UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS

In Re Innovatio IP Ventures, LLC, Patent Litigation	
This Document Relates To: *Cisco Systems, Inc., and Motorola Solutions, Inc., v. Innovatio IP Ventures, LLC*, Case No. 1:11-cv-09309 (originally 1:11-cv-00425 (D. Del)) and *NETGEAR, INC. v. Innovatio IP Ventures, LLC*, Case No. 1:12-cv-00427 (originally 1:11-cv-01139 (D. Del.))	Civil Action No. 11-cv-9308 Judge James F. Holderman Magistrate Judge Sidney Schenkier

INNOVATIO'S BRIEF IN SUPPORT OF IDENTIFICATION OF ESSENTIAL AND NON-ESSENTIAL CLAIMS

I. INTRODUCTION

Pursuant to the Parties' Agenda for the April 11, 2013 Status Conference and the Court's subsequent minute order, Innovatio and the Defendants have submitted a joint statement (Doc. No. 682) identifying those asserted claims where the Parties agree and disagree on whether the claim is "essential" or not to the 802.11 standard. This brief sets forth Innovatio's position regarding those claims where the parties *disagree*. As discussed below, Defendants fail to apply the current IEEE standard as to whether a patent claim is "essential." Their conclusion that *all* of the asserted claims are "essential" is therefore incorrect.

II. SUMMARY OF THE DISPUTE.

The Joint Statement, Doc. No. 682, identifies 212 claims that all Parties agree are "essential," although the parties have both reserved arguments on certain aspects of the

"essentiality" determination. (Reproduced for Convenience as Exhibit A.) Innovatio presumes that there is no further dispute regarding these claims, except to note that Defendants appear to have reserved the issue of whether or not those claims are actually infringed. Since the actual use of an 802.11 compliant implementation is incorporated into the IEEE definition of an "essential" claim and need for a license is incorporated into the IEEE definition of a "letter of assurance" ("LOA"), the import of Defendants' purported reservation is unclear. However, to the extent that Defendants are contending that they do not comply with the standard or that a claim construction is adopted that removes a claim from the scope of the "essential" F/RAND obligation, Innovatio reserves the right to argue that an agreed "essential" claim is not in fact actually obligated to be licensed on F/RAND terms.

Defendants designated every asserted claim as "essential." The purported bases for that designation as articulated during the meet and confer process, was that, for every claim, Innovatio's preliminary infringement contentions find at least one limitation met by citing to Defendants' compliance with some clause of the 802.11 standard. Innovatio's final contentions include substantial evidence outside of the standard itself and in any event, the determination of "essentiality" is not measured by referring to patent local rule infringement contentions. It is not Innovatio's burden to demonstrate "essentiality" *vel non*. Defendants' verbalized test is not the test specified by the IEEE bylaws that create the F/RAND licensing obligation. Under a proper application of the IEEE definition of "essential patent claim" numerous asserted claims are in fact not essential, not subject to a LOA requirement, and therefore not subject to a F/RAND obligation.

III. THE IEEE F/RAND OBLIGATION.

A patent claim becomes subject to a F/RAND obligation under the IEEE bylaws by a two-step process. First, the claim must meet the definition of an "essential patent claim," as

defined by the IEEE. Second, the claim must be subject to a "Letter of Assurance" (LOA) which states to what extent the owner of the "essential patent claim" will provide licenses. LOA's that are not acceptable to the IEEE can be rejected by the organization. *See* The Inst. of Elec. & Elecs. Eng'rs, Inc., *IEEE-SA Standards Board Bylaws* 6.2, Dec. 2012, at 16–17, *available at* http://standards.ieee.org/develop/policies/bylaws/sb_bylaws.pdf (emphasis added) (IEEE Bylaws, Attached Exhibit B).

The IEEE expressly defines an "essential patent claim":

> *"Essential Patent Claim"* shall mean any **Patent Claim** the use of which was necessary to create a compliant implementation of either mandatory or optional portions of the normative clauses of the [Proposed] IEEE Standard when, at the time of the [Proposed] IEEE Standard's approval, there was no commercially and technically feasible non-infringing alternative. An Essential Patent Claim does not include any Patent Claim that was essential only for **Enabling Technology** or any claim other than that set forth above even if contained in the same patent as the Essential Patent Claim.

Ex. B at 15. Letter of Assurance is also defined:

> *"Letter of Assurance"* and *"LOA"* shall mean a document, including any attachments, stating the **Submitter's** position regarding ownership, enforcement, or licensing of **Essential Patent Claims** for a specifically referenced IEEE Standard, submitted in a **form** acceptable to the IEEE-SA.

Id. Several points can be gleaned from these definitions.

First, non-essential claims in the same patent are expressly not included in the definition. There is no "tag along" clause such that non-essential claims in the same patent are swept up as essential merely because the patent contains essential claims.

Second, claims, not limitations of claims, are essential. It is the entire claim that must be "necessary to create a compliant implementation," not one or more limitations within the claim. For example, assume that to comply with the standard, four elements are required, A, B, C, and D, where the fourth element is operation at a radio frequency of 5.4 GHz. An accused infringer builds an implementation that complies with elements A, B, C and D. Now, assume that an

IEEE contributor offers a letter of assurance on a claim that includes element A but is only infringed if the accused device also includes element E, which is not specified by a mandatory or optional portion of the standard. The claim is not essential because a compliant implementation is possible without using the claimed elements. Element E is not mandatory or optional within the standard, and commercially and technically feasible and compliant implementations can be built without using element E, without infringing the claim. The claim is not essential.

Third, there is no requirement to license non-compliant implementations. The obligation to license extends to "compliant implementations" not non-compliant ones; this is emphasized again in the LOA definition where the LOA is required to state the licensing policy regarding "a specifically referenced IEEE standard." A LOA is directed to that standard; it is not a general obligation to license every member of the IEEE much less the world for use in proprietary, non-standard, or non-compliant implementations. Reading the obligation more broadly would frustrate the purpose of the IEEE setting the standard in the first place and deprive the patent contributor of the benefit of widespread implementation of a uniform standard.

With these principles in mind, Innovatio summarizes the arguments for the non-essentiality of the claims listed in Exhibit A.

IV. THE 229 CLAIMS IN ATTACHED EXHIBIT C ARE NOT ESSENTIAL.

Exhibit C summarizes the limitations of the "non-essential" claims that are not required by any clause of the 802.11 standard. Innovatio submits that it is Defendants' burden to prove that a claim is "essential" (and F/RAND obligated) where there is a dispute on that point, since ultimately it is the Defendants that are attempting to enforce a "F/RAND obligation" (a contract claim). *See e.g.*, *World Championship Wrestling v. GJS Int'l*, 13 F. Supp. 2d 725, 734 (N.D. Ill. 1998) ("[U]nder Illinois law, a party seeking to enforce an agreement has the burden of establishing the existence of the agreement." (quotation and citation omitted)); *IMI Norgren, Inc.*

v. D&D Tooling Mfg., Inc., 306 F. Supp. 2d 796, 802 (N.D. Ill. 2004) (same); Defendants Amended Complaint, Doc. 431 at p. 71, Count LII (alleging breach of contract based on LOAs). Accordingly, it is the Defendants, not Innovatio, that must in the first instance demonstrate that a particular claim is essential and identify the corresponding LOA that obligates the claim under the IEEE definitions. The Defendants carry the burden of proof on this point to the extent there is an evidentiary dispute. *See World Championship Wrestling*, 13 F. Supp. 2d at 734.

Nevertheless, for each claim that Innovatio contends is non-essential, Exhibit C shows the limitation(s) of that claim, and/or combination thereof, that is not required by a mandatory or optional clause of the IEEE 802.11 standard. Each of those limitations correspond to a structure or step, and/or combination thereof, that is either not mentioned at all in the standard or if it is mentioned, is not required for a compliant implementation. In the meet and confer process, Defendants' rationale was that other limitations in these claims were "read on" portions of the standard, but as discussed above, that is not sufficient to confer "essential" status under the IEEE bylaws.

For the claims of the "mesh" family, (the last four patents in Exhibit A, the '154, '636, '736, and '165 patents) Innovatio would agree that they are "essential" for a compliant implementation of IEEE Standard 802.11s (wireless mesh networking); however, Defendants that have disgorged documents sufficient to describe a wireless mesh product have expressly disclaimed that the product actually complies with 802.11s. Innovatio is not obligated to license non-compliant implementations, nor should Innovatio be required to engage in an advisory trial on a F/RAND rate for patents that Defendants might one day decide to use in a compliant implementation. *Compare Apple, Inc. v. Motorola Mobility, Inc.,* 2012 U.S. Dist. LEXIS 157525, at *11 (W.D. Wis. Nov. 2, 2012) (declining to engage in an advisory trial on a FRAND

rate where the party seeking performance refused to agree to accept the demanded specific performance) (opinion attached as Exhibit D).

Finally, Innovatio notes that the IEEE has discretion to accept a LOA that may not be as broad as the Defendants would like in terms of encumbering patents that are not the subject of a particular submission by the rights holder. Defendants have the burden of identifying the LOAs and corresponding patent rights that create the encumbrance they seek, and even with respect to the claims that Innovatio agrees are essential, Innovatio reserves for its reply argument regarding whether or not they are actually encumbered by a F/RAND promise.

V. CONCLUSION

The IEEE bylaws are specific and narrow. The claims identified by Innovatio as "non-essential" do not meet the IEEE definition, and for all of these claims, it remains Defendant's burden to demonstrate that a "F/RAND" licensing obligation attaches to those claims[1] that can be adjudicated by this Court.

Respectfully submitted,

April 26, 2013

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[1] Innovatio's position is based on the claims as currently construed by Innovatio. To the extent that the claim scope is changed by judicial construction, a change in claim scope may affect the application of the IEEE definition.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on April 26, 2013 the foregoing INNOVATIO'S BRIEF IN SUPPORT OF IDENTIFICATION OF ESSENTIAL AND NON-ESSENTIAL CLAIMS was served on counsel of record identified in the recipient field of the e-mail with which this document has been transmitted.

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