: 20277
	:	
ALCORN, et al.	:	Confirmation Number: 3192
	:	
Control No.: 95/000,199	:	Group Art Unit: 3992
	:	
Filed: November 17, 2006	:	Examiner: Roland G. Foster
	:	
Patent No.: 6,988,138	:	
	:	
For: INTERNET-BASED EDUCATION SUPPORT SYSTEM AND METHODS		

**PETITION TO SUSPEND INTER PARTES REEXAMINATION**  
**UNDER 35 U.S.C §314(c)**

Mail Stop Inter Partes Reexam  
Central Reexamination Unit  
Office of Patent Legal Administration  
United States Patent & Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

Patent Owner Blackboard Inc. (“Blackboard”) hereby petitions the Office to suspend the *inter partes* reexamination between Blackboard and Third Party Requester Desire2Learn Inc. (“Desire2Learn”) pursuant to 37 C.F.R. § 1.987.

Blackboard and Desire2Learn are involved in litigation over the validity of U.S. Patent No. 6,988,138 (the “138 patent”), which is the subject of the pending reexamination. The United States District Court for the Eastern District of Texas has entered a final judgment, and both parties have appealed to the United States Court of Appeals for the Federal Circuit, where the appeal has been docketed as Case No. 2008-1368. Desire2Learn’s initial brief is due on July 21 2008. The Federal Circuit appeal will resolve issues of validity affecting each of the claims of the ’138 patent. The Federal Circuit’s decision is likely to eliminate most or all of the *inter partes* component of the reexamination, which covers six of the seven references still at issue in

the reexamination. Likewise, the Federal Circuit's decision will simplify most or all of the issues raised in the *ex parte* reexamination of the '138 patent, which the Office has merged with the *inter partes* reexamination into one proceeding governed by the *inter partes* rules.

As the Office has previously noted, "[i]t is not in the [Office's] and the parties' interests to engage resources in administrative proceedings that ultimately could be mooted by the concurrent litigation [in the Federal Circuit] which is soon to be finally resolved." *In re Mark R. Tremblay*, Control Numbers 95/000,093 and 95/000,094 (Nov. 17, 2005), *quoted in Sony Computer Entertainment Am., Inc. v. Dudas*, No. 05-1447, 2006 U.S. Dist. LEXIS 36856, at \*20 (E.D. Va. May 22, 2006). Accordingly, the reexamination should be suspended until the Federal Circuit issues its opinion.

## **I. Procedural Background**

1. On July 26, 2006, Blackboard sued Desire2Learn for patent infringement in the United States District Court for the Eastern District of Texas (the "district court"). Blackboard alleged that Desire2Learn directly and indirectly infringed the '138 patent. The action was docketed as civil action number 9:06cv155.

2. On September 14, 2006, Desire2Learn filed its answer, affirmative defenses, and counterclaims. As a counterclaim, Desire2Learn alleged that the claims of the '138 patent are invalid under 35 U.S.C. §§ 101, 102, 103, and/or 112. *Attachment A* at 11.

3. On November 14, 2006, Richard Fontana of the Software Freedom Law Center filed a request for *ex parte* reexamination of claims 1-44 (all the claims) of the '138 patent. The *ex parte* request was assigned control number 90/008,330.

4. On December 1, 2007, Desire2Learn filed a request for *inter partes* reexamination of claims 1-44 of the '138 patent. The *inter partes* request was assigned control number 95/000,199.

5. On January 25, 2007, the Office ordered *ex parte* reexamination of claims 1-44 of the '138 patent.

6. On January 26, 2007, Desire2Learn served its Preliminary Invalidity Contentions in the litigation in the Eastern District of Texas. Desire2Learn alleged that claims 1-44 of the '138 patent are invalid. Desire2Learn listed 65 patents and publications that it alleged were invalidating prior art. *Attachment B*. Among the 65 references was every reference that Desire2Learn submitted to the Office when it requested *inter partes* reexamination, including the following six references:

- *Educom/NLII Instructional Management Systems Specification Document*, Ver. 0.5 (Apr. 29, 1998) (“IMS Specification”)
- Janison Solutions, *Web Training Toolbox Management Guide* (May 1999) (“Janison Web Training Management Guide”)
- S.D. Benford, et al., *The Design Document for Ceilidh Version 2*, Learning Technology Research Computer Science Department University of Nottingham (Oct. 21, 1999) (“Ceilidh Design Document”)
- Fred T. Hoftstetter, *Serf User and Administrator's Guide Version 1.0*, University of Delaware (Jan. 1998) (“Serf User Guide”)
- *Topclass Version 2.0 Instructor's Guide* (March 1998) (“Topclass Instructor's Guide”)
- Gilbert Paquette, *Modeling the Virtual Campus* (1995) (“Virtual Campus”)

7. On February 26, 2007, the Office ordered *inter partes* reexamination of claims 1-44 of the '138 patent.

8. On August 3, 2007, the district court entered a memorandum and order construing the claims of the '138 patent. The Court held that independent claim 1 is indefinite because one of the four means-plus-function clauses in the claim failed to satisfy 35 U.S.C. § 112(6). *Attachment C* at 16-17.

9. On October 15, 2007, the district court denied Blackboard's objections to the memorandum and order. Thus, claim 1 – and, consequently, dependent claims 2-35 – were held to be indefinite and therefore invalid. *Attachment D*.

10. On October 22, 2007, Desire2Learn moved for summary judgment of invalidity on the remaining claims, claims 36-44, based on anticipation and obviousness. *Attachment E.*

11. On December 3, 2007, the district court denied Desire2Learn's motion for summary judgment on invalidity of claims 36-44. *Attachment F.*

12. On February 11-22, 2008, the district court conducted a jury trial in Lufkin, Texas. The jury found for Blackboard on its claims that Desire2Learn infringed, induced infringement, and contributed to infringement of claims 36, 37, and 38. The jury also found for Blackboard on Desire2Learn's counterclaims of invalidity of claims 36, 37, and 38. (Claims 36, 37, and 38 were the only claims tried to the jury.) *Attachment G.*

13. On March 11, 2008, in accordance with the jury verdict, the district court entered judgment for Blackboard and against Desire2Learn on Blackboard's claim for infringement and on Desire2Learn's counterclaim of invalidity of the '138 patent. *Attachment H* at 1-2.

14. On March 17, 2008, the Office mailed a notice of merger in which a decision was made to merge the 95/000,199 and 90/008,330 examination proceedings. The merged proceeding is to be conducted under the *inter partes* rules.

15. On March 25, 2008, the Office mailed a non-final office action, in which it adopted rejections of claims 1-44 based on seven issues: six issues submitted by Desire2Learn listed in paragraph 7 above, and one issue submitted by the *ex parte* requester.

16. On May 7, 2008, the district court entered a final judgment. The final judgment confirmed the March 11, 2008 judgment against Desire2Learn on its counterclaims of invalidity of the '138 patent. However, the district court also entered judgment for Desire2Learn and against Blackboard with respect to Desire2Learn's counterclaim that claims 1-35 are invalid, which the district court had omitted from the March 11 judgment. *Attachment I.*

17. On May 12, 2008, Desire2Learn filed its notice of appeal to the United States Court of Appeal to the Federal Circuit. *Attachment J.*

18. On May 13, 2008, Blackboard filed its own notice of appeal to the Federal Circuit. *Attachment K.*

19. On May 21, 2008, the Federal Circuit docketed the appeal as No. 2008-1368. Desire2Learn's principal brief is due on July 21, 2008.

## II. The '138 Patent

The '138 patent, "Internet Based Education Support Systems and Methods," was issued to Robert L. Alcorn and other co-inventors on January 17, 2006. It comprises 44 claims:

- independent claim 1 and dependent claims 2-35 are system claims;
- independent claim 36 and dependent claims 37-44 are method claims.

## III. Good Cause Exists To Suspend the Reexamination Proceedings.

Pursuant to 35 U.S.C. § 314(c), *inter partes* reexamination proceedings "shall be conducted with special dispatch" within the Office, "[u]nless otherwise provided by the Director for good cause." The Office has recognized, through rulemaking, that a concurrent litigation may, in certain circumstances, establish "good cause" to suspend an *inter partes* reexamination proceeding:

If a patent in the process of *inter partes* reexamination is or becomes involved in litigation, the Director shall determine whether or not to suspend the *inter partes* reexamination proceeding.

37 C.F.R. § 1.987.

The Office recognized in *Tremblay* that a "district court decision that is pending appeal on the validity of the same claims considered in an *inter partes* reexamination proceeding may provide the requisite statutory 'good cause,' due to the real possibility that 35 U.S.C. § 317(b) estoppel may very well attach in the near future to bar/terminate the reexamination proceeding." *In re Mark R. Tremblay*, Control Numbers 95/000.093 and 95/000,094 (Nov. 17, 2005). Section 317(b) provides, in pertinent part:

Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28,

that the party has not sustained its burden of proving the invalidity of any patent claim in suit or if a final decision in an *inter partes* reexamination proceeding instituted by a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent, then neither that party nor its privies may thereafter request an *inter partes* reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or *inter partes* reexamination proceeding, and an *inter partes* reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter.

35 U.S.C. 317(b). In *Tremblay*, the Office noted that “[a]ny such fact situation is resolved on a case-by-case basis.” *In re Mark Tremblay*, Control Numbers 95/000,093 and 95/000,094 (Nov. 17, 2005).

Additionally, the Manual of Patent Examining Procedure (MPEP) provides examples of situations that can establish “good cause,” one of which is co-pending litigation that includes an issue that cannot be decided by the Office but affects the resolution of the proceeding. *See* MPEP § 2686.04.

As discussed in detail below, given the scope of the appeal underway in the Federal Circuit, there is a “real possibility” that 35 U.S.C. § 317(b) will attach in the near future to terminate the reexamination proceeding. Additionally, the co-pending litigation includes an issue that cannot be decided by the Office (whether claims 1-35 of the ’138 patent are invalid for indefiniteness under 35 U.S.C. § 112) but plainly affects the resolution of the proceeding.

#### Claims 1-35

In its claim construction decision, the district court held claims 1-35 invalid for indefiniteness because, in its view, one of the four means-plus-function clauses in independent claim 1 failed to satisfy 35 U.S.C. § 112(6). The Federal Circuit will review this holding in the

pending appeal. If the Federal Circuit affirms the district court's claim construction, claims 1-35 will be invalid. Any reexamination of those claims will be moot.

Additionally, implicating the MPEP's guidance, whether claim 1 satisfies 35 U.S.C. § 112(6), which is a central issue in the Federal Circuit appeal, cannot be decided by the Office. *Inter partes* reexaminations may be requested only on the basis of prior art – specifically patents or printed publications. 35 U.S.C. § 311(a). They may not be requested, and the instant reexamination has not been requested, based on alleged indefiniteness under 35 U.S.C. § 112. The indefiniteness issue that the Federal Circuit will resolve, however, affects the reexamination proceeding, because if claim 1 is held indefinite by the Federal Circuit, there will be no need for the Office to spend resources reexamining claim 1 and its dependent claims 2-35 in light of alleged prior art. Any time spent on such an endeavor will have been wasted.

#### Claims 36, 37, and 38

In the district court, the jury found that Desire2Learn had failed to establish the invalidity of independent claims 36 and dependent claims 37 and 38. Before the verdict, Desire2Learn moved for judgment of invalidity as a matter of law pursuant to Federal Rule of Civil Procedure 50(a). The judge reserved his ruling until after the verdict. After the verdict, the judge denied Desire2Learn's motion.

On March 11, 2008, the Court entered judgment against Desire2Learn on its counterclaim of invalidity of the '138 patent. (The Court's judgment did not initially include the invalidity of claims 1-35; the Court corrected this omission in its final judgment.) Desire2Learn then moved for judgment of invalidity as a matter of law pursuant to Federal Rule of Civil Procedure 50(b). Desire2Learn's motion was predicated, in part, on the Serf and IMS Specification references that are at issue in the reexamination. *Attachment L* at 15-28. The Court denied Desire2Learn's motion in a strongly worded written opinion. *Attachment M*.

Desire2Learn has appealed the final judgment. Blackboard expects that Desire2Learn will ask the Federal Circuit to reverse the district court and hold claims 36, 37, and 38 invalid, based in part on the Serf and IMS Specifications. If Desire2Learn is successful on appeal, claims 36, 37, and 38 will be invalid, and reexamination of those claims will be moot.

On the other hand, if Blackboard's expectations are wrong, and Desire2Learn does *not* seek review of the district court's judgment that claims 36, 37, and 38 are not invalid, *inter partes* reexamination of those claims will be barred by 35 U.S.C. § 317(b). The same is true if the Federal Circuit affirms the district court's judgment with respect to those claims.

In either event, the appeal before the Federal Circuit will terminate at least the *inter partes* reexamination of claims 36, 37, and 38, and possibly the *ex parte* reexamination as well. Any resources spent on the reexamination of those claims now will be wasted.

#### Claims 39-44

Claims 39-44 are dependent on claim 36. Their validity will not be directly addressed by the Federal Circuit, because Desire2Learn chose not to present evidence of the invalidity of these claims at trial. Claims 39-44 were litigated, however:

- In its counterclaim for invalidity, Desire2Learn alleged that “the claims of the '138 patent are invalid.” *Exhibit 2*.
- On January 26, 2008, Desire2Learn served invalidity contentions and amended invalidity contentions. *Exhibit 3*. Desire2Learn alleged that claims 39-44 were invalid. Indeed, Desire2Learn specifically alleged that claims 39-44 were invalid based on the alleged prior art that is now at issue in the reexamination:
  - IMS Specification: Desire2Learn alleged that the IMS Specification reference anticipates claims 43 and 44, and, in combination with other alleged prior art, renders obvious claims 39-44.
  - Janison: Desire2Learn alleged that the Janison reference anticipates claims 40, 43, and 44, and, in combination with other alleged prior art, renders obvious claims 39-44.
  - Ceilidh: Desire2Learn alleged that the Ceilidh reference, in combination with other alleged prior art, renders obvious claims 39-44.

- Serf: Desire2Learn alleged that the Serf reference anticipates claims 39, 40, 41, 42, and 44, and, in combination with other alleged prior art, renders obvious claims 39-44.
- Virtual Campus: Desire2Learn alleged that the Virtual Campus reference anticipates claims 43 and 44, and, in combination with other alleged prior art, renders obvious claims 39-44.
- Topclass: Desire2Learn alleged that the Topclass reference renders obvious claims 39-44.
- On May 26, 2007, Desire2Learn served amended invalidity contentions. Desire2Learn repeated the allegations in its preliminary invalidity contentions. Additionally, Desire2Learn contended that claims 39-44 are invalid for indefiniteness, due to the alleged failure of claim 36 to satisfy the requirements of paragraphs 1 and 2 of 35 U.S.C. § 112. (Desire2Learn also specifically attacked claim 40 for indefiniteness issues of its own.) *Attachment N* at 14-16.
- On June 15, 2007, Desire2Learn filed its claim construction brief. Desire2Learn asked the court to invalidate claim 36 for indefiniteness and lack of written description. *Attachment O* at 30. This also would have invalidated dependent claims 39-44. On August 3, 2007, the Court issued its claim construction ruling and declined to hold claims 36-44 invalid for indefiniteness. *Attachment C* at 22-24.
- On October 22, 2007, Desire2Learn moved for summary judgment on invalidity of claims 36-44 based on anticipation and obviousness. *Attachment E*. On December 3, 2007, the district court denied Desire2Learn's motion for summary judgment on invalidity of claims 36-44. *Attachment F*.
- On January 14, 2008, Blackboard and Desire2Learn filed the Joint Final Pre-Trial Order. In that submission, the "asserted claims" were defined as claims 36-44. *Attachment P* at 4. Desire2Learn contended that the "asserted claims are invalid because they are anticipated in light of the prior art," and "the "asserted claims are invalid because they are obvious in light of the prior art." *Attachment P* at 6.

Thus, it is clear that while claims 39-44 were not specifically put before the jury, they were in fact litigated. Estoppel under 35 U.S.C. § 317(b) will attach to those claims and bar their reexamination.

AIPA's reciprocal estoppel provisions "make clear that parties challenging patent validity determinations are free to pursue inter partes review from the PTO and litigation simultaneously; however, the completion of either process will estop any parallel proceedings." *Sony*, 2006 U.S. Dist LEXIS 36856, at \*19. Citing 35 U.S.C. §§ 315(c) and 317(b), the *Sony* court explained: "[M]ore colloquially, a party can choose to run horses in both races, but the conclusion of one race automatically ends the other; a party cannot ride both horses to conclusion." *Id.* As to claims 39-44, Desire2Learn's race has now concluded. This accords with the intent of Congress in establishing the *inter partes* reexamination process. Section 317(b) is intended to preclude a requester from pursuing an *inter partes* reexamination after it made a choice to litigate in federal court and then lost. The Senate Judiciary Committee stated:

The net effect of this [estoppel] subsection is to create a situation wherein a party wishing to challenge the validity of a patent will have their day in court, but will be limited to one bite at the apple. Such a party would have the choice of either pursuing a reexamination or going directly to Federal court. In either event, the estoppel provisions of this section prevent that party or its privies from raising the same issues or any issues that could have been raised at that time again in the future.

S. Rep. 105-42 at 110 (1997).

Any doubt as to whether the validity of claims 39-44 have been litigated is resolved by the simple fact that it can never again be litigated by Desire2Learn in federal court. Claim preclusion will bar a parties' claim "where the asserted claim was, or could have been, raised in a prior action between the parties which has been adjudicated on the merits." *Pactiv Corp. v. Dow Chem. Co.*, 449 F.3d 1227, 1230 (Fed. Cir. 2006). Desire2Learn's counterclaim that claims 39-44 are invalid was raised in the Texas litigation; indeed, Desire2Learn moved for summary judgment of invalidity of claims 39-44, and final judgment has been entered against

Desire2Learn as to those claims. That Desire2Learn chose not to put claims 39-44 before the jury is of no moment: Desire2Learn had already litigated them, it could have brought them before the jury, and the case was decided on merits. Moreover, Desire2Learn did put the validity of claim 36 before the jury, and it lost. By definition, if an independent claim is not invalid due to prior art, the dependent claim is also not invalid due to that prior art. For these reasons, Desire2Learn is forever barred from relitigating claims 39-44, either in a court or in the Office.

#### Simplification Resulting from Suspension

There are many possible resolutions to the Federal Circuit appeal. As the Eastern District of Virginia observed in the *Sony* decision,

[T]here is a broad range of potential Federal Circuit outcomes other than complete affirmance or reversal. Some claims may succeed and some may fail on validity grounds, while validity may not even be addressed in whole or in part if infringement rulings are dispositive. This range of possible Federal Circuit outcomes further supports the PTO's sensible 'wait and see' suspension decision.

*Sony*, 2006 U.S. Dist. LEXIS 26856, at \*20 n.6.

Nearly every possible outcome in the Federal Circuit substantially narrows and simplifies the reexamination. Any scenario in which Desire2Learn successfully defends the district court's judgment as to claims 1-35 invalidates those claims and eliminates them from the reexamination. In every scenario, the *inter partes* reexamination of independent claim and dependent claims 37-44 will be terminated, and the six remaining rejections proposed by Desire2Learn are eliminated, leaving only *one* alleged prior art reference for the Office to consider. Plainly, the interests of the Office are served by suspending the reexamination until the outcome of the Federal Circuit appeal is known. The question is *not* whether the Federal Circuit's decision will relieve the burden on the Office. There can be no dispute that it will. It is only a question of how much.

After the Federal Circuit decision, the *ex parte* reexamination will continue in all events, but it will be sharply curtailed. If Blackboard prevails on claims 36, 37, and 38 in the Federal

