United States District Court,
E.D. Texas, Marshall Division.

SKY TECHNOLOGIES LLC,
Plaintiff.
v.
SAP AG, SAP AMERICAS, INC. and Oracle Corporation,
Defendants.

Civil Action No. 2:06-CV-440-DF

Nov. 13, 2007.

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CLAIM CONSTRUCTION ORDER

DAVID FOLSOM**, District Judge.**

Before the Court is the Opening Claim Construction Brief filed by Plaintiff Sky Technologies LLC ("Sky"). Dkt. No. 81. Also before the Court is the Responsive Claim Construction Brief filed by Defendants SAP AG, SAP Americas, Inc. and Oracle Corporations ("Defendants") as well as Plaintiff's Reply Claim Construction Brief and Defendants' Sur-Reply Claim Construction Brief. Dkt. Nos. 85, 92, and 100. The Court held a Claim Construction hearing on June 14, 2007. Plaintiff subsequently filed a supplemental claim construction brief. Dkt. No. 117. After considering the patents, arguments of counsel, and all other relevant pleadings and papers, the Court finds that the claims of the patents-in-suit should be construed as set forth herein.

I. BACKGROUND

On October 17, 2006, Plaintiff originally brought suit alleging infringement of United States Patent No. 6,141,653 (the "'653 Patent"), United States Patent No. 6,336,105 (the "'105 Patent"), and United States Patent No. 6,338,050 (the "'050 Patent") which relate to business software that facilitates multivariate negotiations among two or more parties. *See* Complaint, Dkt. No. 1 at 3. In a prior case involving Sky, this

Court construed terms in the '653, '105, and '050 Patents. *See Sky Technologies LLC v. IBM Corporation,* 2:03-cv-454 (E.D.Tex. Sept. 7, 2005) (claim construction order construing the '653, '105 and '050 Patents). That case, originally filed December 18, 2003, will be referred to herein as the *IBM* Case and the claims construction order will be referred to as the "IBM Order."

On December 12, 2006, U.S. Patent No. 7,149,724 (the "'724 Patent") was issued to Sky and was subsequently asserted in a First Amended Complaint on December 18, 2006. Dkt. No. 26 at 3. On January 9, 2007, U.S. Patent No. 7,162,458 (the "'458 Patent") was issued to Sky and was subsequently asserted in a Second Amended Complaint on February 6, 2007. Dkt. No. 44 at 3.

Sky Technologies brought an action involving the '653, '724, and '458 Patents against Ariba, Inc. in the District of Massachusetts before Judge Young. Judge Young issued a claim construction order construing the claims of the prior patents. *See* Sky Technologies, LLC v. Ariba, Inc., 491 F.Supp.2d 154 (D.Mass.2007). That case will be referred to as the *Ariba* case and the claims construction order will be referred to as the "Ariba Order." In light of Judge Young's denial of Sky's motion to amend the claims, no asserted claim of the '724 patent remained, and the patent was dismissed from the Ariba case. *Sky Technologies, LLC v. Ariba, Inc.,* No. 06-11889, at 1-2 (D.Mass. July 20, 2007) (order granting Sky's motion for Clarification of the Claim Construction Order). Thus, for clarification, the Court removed the phrase "indicating changes in the terms by storing changed terms in the storage space," as it appears in the '724 Patent, from the Claim Construction Order. Id.

Defendant Oracle asserts the affirmative defenses of non-infringement, failure to state a claim, lack of standing, 28 U.S .C. s. 1498, invalidity, inequitable conduct, patent misuse, laches, and prosecution history estoppel. Dkt. No. 53 at 10-14. Defendant Oracle also counterclaimed for non-infringement, invalidity, and inequitable conduct. *Id*. at 15-16. Defendants SAP AG and SAP America, Inc. also assert similar affirmative defenses and counterclaims. *See* Dkt. No. 59. Both defendants also deny that this case is related to the IBM case and assert that neither party was named in the IBM case and the IBM case is no longer pending before this Court. Dkt. No. 53 at 1; Dkt. No. 59 at 1.

II. LEGAL PRINCIPLES OF CLAIM CONSTRUCTION

A determination of patent infringement involves two steps. First, the patent claims are construed, and, second, the claims are compared to the allegedly infringing device. Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1455 (Fed.Cir.1998) (en banc).

The legal principles of claim construction were reexamined by the Federal Circuit in Phillips v. AWH Corp., 415 F.3d 1303 (Fed.Cir.2005) (en banc). Reversing a summary judgment of non-infringement, an en banc panel specifically identified the question before it as: "the extent to which [the court] should resort to and rely on a patent's specification in seeking to ascertain the proper scope of its claims." Id. at 1312. Addressing this question, the Federal Circuit specifically focused on the confusion that had amassed from its recent decisions on the weight afforded dictionaries and related extrinsic evidence as compared to intrinsic evidence. Ultimately, the court found that the specification, "informed, as needed, by the prosecution history," is the "best source for understanding a technical term." Id. at 1315 (quoting Multiform Dessicants, Inc. v. Medzam, Ltd., 133 F.3d 1473, 1478 (Fed.Cir.1998)). However, the court was mindful of its decision and quick to point out that *Phillips* is not the swan song of extrinsic evidence, stating:

[W]e recognized that there is no magic formula or catechism for conducting claim construction. Nor is the

court barred from considering any particular sources or required to analyze sources in any specific sequence, as long as those sources are not used to contradict claim meaning that is unambiguous in light of the intrinsic evidence.

Phillips, 415 F.3d at 1324 (citations omitted). Consequently, this Court's reading of *Phillips* is that the Federal Circuit has returned to the state of the law prior to its decision in Texas Digital Sys. v. Telegenix, Inc., 308 F.3d 1193 (Fed.Cir.2002), allotting far greater deference to the intrinsic record than to extrinsic evidence. "[E]xtrinsic evidence cannot be used to vary the meaning of the claims as understood based on a reading of the intrinsic record." Phillips, 415 F.3d at 1319.

Additionally, the Federal Circuit in *Phillips* expressly reaffirmed the principles of claim construction as set forth in Markman v. Westview Instruments, Inc., 52 F.3d 967 (Fed.Cir.1995) (en banc), *aff'd,* 517 U.S. 370, 116 S.Ct. 1384, 134 L.Ed.2d 577 (1996), Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576 (Fed.Cir.1996), and Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc., 381 F.3d 1111 (Fed.Cir.2004). Thus, the law of claim construction remains intact. Claim construction is a legal question for the courts. Markman, 52 F.3d at 979. The claims of a patent define that which "the patentee is entitled the right to exclude." Innova, 381 F.3d at 1115. The claims are "generally given their ordinary and customary meaning" as understood by "a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application." Vitronics, 90 F.3d at 1582; *Phillips,* 415 F.3d 1313. However, the Federal Circuit stressed the importance of recognizing that the person of ordinary skill in the art "is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification." Phillips, 415 F.3d at 1313.

Advancing the emphasis on the intrinsic evidence, the *Phillips* decision explains how each source, the claims, the specification as a whole, and the prosecution history, should be used by courts in determining how a skilled artisan would understand the disputed claim term. *See, generally, id*. at 1314-17. The court noted that the claims themselves can provide substantial guidance, particularly through claim differentiation. Using an example taken from the claim language at issue in *Phillips,* the Federal Circuit observed that "the claim in this case refers to 'steel baffles,' which strongly implies that the term 'baffles' does not inherently mean objects made of steel." *Id*. at 1314. Thus, the "context in which a term is used in the asserted claim can often illuminate the meaning of the same term in other claims." *Id*. Likewise, other claims of the asserted patent can be enlightening, for example, "the presence of a dependent claim that adds a particular limitation gives rise to a presumption that the limitation in question is not present in the independent claim." *Id*. at 1315 (citing Liebel-Flarsheim Co. v. Medrad, Inc., 358 F.3d 898, 910 (Fed.Cir.2004)).

Still, the claims "must be read in view of the specification, of which they are part." Markman, 52 F.3d at 978. In *Phillips,* the Federal Circuit reiterated the importance of the specification, noting that "the specification 'is always highly relevant to the claim construction analysis. Usually, it is dispositive; it is the single best guide to the meaning of a disputed term.' " Phillips, 415 F.3d at 1315 (quoting Vitronics, 90 F.3d at 1582). To emphasize this position, the court cited extensive case law, as well as "the statutory directive that the inventor provide a 'full' and 'exact' description of the claimed invention." *Id*. at 1316 (citing Merck & Co., Inc. v. Teva Pharms. USA, Inc., 347 F.3d 1367, 1371 (Fed.Cir.2003)); *see also* 35 U.S.C. s. 112, para. 1. Consistent with these principles, the court reaffirmed that an inventor's own lexicography and any express disavowal of claim scope is dispositive. *Id*. at 1316. Concluding this point, the court noted the consistency with this approach and the issuance of a patent from the Patent and Trademark Office and found that "[i]t is therefore entirely appropriate for a court, when conducting claim construction, to rely

heavily on the written description for guidance as to the meaning of the claims." *Id*. at 1317.

Additionally, the *Phillips* decision provides a terse explanation of the prosecution history's utility in construing claim terms. The court simply reaffirmed that "the prosecution history can often inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be." *Id*. (citing Vitronics, 90 F.3d at 1582-83). It is a significant source for evidencing how the patent office and the inventor understood the invention. *Id*.

Finally, the Federal Circuit curtailed the role of extrinsic evidence in construing claims. In pointing out the less reliable nature of extrinsic evidence, the court reasoned that such evidence (1) is by definition not part of the patent, (2) does not necessarily reflect the views or understanding of a person of ordinary skill in the relevant art, (3) is often produced specifically for litigation, (4) is far reaching to the extent that it may encompass several views, and (5) may distort the true meaning intended by the inventor. *See id*. at 1318. Consequently, the Federal Circuit expressly disclaimed the approach taken in *Texas Digital*. While noting the *Texas Digital* court's concern with regard to importing limitations from the written description, "one of the cardinal sins of patent law," the Federal Circuit found that "the methodology it adopted placed too much reliance on extrinsic sources such as dictionaries, treatises, and encyclopedias and too little on intrinsic sources, in particular the specification and prosecution history." *Id*. at 1320. Thus, the court renewed its emphasis on the specification's role in claim construction.

Many other principles of claim construction, though not addressed in *Phillips,* remain significant in guiding this Court's charge in claim construction. The Court is mindful that there is a "heavy presumption" in favor of construing claim language as it would be plainly understood by one of ordinary skill in the art. Johnson Worldwide Assocs., Inc. v. Zebco Corp., 175 F.3d 985, 989 (Fed.Cir.1999); *cf. Altiris, Inc., v. Symantec Corp.,* 318 F.3d 1364, 1372 (Fed.Cir.2003) ("[S]imply because a phrase as a whole lacks a common meaning does not compel a court to abandon its quest for a common meaning and disregard the established meaning of the individual words.") The same terms in related patents are presumed to carry the same meaning. *See* Omega Eng'g, Inc. v. Raytek Corp., 334 F.3d 1314, 1334 (Fed.Cir.2003) ("We presume, unless otherwise compelled, that the same claim term in the same patent or related patents carries the same construed meaning.") "Consistent use" of a claim term throughout the specification and prosecution history provides "context" that may be highly probative of meaning and may counsel against "[b]roadening of the ordinary meaning of a term in the absence of support in the intrinsic record indicating that such a broad meaning was intended ...." Nystrom v. TREX Co., 424 F.3d 1136, 1143-46 (Fed.Cir.2005).

Claim construction is not meant to change the scope of the claims but only to clarify their meaning. Embrex, Inc. v. Serv. Eng'g Corp., 216 F.3d 1343, 1347 (Fed.Cir.2000) ("In claim construction the words of the claims are construed independent of the accused product, in light of the specification, the prosecution history, and the prior art.... The construction of claims is simply a way of elaborating the normally terse claim language[ ] in order to understand and explain, but not to change, the scope of the claims.") (citations and internal quotations omitted). Regarding claim scope, the transitional term "comprising," when used in claims, is inclusive or open-ended and "does not exclude additional, unrecited elements or method steps." CollegeNet, Inc. v. ApplyYourself, Inc., 418 F.3d 1225, 1235 (Fed.Cir.2005) (citations omitted). Claim constructions that would read out the preferred embodiment are rarely, if ever, correct. Vitronics, 90 F.3d at 1583-84.

The Court notes that a patent examiner's "Reasons for Allowance," where merely summarizing a claimed

invention and not specifically noting that patentability is based on a particular feature, do not limit the scope of the claim. *See* Apex Inc. v. Raritan Computer, Inc., 325 F.3d 1364, 1375 (Fed.Cir.2003). Similarly, an examiner's unilateral statements in a "Notice of Allowance" do not result in the alteration of claim scope. *See id.; see also* Salazar v. Procter & Gamble Co., 414 F.3d 1342, 1346-47 (Fed.Cir.2005). "[F]or prosecution disclaimer to attach, our precedent requires that the alleged disavowing actions or statements made during prosecution be both clear and unmistakable." Omega Eng'g, 334 F.3d at 1326. The Federal Circuit has "declined to apply the doctrine of prosecution disclaimer where the alleged disavowal of claim scope is ambiguous." Id. at 1324.

The doctrine of claim differentiation is often important in claim construction. Phillips, 415 F.3d at 1315 (citing Liebel-Flarsheim, 358 F.3d at 910). "Claim differentiation" refers to the presumption that an independent claim should not be construed as requiring a limitation added by a dependent claim. Curtiss-Wright Flow Control Corp. v. Velan, Inc., 438 F.3d 1374, 1380 (Fed.Cir.2006). This is in part because "reading an additional limitation from a dependent claim into an independent claim would not only make that additional limitation superfluous, it might render the dependent claim invalid." *Id.; see also* SRI Int'l. v. Matsushita Elec. Corp. of Am., 775 F.2d 1107, 1122 (Fed.Cir.1985) ("It is settled law that when a patent claim does not contain a certain limitation and another claim does, that limitation cannot be read into the former claim in determining either validity or infringement.") This doctrine is based in part on the presumption that each claim has a different scope. 35 U.S.C. s. 282; Curtiss-Wright, 438 F.3d at 1380. The difference in meaning and scope between claims is presumed to be significant to the extent that the absence of such difference in meaning and scope would make a claim superfluous. Free Motion Fitness, Inc. v. Cybex Int'l, 423 F.3d 1343, 1351 (Fed.Cir.2005). Although a validity analysis is not a regular component of claim construction, if possible claims should be construed to preserve their validity. Phillips, 415 F.3d at 1327; *see also* Rhine v. Casio, Inc., 183 F.3d 1342, 1345 (Fed.Cir.1999).

With these principles in mind, the Court turns to the patents-in-suit.

III. THE PATENTS-IN-SUIT

As set forth above, Sky alleges that Defendants infringe the '653 Patent, the '724 Patent, the '458 Patent, the '105 Patent, and the '050 Patent, though no claims were asserted for the '105 and '050 Patent. *See* Dkt. No. 85 at 5. The original docket control order of February 6, 2007 ordered Sky to limit the number of asserted claims to no more than ten claims. Dkt. No. 42 at 1.

The patent application for the '653 Patent was filed on November 16, 1998. Dkt. No. 1, Ex. A at 2. The patent issued on October 31, 2000, listing Jeffrey Conklin, David Foucher, and Daniel Foucher as the inventors. *Id*. The Abstract reads as follows:

A multivariate negotiations engine for iterative bargaining which: enables a sponsor to create and administer a community between participants such as buyers and sellers having similar interests; allows a buyer/participant to search and evaluate seller information, propose and negotiate orders and counteroffers that include all desired terms, request sample quantities, and track activity; allows a seller/participant to use remote authoring templates to create a complete Website for immediate integration and activation in the community, to evaluate proposed buyer orders and counteroffers, and to negotiate multiple variables such as prices, terms, conditions etc., iteratively with a buyer. The system provides secure databases, search engines, and other tools for use by the sponsor, which enable the sponsor to define the terms of community participation, establish standards, help promote the visibility of participating companies, monitor activity,

collect fees, and promote successes. All this is done through a multivariate negotiations engine system operated at the system provider's Internet site, thus requiring no additional software at the sponsors', or participant sellers', or buyer's sites. This also allows buyers and sellers to use and negotiate payment options and methods that are accepted internationally. The system maintains internal databases that contain the history of all transactions in each community, so that sponsors, buyers and sellers may retrieve appropriate records to document each stage of interaction and negotiation. Documents are created by the system during the negotiation process.

Disputed terms relating to this patent are set forth in bold face type.

1. An apparatus for processing multivariate negotiations, comprising:

a network;

a multivariate negotiations system including storage space, and negotiations software, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context for use by a user,** the multivariate negotiations system being connected to the network;

a destination terminal for a first user connected to the network, the destination terminal including software for sending and receiving terms along a communications path over the network which flows through the multivariate negotiations system;

an initiating terminal for a second user connected to the network, the initiating terminal including software for sending and receiving terms along a communications path over the network which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as a deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, sending terms to the indicated terminal, the **automated negotiations engine indicating any changes in the terms** until a set of terms is acted upon in a final manner by the deciding entity.

4. The apparatus of claim 1, wherein the multivariate negotiations system includes sponsorship software which enables the creation of a sponsore [d] community with prescribed rules and procedures for participants.

20. A method for processing multivariate negotiations, comprising the steps of:

establishing communications paths over a network;

connecting a multivariate negotiations system including storage space and negotiations software to the network, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms,** formatting the terms according to that purpose, and **placing them into user supplied context** for use by a user;

connecting a destination terminal for a first user to the network, the destination terminal including software for sending and receiving terms along a communications path over the network which flows through the multivariate negotiations system;

connecting an initiating terminal for a second user to the network, the initiating terminal including software for sending and receiving terms along a communications path over the network which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as a deciding entity,** such **automated negotiations engine** further storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, sending terms to the indicated terminal, the **automated negotiations engine indicating any changes in the terms** until a set of terms is acted upon in a final manner by the deciding entity.

23. The method of claim 20, wherein the step of connecting a multivariate negotiations system to the network further comprises the step of enabling the creation of a sponsored community with prescribed rules and procedures for participants.

The application for the '458 Patent was filed on October 30, 2000. Dkt. No. 81, Ex. 3 at 2. The '458 Patent application is a continuation-in-part of the '653 Patent. Id. The '458 Patent issued on January 9, 2007, listing William J. Flanagan, Jeffrey Conklin, David Foucher, and Daniel Foucher as inventors. Id. The Abstract reads as follows:

An [sic] process mining system for analyzing the processes used to implement negotiated contracts and other agreements stored in an automated system of record. Using unique identifiers assigned by the contract authority of the invention, process mining can be done to evaluate the effectiveness of processes used to implement one or more sets of negotiations.

Disputed terms are set forth below in bold face type.

1. An apparatus for evaluating information about a process related to a negotiation, comprising:

a multivariate negotiations system including storage space and negotiations software, such negotiations software executing in a processor and including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context** for use by a user, the **automated negotiations engine** being responsive to a destination terminal for a first user communicating with the multivariate negotiations system, the destination terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, the **automated negotiations engine** also being responsive to an initiating terminal for a second user communicating with the multivariate negotiations system, the initiating terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as a deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, and sending terms to the indicated terminal, the

automated negotiations engine indicating any changes in the terms until a set of terms is acted upon in a final manner by the deciding entity; and

a process mining function for evaluating a process related to such a negotiation.

16. A method for evaluating information about a process related to a negotiation, comprising the steps of:

operating a multivariate negotiations system including storage space and negotiations software, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context** for use by a user, the **automated negotiations engine** being responsive to a destination terminal for a first user communicating with the multivariate negotiations system, the destination terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, the **automated negotiations engine** also being responsive to an initiating terminal for a second user communicating with the multivariate negotiations system, the initiating terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as a deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, and sending terms to the indicated terminal, the **automated negotiations engine indicating any changes in the terms** until a set of terms is acted upon in a final manner by the deciding entity; and

evaluating a process related to such a negotiation by using a process mining function.

The application for the '724 Patent was filed on October 30, 2000. Dkt. No. 81, Ex. 2 at 2. The '724 Patent is a continuation-in-part of the '653 Patent. Id. The '653 Patent issued on December 12, 2006, listing William J. Flanagan, Jeffrey Conklin, David Foucher, and Daniel Foucher as inventors. Id. The Abstract reads as follows:

An automated system of record creates and administers a sponsored community for participants. Participants use an automated negotiations engine for iterative, multivariate negotiations that stores each set of terms at each iteration to form a system of record. The automated negotiations engine can also be used to propose and negotiate specifications, prototypes and implementations of other systems. An active contract feature informs the results of such negotiations, by incorporating predefined templates to track activity related to the concluded negotiation. The system implements a higher level of security by validating activities against the originally negotiated terms. A contract authority assigns a unique identifier to each transaction to track activities against the transaction for analysis and reporting. A multiple repository enables users to maintain the non-repudiation data for transactions in which they participate at user designated locations. Participants can also use process mining to measure the effectiveness of processes.

Defendants filed a Motion to Dismiss Claims Related to the '724 Patent because the claims were missing from the original publication of the patent. Dkt. No. 70 at 6. Sky eventually received a Certificate of Correction inserting claims 98 to 260. Dkt. No. 81, Ex. 5. The parties entered a joint stipulation wherein Sky agreed not to pursue damages for alleged infringement of the '724 Patent prior to the date of the certificate

of correction (April 24, 2007), and Sky reserved the right to pursue provisional rights damages for the '724 Patent. Dkt. No. 110 at 1. Disputed terms are set forth below in bold face type.

98. An apparatus for providing an automated system of record for processing multivariate negotiations, comprising:

a multivariate negotiations system including storage space, and negotiations software, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context** for use by a user, the multivariate negotiations system being responsive to a destination terminal for a first user communicating with the multivariate negotiations system, the destination terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, the **automated negotiations engine** also being responsive to an initiating terminal for a second user communicating with the multivariate negotiations system, the initiation terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing int eh storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, sending terms to the indicated terminal, the **automated negotiations engine indicating changes in the terms** by storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity.

119. A method for providing an automated system of record for at least one negotiation, comprising the steps of:

operating a multivariate negotiations system including storage space and negotiations software, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context** for use by a user, the **automated negotiations engine** being responsive to a destination terminal for a first user communicating with the multivariate negotiations system, the destination terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, the **automated negotiations engine** also being responsive to an initiating terminal for a second user communicating with the multivariate negotiations system, the initiating terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as a deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, and sending terms to the indicated terminal, the **automated negotiations engine indicating changes in the terms** by storing the changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity.

163. The apparatus of Claim 162, [an apparatus for communicating information about a negotiation, comprising:

a multivariate negotiations system including storage space and negotiations software, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context** for use by a user, the **automated negotiations engine** being responsive to a destination terminal for a first user communicating with the multivariate negotiations system, the destination terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, the **automated negotiations engine** also being responsive to an initiating terminal for a second user communicating with the multivariate negotiations system, the initiating terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one fo the users as a deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, and sending terms to the indicated terminal, the **automated negotiations engine indicating changes in the terms** until a set of terms is acted upon in a final manner by the deciding entity; and

a sponsor authority for assigning a unique identifier to such a negotiation at the initiation of negotiations]

wherein the sponsor authority further comprises a router for routing negotiation information related to a unique identifier.

170. An apparatus for communicating dynamic information during a negotiation, comprising:

a multivariate negotiations system including storage space and negotiations software, such negotiations software including an **automated negotiations engine** for **analyzing terms,** the analysis of terms comprising **understanding the purpose of the terms, formatting the terms according to the purpose,** and **placing them into user supplied context** for use by a user, the **automated negotiations engine** being responsive to a destination terminal for a first user communicating with the multivariate negotiations system, the destination terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, the **automated negotiations engine** also being responsive to an initiating terminal for a second user communicating with the multivariate negotiations system, the initiating terminal including software for sending and receiving terms along a communications path which flows through the multivariate negotiations system, during iterative processing the **automated negotiations engine** recognizing the users at the destination terminal and the initiating terminal as negotiators and **recognizing one of the users as a deciding entity,** such **automated negotiations engine** further recognizing any changes in the terms and storing in the storage space the terms each terminal proposes, and recognizing the terminal to which proposed terms are being sent as the indicated terminal, and sending terms to the indicated terminal, the **automated negotiations engine indicating changes in the terms** until a set of terms is acted upon in a final manner by the deciding entity; and

a sponsor authority for assigning a unique identifier to a negotiation at the initiation of such a negotiation;

a **dynamic manager for transforming rules for governing negotiations** into an **active template**

associated with the unique identifier, the active template containing terms fo ruse during such a negotiation.

IV. THE SKY PATENTS

The parties agree on the constructions for six terms. *See* Dkt No. 95-2 at 6-7; Dkt. No. 95-3 at 6-7. The Court has considered the constructions of the terms, and, in view of the parties' agreements on the proper constructions of the identified terms, the Court adopts the parties' agreed constructions for the terms: "dynamic manager for transforming rules for governing negotiations [into an active template]," "active template," "multivariate negotiations system," "negotiations software," "during iterative processing," "a process mining function for evaluating a process related to such a negotiation / evaluating a process related to such negotiation by using a process mining function." The proposed constructions for the enumerated terms represented by the parties in Document 95-2 at pages 6 to 7 of the June 4, 2007 Plaintiff's Claim Construction Chart FN1 and under the "Court's Construction" column as "Agreed" shall govern this case. With regard to the terms "active template" and "dynamic manager for transforming rules for governing negotiations [into an active template]" the Court is apprised of the understanding reached by the Defendants wherein Sky has abandoned its claim of priority to the ' 653 patent's application for claims reciting "active templates." Dkt. No. 100 at 7-8.

FN1. Since both parties filed a claim construction chart rather than a joint claim construction chart, the listing of agreed terms was in both charts. Therefore, the Court only needed to adopt the constructions in the Plaintiff's chart because it was exactly the same as the Defendants' chart.

The Court construes the contested terms as follows:

1. "automated negotiations engine" terms and "analyzing terms"

a. The Parties' Positions

The only difference in the parties' constructions regarding the "automated negotiations engine" terms is Defendants' addition of "without human intervention" at the beginning of each construction. Dkt. No. 85 at 6-7. Sky adopts all the constructions from the IBM order. Dkt. No. 81 at 6. The automated negotiations engine terms are: "automated negotiations engine," "analyzing terms," "understanding the purpose of the terms," "formatting the terms according to the purpose," and "placing [the] terms into user supplied context." Previously, the Court construed the term "automated negotiations engine" to mean "Special purpose software that performs the functions necessary to implement multiple iterations of bargaining, which allows for an offer and multiple counteroffers between two participants where each iteration is related to prior iterations without human intervention." IBM Order at 23. All the other "automated negotiations engine" terms did not contain the phrase "without human intervention" in the construction.

In its opening brief, Sky only briefed two of the contested "automated negotiations engine" terms which will be discussed below. Defendants generally state that the IBM Order previously construed the "automated negotiations engine" to perform its function "without human intervention." Dkt. No. 85 at 10. Defendants now seek "to make express to the jury the Court's previous determination that each of the recited functions of the 'automated negotiations engine' is performed 'without human intervention.' " *Id*. Defendants reiterated the Court's reasoning in the IBM Order that "automated" means "without human intervention," and this construction is consistent with the specification and prosecution history. *Id*. at 11-12 (citing '653 Patent, 34:3-8, 21:32-38; '653 patent prosecution history, 3/7/00 Amendment at 33). Defendants assert that Sky

injects ambiguity into the term by placing "without human intervention" at the end of the definition so that it implicitly applies to only some of the automated negotiations engine's functions. Id. at 12-13. Defendants insist that its proposed construction clarifies that the "without human intervention" applies to all functions performed by the automated negotiations engine. Id. at 13.

Sky replies that the Court should not alter any claims that it had previously construed, particularly those that were adopted in the Ariba Order. Dkt. No. 92 at 4. Sky asserts that the "negotiations engine" refers to "software that performs the *specific negotiation function* as described in the specification." *Id*. at 5 (citing IBM Order at 23) (emphasis in original). Sky asserts that the "without human intervention" argument was already made in the Ariba case, which Judge Young explicitly rejected in order to adopt this Court's IBM Order. *Id*. (citing Ariba Resp. Cl. Constr. Br., Dkt. No. 92, Ex. 3, at 16). Sky further argues that the patent "sets forth an automated negotiations engine *for* analyzing terms; not an automated negotiations engine that automatically analyzes terms." *Id*. at 6 (emphasis in original). Sky articulates that Defendants' argument that the "software can accomplish a given feature or function in question, and not a human.... does nothing to exclude either the possibility that human *intervention* may be necessary or useful to configure or even activate a particular feature or function, or the possibility that the automated negotiations engine could be used for conducting analysis with human intelligence." *Id*. (emphasis in original). Sky concludes that the "Court had previously rejected IBM's argument that the automated negotiations engine must analyze all terms without user involvement or human intelligence, particularly as it relates to unformatted textual terms." *Id*. at 7. Sky asserts that the Court rejected IBM's argument by concluding that "analyzing terms" "does not require or preclude 'evaluating the content and substance' of terms.' " *Id*. (citing IBM Order at 27).

Defendants reiterate that each of the functions of the "automated negotiations engine" precludes human intervention. Dkt. No. 100 at 3. Defendants argue that, as Judge Young has considered, the Silverman reference taught a prior art system that utilizes forms and text boxes requiring human intervention. *Id*. Defendants conclude that the patentee "explicitly disclaimed an interpretation that would permit functions performed by the automated negotiations engine." *Id*. at 4 (citing Hakim v. Cannon Avent Grp., PLC, 479 F.3d 1313, 1317 (Fed.Cir.2007)). Defendants further argue that it is inconsistent to allow the automated negotiations engine to facilitate the negotiation and yet insist that each function performed in facilitating the negotiation can be performed with human intervention. *Id*.

In a supplemental brief, Sky notes that the Silverman disclaimer argument was offered in the Ariba case with regard to the term "automated negotiations engine for analyzing terms." Dkt. No. 117 at 1.

b. Construction

Sky asserts that Judge Young considered this Court's construction on this very issue of "without human intervention." Dkt. No. 92 at 5. Judge Young focused on "analyzing terms," particularly whether the automated negotiations engine would analyze "all the terms." Ariba, 491 F.Supp.2d at 159. Judge Young determined that the specification describes a proposal form, "but does not speak to a *requirement* that the automated negotiations engine must be capable of analyzing each and every term on that form." *Id*. Judge Young further determined that there was not a prosecution disclaimer related to the Silverman patent reference. *Id*. At the Markman Hearing for the Ariba Case, Judge Young stated his understanding of Sky's argument:

[Sky's] invention allows for taking the most complex proposed negotiation, formatting some, but not all, terms, and once you've done that, those terms are in the invention and are followed and there's counteroffers

and the like with those terms. And you say the patent invention could-oh, let's say we're going to have a huge joint venture to build a building. And what we need to do is we have to figure the financing and then we have to figure the various responsibilities in construction. So you're saying your patented invention would allow you to negotiate all the terms about financing, and say nothing about who's going to build what, and there we are, or if they wanted to format the both of them they could. And your point is that to require all the terms, whatever they might be, to be put into the hardware and software is simply a limitation that you never thought you wanted, don't have, no requirement.

Dkt. No. 92, Ex. 1 at 15.

In the Ariba Order, Judge Young stated that there was not a prosecution disclaimer and stated that "the choice by the inventor, with the PTO examiner's presumed approval, to use this term without the limiting word 'all' ought to be controlling for this preliminary step.... [though] the proposal form *allows* for the inclusion of all terms." Ariba, 491 F.Supp.2d at 159 (emphasis in original). This Court agrees with the reasoning in the Ariba case and adopts its prior construction of "analyzing terms."

Taking the prior reasoning to its logical conclusion, if the automated negotiations engine is not analyzing *all* terms, then there must be some terms being analyzed with human intervention. "Analyzing terms" is one of the "automated negotiations engine" terms, and as this term is not "without human intervention," then every "automated negotiations engine" is not by default completely "without human intervention." Whether or not human intervention is required would depend on the specific function or timing of the use of the "automated negotiations engine."

For example, Defendants argue that "automated negotiations engine" functions are all "without human intervention." However, Sky argues that software may accomplish a function without human intervention, but it does not "exclude either the possibility that human *intervention* may be necessary or useful to configure or even activate a particular feature or function, or the possibility that the automated negotiations engine could be used for conducting analysis with human intelligence." Dkt. No. 92 at 6 (emphasis in original). The Court agrees that during an iterative negotiations process, some aspects would require automated processing by the negotiations engine, and other aspects may require human intervention. Defendants' addition of "without human intervention" is vague because it does not indicate what action would be considered "human intervention." For example, if a setting or configuration was performed, this may possibly be considered human intervention. The Court is not holding that the functions performed are not "automated." The processing of the actual functions are "automated," as used in the plain ordinary meaning of the term. However, unless the addition of "without human intervention" would be clear as to what type of human intervention is provided, the phrase would only confuse the jury.

Therefore, the Court will not require that all of the "automated negotiations engine" terms have the phrase "without human intervention" added to the construction. The Court construes the term "automated negotiations engine" to mean "Special purpose software that performs the functions necessary to implement multiple iterations of bargaining, which allows for an offer and multiple counteroffers between two participants where each iteration is related to prior iterations without human intervention."

The Court construes "analyzing terms" to mean "Determining the relationship of terms entered by a user to the negotiation and classifying them accordingly."

2. "indicating any changes in the terms" / "indicating any changes in the terms by storing changed

terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity"

a. The Parties' Positions

The term "indicating any changes in the terms" is found in the '653 Patent while the larger phrase "indicating any changes in the terms by storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity" appears in claims 98 and 119 of the '724 Patents. In the IBM Order, this Court construed the term to mean "The automated negotiations engine automatically points out to one participant what changes, if any, have been made by another participant." IBM Order at 29. Sky urges the adoption of the Court's construction of the term "indicating any changes in the terms" as it applies to the '653 Patent, but not as it applies to the ' 724 Patent. Dkt. No. 81 at 6. For the latter term, Sky urges that it should be given "its plain meaning because any possible ambiguity in the terminology has been removed by the more precise claim language." *Id*. Defendants propose that the term "indicating any changes in the terms," as it applies to all three patents, should mean "Without human intervention, the automated negotiations engine automatically points out to each participant what specific changes, if any, have been made by any participant. Automatically pointing out specific changes does not include a participant selecting a comparison or redlining." Dkt. No. 85 at 14. The Ariba Order, which construed both terms in both patents, accepted the stipulation of the parties and adopted the construction in the IBM Order. Ariba, 491 F.Supp.2d at 160. Subsequently, an order clarifying the Ariba order removed the latter term because the '724 Patent was effectively removed from the Ariba case. *See Sky Technologies, LLC v. Ariba, Inc*., No. 06-11889, at 1 (D.Mass. July 20, 2007).

Sky's arguments are primarily directed to the latter term. Sky submits that the latter term "states how the changes are indicated when it states that it is done so by 'storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity.' " Dkt. No. 81 at 6. Sky argues that the specification of the '653 and '458 Patents are not directly applicable to the latter term. For example, Sky cites to FIG. 16 which states "If you submit changes, the buyer will be notified and given the option of editing or approving your changes." Dkt. No. 81 at 7 (citing '653 Patent, FIG. 16, FIG. 34, and 24:19-21).

Regarding the term "indicating any changes in the terms," Defendants assert that the parties agree that the engine "points out the changes ... without requiring any action on the part of any participant to the negotiation." Dkt. No. 85 at 15. Defendants argue that by distinguishing the invention from the *Shirley* and *Sloo* references in the prosecution history, Sky disavowed a human manually highlighting changes through the manual selection or initiating a computer's comparison or redlining function. *Id*. at 15-16. Defendants also argue for the Court to import into the construction its explanation that "indicating any changes" reflects that the negotiations engine indicates "***specific*** changes were made and not simply that changes were made." *Id*. at 16 (citing IBM Order at 32) (emphasis in original). Defendants also assert that the automated negotiations engine must point out changes to *each* of the negotiation participants, not just one participant. *Id*.

With regard to the latter term, Defendants respond that the phrase "by storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity" does not "resolve the ambiguity that required the Court to construe this limitation previously." *Id*. at 17. Defendants state that the engine can perform both the "indicating" and "storing" separately, and relies on NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282, 1293 (Fed.Cir.2005) for the proposition that courts should interpret the claims consistently across all asserted patents. Dkt. No. 85 at 17.

Sky replies that pointing out that specific changes do not include a participant selecting a comparison or

redlining is unclear because "it could be read to exclude the simple act of clicking a "compare" icon in negotiations software program ... or only the more complicated task of manually operating a separate word processing program to produce a redline comparison of two versions of a text document containing terms under negotiation." Dkt. No. 92 at 9. Sky argues that IBM already proposed a similar claim limitation by arguing for a limitation that the "indicating any changes in the terms" does not include "a participant selecting which versions of term sets to compare." *Id*. (citing IBM Opening Claim Constr. Br., Dkt. No. 92, Ex. 4 at 25-27). Sky also argues that both the Young Order and the IBM Order only require the invention to point out to "one participant" the changes made by another participant and Defendants have not offered a reason to support their modification. *Id*. Sky also asserts that the phrase "by storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity" defines "precisely *how* the invention described in the ' 724 Patent indicates changes." Id. at 10 (emphasis in original). Sky urges the Court to "reject Defendants' attempt to render the ... language senseless and meaningless." Id.

Defendants reply that Judge Young did not disagree with Ariba's argument that the engine "automatically points out ... what the changes are, if any, that have been made by another participant." Dkt. No. 100 at 5 (citing Sky Reply Br., Dkt. No. 92, Ex. 1 at 6:11-14). Defendants reiterate that the patentee provided a clear disclaimer in distinguishing the Shirley reference. Dkt. No. 100 at 4-5. Defendants also argue that the claim provides that "indicating changes in the term" is responsive to a first and second user and concludes that the claim term is not limited to only some of the negotiation participants. *Id*. at 6. Defendants also argue that the *Hakim* case binds prosecution disclaimers to continuation applications as well. *Id*. at 7. Defendants assert that the prosecution disclaimer should apply to the '724 Patent. Id.

Sky clarifies that Judge Young issued a second Order specifically acknowledging that the parties had not agreed as to the meaning of the term "indicating any changes ... by storing changed terms." Dkt. No. 117 at 2. Sky argues that *Hakim* stands for the proposition that an applicant seeking to retract a specific representation made to distinguish over prior art must do so in a "sufficiently clear" manner. *Id*. at 3. Sky argues that there was no portion in the prior art that ever distinguished the invention from the prior art in a manner that precludes allowing the '724 patent claim term to retain its plain meaning. Id. at 4. Sky argues that the only distinction the patentee made was with regard to the Shirley reference which clarified that the automated negotiations engine claimed in the Sky patents "is not the same as manually selecting two text versions of a document for comparison via simple 'word-processing-like document assembly techniques' such as redlining." Id. Sky argued that it "emphasized that although redlining may indicate changes, a simple user-initiated manual redline comparison of two text versions of a document is not an *'automated negotiations engine* for indicating changes in the proposed terms.' " Id. (citing Dkt. No. 85, Ex. 6 at 21). Sky argues that "storing changed terms" is merely a method for indicating changes in the terms and its meaning is obvious. *Id*. at 5.

b. Construction

The Court first considers whether the addition of the phrase "without human intervention" would clarify this term for a jury or add additional ambiguity. As explained previously, an "automated negotiations engine" term does not automatically require that the function is completely without human intervention. The term "without human intervention" is vague even in this context. For example, the specification states:

However, if the terms are not accepted, multivariate negotiations engine 212 stores this set of proposed terms at step 212-10 and processing loops back up to step 212-04, where terms are proposed again, usually with some variations from the previous set proposed. This iterative process continues between steps 212-04

and 212-10 until the deciding entity accepts the terms and closure is reached at step 212-08.

Multivariate negotiations engine 212 keeps track of each set of changes and can display them so that the changes proposed at each step of the negotiations are clearly and accurately recorded.

'653 Patent, 24:10-22; *see also* '724 Patent, 25:35-45.

The set of changes for the terms are stored for each iteration. There may be "human intervention" if a participant were to, for instance, review stored changes of past iterations. Therefore, the phrase "without human intervention" will not be adopted in the construction as it may cause confusion to the jury.

Defendants seek three other changes to the claim construction originally adopted in the IBM Order. First, Defendants assert that the engine automatically points out to "each" participant rather than only "one" participant what changes have been made. Dkt. No. 85 at 14. Second, Defendants assert that the engine point out "what specific changes" have been made rather than "what changes" have been made. *Id*. Third, Defendants assert that the "Automatically pointing out specific changes does not include a participant selecting a comparison or redlining." *Id*.

With regard to pointing out changes to "each" participant versus "one" participant, Defendants argue that Sky's construction ignores "the plain language of the claims and the overall context of the negotiation system disclosed in the specification." *Id*. at 16. However, Defendants do not provide any further explanation as to the context which would require that the engine points out to "each" participant what changes are made. Neither the IBM Order or Ariba Order reflect this requirement. *See* IBM Order at 32; *Ariba,* 419 F.Supp.2d at 160. There is no evidence in either the plain meaning or the specification why the claim is limited to pointing out changes to "each" participant. Therefore, this limitation is not adopted.

With regard to the addition of the "specific" changes that are made, the Defendants direct the Court to its prior order which stated that the prosecution history distinguished the *Shirley* reference and supported a construction of this term that "reflects that the negotiations engine indicates what *specific* changes were made and not simply that changes were made. One of ordinary skill in the art would recognize that the negotiation engine automatically points out what terms, if any, have been changed." IBM Order at 32 (emphasis in original). In addition, the Ariba Claim Construction Brief sought a clarification in this construction by adding that the engine automatically points out **"what the changes are,** if any, that have been made," while Sky sought a construction that only required that the engine automatically points out **"what changes,** if any, have been made." Dkt. No. 92, Ex. 3 at 32 (emphasis added). Ariba cited to this Court's language that the engine indicates what specific changes were made. *Id*. Judge Young adopted Ariba's construction containing this clarification because the parties agreed to Ariba's construction. Ariba, 491 F.Supp.2d at 160. This Court agrees with its prior explanation in the IBM Order and agrees with Judge Young's recognition of some need for clarification. Either the phrase "what the changes are" as in the Ariba Order or "what specific changes" as requested here would appropriately clarify this term as they reflect the same meaning. In keeping with the language in the explanation of the IBM Order, this Court adopts the "specific changes" language as requested by the Defendants.

With regard to "automatically pointing out specific changes does not include a participant selecting a comparison or redlining," Sky indicates that this limitation was requested in the IBM case. Dkt. No. 92, Ex. 4 at 29-31. However, the Court did not address this limitation in the IBM Order because IBM's Final Proposed Construction did not contain this limitation. IBM Order at 32. The reference to the *Shirley*

reference was related to the " 'automated' nature of the 'automated negotiations engine' to apply to the 'indicating any changes' function performed by that engine." Dkt. No. 92, Ex. 4 at 31. Defendants now ask us to clarify which aspects of this function are performed "automatically."

In *Phillips,* the Federal Circuit recognized that in some cases the "specification may reveal an intentional disclaimer, or disavowal, of claim scope by the inventor." *Id.* at 1316. "[F]or prosecution disclaimer to attach, our precedent requires that the alleged disavowing actions or statements made during prosecution be both clear and unmistakable." Omega Eng'g, 334 F.3d at 1326. The Federal Circuit has "declined to apply the doctrine of prosecution disclaimer where the alleged disavowal of claim scope is ambiguous." Id. at 1324; *see also* Northern Telecom Ltd. v. Samsung Electronics Co., 215 F.3d 1281 (Fed.Cir.2000); Rexnord Corp. v. Laitram Corp., 274 F.3d 1336 (Fed.Cir.2001); Vanguard Prods. Corp. v. Parker Hannifin Corp., 234 F.3d 1370, 1372 (Fed.Cir.2000) (refusing to narrow the asserted claim based on prosecution disclaimer because "the prosecution history does not support [the infringer]'s argument that the Vanguard inventors 'expressly disclaimed' claim scope beyond products made by co-extrusion").

As discussed above, this Court has determined that not all functions of the "automated negotiations engine" are performed "without human intervention." On the other hand, the phrase "automatically pointing out specific changes does not include a participant selecting a comparison or redlining" is related to a specific type of automation. Sky argues that this limitation is vague because it could refer to the simple act of clicking a "compare" icon or to manually operating a word processing program to produce a redline comparison. However, the Court determines that the disavowal would cover both of these functions. Defendants direct the Court's attention to the statement made to the examiner:

Finally, Shirley does not teach, disclose or render obvious an automated negotiations engine for indicating changes in the proposed terms. Instead, it teaches away from this as well, by teaching a redlining feature in which "the *user* creates one or more redline documents 218." Col. 7, lines 61-62. The *user* selects two text versions of a document for comparison and, as disclosed at Col. 11, lines 46-58.

Dkt. No. 85, Ex. 6 at 5. Here, not only does the patentee distinguish over the prior art, but patentee actually states that the reference "teaches away" from the disclosed invention. In addition, the focus of the distinguishing statement is on the word "user" and not the comparison of terms. Therefore, the specific disavowal is directed to a *user* choosing the items for comparison and initiating the actual comparison or redlining feature. This would encompass both functions indicated by Sky, either a user clicking on a "compare" icon or a user manually producing a redline comparison.

Sky also desires a separate construction for the latter term while Defendants argue that all the construction of "indicating any changes in the terms" should apply to all three patents. Sky argues that the claim language "defines precisely *how* the invention described in the '724 patent indicates changes (i.e. by storing the changes), and it should be accorded its plain meaning." Dkt. No. 92 at 10 (emphasis in original). However, the specification states, "Multivariate negotiations engine 212 **keeps track of each set of changes** and can display them so that the changes proposed at each step of the negotiations are clearly and accurately recorded." '653 Patent, 24:10-22 (emphasis added); *see also* '724 Patent, 25:35-45. This quote from the '653 Patent above reflects the function of "indicating any changes in the terms," and this quote is repeated in its entirety in the '724 Patent. The quote also reflects that the changes are stored (i.e. the engine tracks each set of changes) and can be displayed at each step of the negotiations. Therefore, the storage of the changes is contemplated in both the '653 and ' 724 Patents. Both patents may indicate changes "by storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity." The

storing of the changes is simply an additional limitation describing how information regarding the changed terms may be accessed by a participant in the negotiation consistent with the previous definition of "indicating any changes in the terms."

Sky argues that *Hakim* does not support the same construction for both terms because there wasn't a prosecution disclaimer made in the'653 Patent. Dkt. No. 117 at 3. However, the Court does not make a determination that "indicating any changes in the terms" is the same for all three patents because of a prosecution disclaimer. Rather, the Court makes this determination based on the context provided by the claim language and the intrinsic evidence.

Therefore, the term "indicating any changes in the terms" is construed to mean "The automated negotiations engine automatically points out to one participant what specific changes, if any, have been made by another participant. Automatically pointing out specific changes does not include a participant initiating or selecting terms for comparison or redlining." This construction applies to all three patents. The latter half of the phrase "by storing changed terms in the storage space until a set of terms is acted upon in a final manner by the deciding entity" is accorded its plain and ordinary meaning and is considered a specific limitation of the function of "indicating any changes in the terms."

3. "recognizing one of the users as a deciding entity"

a. The Parties' Positions

Sky construes this term to mean "software that is aware that one or more users can decide the next step or outcome for a negotiation." Dkt. No. 81 at 9. Defendants construe this term to mean "[w]ithout human intervention, the automated negotiations engine recognizes one or more of the users as a deciding entity." Dkt. No. 85 at 13. This term was not previously construed in either the IBM Case or the Ariba Case.

Sky argues that "the negotiation system earmarks one participant as the deciding entity." Dkt. No. 81 at 9. Sky describes that the negotiation "process continues until the deciding entity approves an agreement or discontinues the negotiations." *Id*. (citing '653 Patent, 23:51-24:17; 24:65-25:41). Sky also states that the specification recognizes that different users may be the deciding entity, or in some exceptions, more than one user may be designated as the deciding entity. *Id*. (citing '653 Patent, 34:65-25:41).

Defendant responds that this function is performed without human intervention and cites to the specification which states the "multivariate negotiations engine ... determines that a deciding entity has been appointed either by the sponsor or by the rules established for this community." Dkt. No. 85 at 13 (citing '653 Patent, 23:53-58). Defendants state that the parties agree that more than one user can be the deciding entity for a negotiation because both negotiation parties in a master agreement may be the deciding entity. *Id*. at 13-14.

Sky does not address Defendants' arguments except to generally state that the functions of the "automated negotiations engine" are not performed "without human intervention." Dkt. No. 92 at 8. Defendants' reply merely states that all of the "automated negotiations engine" terms must be performed "without human intervention" without discussing this particular term. Dkt. No. 100 at 3-4.

b. Construction

This term is another "automated negotiations engine" term. The primary difference between the parties' construction is that Sky uses "recognizing" to mean "is aware" while Defendants use "recognizing" to mean

"to determine." Both parties cite to the same sections of the specification which states:

In initializing step 212-02 multivariate negotiations engine 212 recognizes that these two participants are negotiators and also determines that a deciding entity has been appointed **either by the sponsor or by the rules established for this community.**

For simple order processing, the seller may be designated the deciding entity by default. For an RFP, the buyer might be designated the deciding entity. In non-commercial communities, such as standards communities or treaty negotiation communities, a sponsor 06 may wish to designate multiple deciding entities for each issue under consideration. In such an implementation, a sponsor 06 will usually want to establish more detailed rules for the ordering and processing of proposals....

With reference now to FIG. 1e, the steps of multivariate negotiations engine 212 are shown. While a sponsor 06, is desirable, multivariate negotiations engine 212 can operate with only a deciding entity DE and another initiating entity OE. If this is a commerce community, deciding entity DE is usually the seller and the other initiating entity OE is usually the buyer. However, even in this situation, other designations are possible. For example, if the buyer is sending out a request for proposal to which sellers must reply and negotiate, then the buyer may be the deciding entity and the seller(s) the other negotiating entity. For many master agreements or open to buy agreements, both negotiating partes may be deciding negotiating entities.

'653 Patent, 23:54-67 (emphasis added); 24:66-25:11.

In *Phillips,* the Federal Circuit stated that "the person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification." 415 F.3d at 1313. From the context of the specification, the Court determines that this function is not necessarily performed "without human intervention." The specification states that the deciding entity is appointed by the sponsor or the rules established for the community. The sponsor may establish the rules established for the community thus providing an automated option, but the specification also states that the sponsor itself may appoint the specific deciding entity. *See* '653 Patent, 23:55-58.

From the different contexts provided in the specification, the Court determines that "recognizing" is used as "determining" and not merely that the engine is aware of a deciding entity. The specification states that the deciding entity is "appointed." The specification also describes that the deciding entity is "designated." The deciding entity is determined either by a sponsor or rules in the community. The engine is not merely "aware" of the deciding entity, rather different rules are established by the sponsor to designate the deciding entity.

As Sky explains, the deciding entity is an entity that can decide when the terms are accepted to reach closure. Since a deciding entity is not a phrase that has an ordinary meaning or a term that is known in the art, it would be appropriate to explain this term to a jury.

Therefore, the Court construes the term "recognizing one of the users as a deciding entity" to mean "the automated negotiations engine recognizes one or more of the users as an entity that can decide the next step or outcome for a negotiation."

4. "placing [the terms] into user supplied context for use by a user"

a. The Parties' Positions

Sky proposes this term to mean "the automated negotiations engine puts the formatted terms into a structure defined by or acceptable to the user." Dkt. No. 81 at 8. Defendants propose this term to mean "[w]ithout human intervention, the automated negotiations engine puts the formatted terms into a structure defined by or acceptable to the user." Dkt. No. 85 at 10.

Sky argues that the construction, which was stipulated to in the IBM Case, is described as the process of encrypting a buyer's order and decrypting by the seller. Dkt. No. 81 at 8. Sky describes that the decrypted order is presented to the user in the context defined by the user. *Id*.

Defendants only discusses this term as generally being an "automated negotiations engine" term, and argues that as an "automated negotiations engine" term the function must be performed "without human intervention." Dkt. No. 85 at 10-11. As addressed above, Sky responds that not all "automated negotiations engine" terms are "without human intervention." Dkt. No. 92 at 5-7. Defendants' reply merely reiterates that all "automated negotiations engine" terms are "without human intervention." Dkt. No. 100 at 3.

b. Construction

As another "automated negotiations engine" term, the Court determines whether adding "without human intervention" would be clear within the context of the construction. Sky provides that this term is supported by the section of the specification that states:

For example, and still in FIG. 5a, if a buyer participant 08 wishes to place a proposed order, the browser encrypts it at the browser's secure socket layer and webserver 210s decrypts the proposed order upon receipt at multivariate negotiations engine 02's site. Webserver 210s next analyzes the proposed order to understand it and formats into a request sent to database functions 222. In addition to basic read and write functions, database functions 222 shown in FIG. 5a, include operations such as search, analyze, compare, report, sort and relate (between databases.) Formatting can be as simple as "user=username" etc. A request such as "find user=username, return catalog" might be sent through IP firewall 203f. Using object-oriented techniques, the database is ordered more compactly to provide faster search capabilities. Those skilled in the art will appreciate that traditional flat file and relational or other database structures could be used as well.

'653 Patent, 33:66-34:14.

The construction provided in the IBM Case states that the "automated negotiations engine puts the formatted terms into a structure defined by or acceptable to the user." This construction clarifies the type of "human intervention" involved, namely that a user defines the structure for the formatted terms. The actual placing of the formatted terms into the structure is performed by the engine without human intervention. For example, as explained above, the formatted terms may be placed in a flat file and relational or other database structures. Therefore, the division between the functions provided automatically by the automated negotiations and manually by a human is clear.

The Court construes the term "placing [the terms] into user supplied context" to mean "without human intervention, the automated negotiations engine puts the formatted terms into a structure, wherein the structure is defined by or accepted by the user."

5. Other "Automated Negotiations Engine" Terms

a. The Parties' Positions

The parties contest the construction of two other "automated negotiations engine" terms.

Term	Sky's Construction	Defendants' Construction
"understanding the purpose of the terms"	The automated negotiations engine arranges the terms according to their category as determined by the automated negotiations engine.	Without human intervention, the automated negotiations engine understand to which category of terms a term entered by a user correlates.
"formatting the terms according to the purpose"	The automated negotiations engine arranges the terms according to their category as determined by the automated negotiations engine.	Without human intervention, the automated negotiations engine arranges the terms according to their category as determined by the automated negotiations engine.

Dkt. No. 85 at 10.

The parties did not make any arguments except for the prior arguments related to whether "automated negotiations engine" terms must be performed "without human intervention." Unlike, for example, "placing [the terms] into user supplied context," neither of the terms provides a clear distinction between the functions provided by a human and those provided by only the automated negotiations engine. As Sky stated, the intrinsic evidence does not "exclude either the possibility that human *intervention* may be necessary or useful to configure or even activate a particular feature or function, the possibility that the automated negotiations engine could be used for conducting analysis with human intelligence ." Dkt. No. 92 at 6 (emphasis in original). The Court agrees and further finds that the term "without human intervention" is ambiguous without providing further distinction, in particular the specific functions that are completely automated and those that require human involvement.

The Court construes the term "understanding the purpose of the terms" to mean "The automated negotiations engine arranges the terms according to their category as determined by the automated negotiations engine." The Court construes the term "formatting the terms according to the purpose" to mean "The automated negotiations engine arranges the terms according to their category as determined by the automated negotiations engine."

V. CONCLUSION

Accordingly, the Court hereby **ORDERS** the disputed claim terms construed consistent herewith.

E.D.Tex.,2007.
Sky Technologies LLC v. SAP AG, SAP Americas, Inc.