

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

CIVIL MINUTES – GENERAL

Case No. LA CV10-03257 JAK (Ex)

Date February 27, 2012

Title NetAirus Technologies, LLC v. Apple, Inc.

Present: The Honorable JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE

Andrea Keifer

Not Reported

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiff:

Attorneys Present for Defendant:

Not Present

Not Present

Proceedings: (IN CHAMBERS) ORDER RE DEFENDANT’S MOTION FOR SUMMARY JUDGMENT THAT ALL CLAIMS OF U.S. PATENT NO. 7,103,380 ARE INVALID (Dkt. 31)

I. INTRODUCTION

Defendant Apple, Inc. (“Defendant”) has moved for summary judgment in this patent action brought by Plaintiff NetAirus Technologies, LLC (“Plaintiff”). For the reasons stated herein, the Court GRANTS in part and DENIES in part Defendant’s motion.

Plaintiff contends that Defendant is infringing U.S. Patent No. 7,103,380 (the “’380 Patent”), which claims a method in which a handset device, such as a phone or a Personal Digital Assistant (“PDA”), wirelessly communicates over both a local area network (“LAN”) and a wide area network (“WAN”). Plaintiff asserts that Defendant’s iPhone 3G and later models infringe Plaintiff’s patent by selectively communicating with LAN and WAN networks, *i.e.*, by switching between the cellular data network, a WAN, and local Wi-Fi hotspots, which are LANs. Defendant raises several defenses to the infringement claims, including that Plaintiff’s patent is invalid and that Defendant’s products do not infringe the invention claimed in the ‘380 Patent.

Through this motion, Defendant advances the defense that the ‘380 Patent is invalid as obvious in light of the prior art, including printed publications describing Apple’s own Newton MessagePad 110 (“Newton”) and corresponding products. Plaintiff opposes the motion only with respect to independent claims 1 and 7 and dependent claims 3 and 11. The Court heard oral argument on this motion on December 5, 2011, January 9, 2012 and January 19, 2012, received certain supplemental briefing, and took the matter under submission. The Court grants the motion with respect to claims 1 and 3, and denies the motion with respect to claims 7 and 11.

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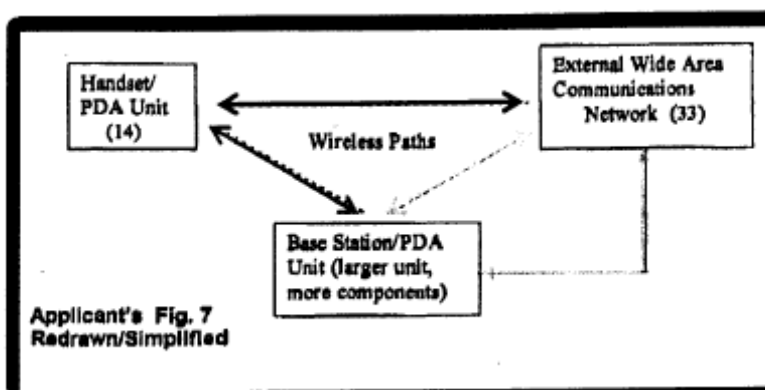
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II. BACKGROUND

A. The Patent Claims

On April 4, 1997, Plaintiff filed a patent application that ultimately led to the issuance of the '380 Patent. The '380 Patent claims a method whereby a handheld device is wirelessly connected to both a LAN and a WAN via a triangular communication path. When prosecuting the '380 Patent, Plaintiff submitted a diagram that presents a simplified version of the patent's method. It effectively illustrates the claimed communication path:



This triangular communication arrangement establishes duplicative paths of communication for the handheld device: First, there is a direct wireless connection between the handset and an external WAN; second, there is a wireless connection to a local area base unit or LAN that is designed to be in closer proximity to the user. The patent specification indicates that this base unit can be placed “in the same room or nearby room” up to a distance of “about fifty feet.” Rondini Decl. ¶ 29, Exh. 28 (Col. 8:36-46), Dkt. 45-28. The claims also specify that “the transmit power level of the handset unit when transmitting to the local area communication base unit is lower than when transmitting to the external wide area network...” *Id.*, Claim 1(c). Thus, the basis for the invention is a handset unit that “selectively” communicates through two redundant communication paths. The handset uses a higher transmitting power when communicating with the WAN than when communicating with the base unit or LAN.¹ See *id.*, Claims 1 and 7.

¹ The '380 Patent has two independent claims and 12 dependent claims. Claims 1 and 7, the '380 Patent's two independent claims, read as follows:

1. A method for handset unit communication comprising the following steps in any order:
 - a) transmitting first data via wireless communication to a local area communication base unit a relatively short distance away;

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B. The Newton Device and Related Components

The Newton, which was released in March 1994, operated as a PDA. This device was capable of enhanced functionality through the addition of various hardware add-ons, such as the ETE, Inc. Communicator (“ETE Communicator”) and the PCMCIA-based Dayna Roamer Card (“Dayna Card”). The Newton, including its use with these add-ons, was described in a March 13, 1995 article entitled “PDAs: the Next Generation,” published in *Network World* (the “Newton Article”).² Holm Decl. ¶ 6, Exh. E, Dkt. 31-6. When discussing the wireless options for the Newton, the article mentioned the availability of add-ons such as the Digital Ocean, Inc. Grouper 100LT and 100MP (“Grouper”) products and the Dayna Card. It described them as “wireless LAN connectivity products” and a “wireless LAN solution for the Newton,” respectively. *Id.* The article identified the ETE Communicator as “another Newton wireless solution.” *Id.* “Instead of offering LAN connectivity, the [ETE] Communicator allows Newton users to access the RAM Mobile Data and ARDIS Co. radio networks and analog land-line and cellular networks.” *Id.* Thus, the ETE Communicator allowed the Newton to connect to a WAN or cellular network, and the Dayna Card and Grouper products enabled wireless connectivity to a LAN.

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- b) receiving second data via wireless communication from the local area communication base unit a relatively short distance away;
 - c) using said handset unit to communicate, selectively, the first and second data to and from the local area communication base unit and to communicate third and fourth data to and from an external wide area network, wherein the communication of the first, second, third and fourth data are not necessarily performed simultaneously, and wherein the transmit power level of the handset unit when transmitting to the local area communication base unit is lower than when transmitting to the external wide area network; and
 - d) wherein the first and second data include data formatted for computer e-mail.

- 7. A method for handset unit communication comprising the following steps in any order:
 - a) directly communicating bi-directional wireless voice and computer data including wireless data networking communicating data selectively to and from a local area base unit and an external wide area network;
 - b) transmitting a first wireless radio frequency (RF) signal comprising said data selectively to said local area base unit and to the external wide area network, wherein the data is not necessarily transmitted simultaneously to the local area base unit and to the external wide area network and wherein the first wireless RF signal transmit power level transmitted to the local area base unit is lower than the power level required to transmit the signal to the external wide area network;
 - c) receiving a second wireless RF signal comprising said data from said local area base unit; and
 - d) wherein said handset unit data includes data formatted for email.

² The parties dispute the admissibility of this article and whether its publication date has been properly verified. A separate order, Dkt. 205 and a separate under seal order, contain the Court’s rulings on the parties’ evidentiary objections. The Court has determined that this article is admissible. See Dkt. 205 and a separate under seal order and Section II.C, *infra*.

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A separate brochure, which bears a 1994 copyright date, states that the ETE Communicator “can support both voice and data transmission.” Holm Decl. ¶ 7, Exh. F, Dkt. 31-7 (“ETE provides software that allows you to make and receive calls as well as monitor data transmissions.”). The brochure also describes the Newton and ETE Communicator unit as “a Portable Hand-Held System....” *Id.* Further, “because the connection to the Newton is made through the serial port, the Newton’s PCMCIA slot remains available for other uses.” *Id.* Thus, PCMCIA add-ons such as the Grouper products and Dayna Card could conceivably, although perhaps not physically,³ be attached simultaneously to the Newton. Based on these statements, this three-part configuration could have provided simultaneous wireless LAN connectivity through the Grouper or Dayna PCMCIA card and WAN or cellular network connectivity through the ETE Communicator. See *id.*, Exhs. E & F.

III. ANALYSIS

A. Legal Standards

1. Burden of Proof

A patent is presumed valid. For this reason, “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” 35 U.S.C. § 282. Any facts underlying an invalidity determination for obviousness must be proven by clear and convincing evidence. *Microsoft Corp. v. i4i Ltd. P’ship*, ___ U.S. ___, 131 S. Ct. 2238 (2011) (reaffirming that the clear and convincing evidence standard applies in all cases involving arguments of invalidity); see *id.* at 2253 (Breyer, J., concurring) (“[T]he evidentiary standard of proof applies to questions of fact and not to questions of law... Thus a fact finder must use the ‘clear and convincing’ standard where there are disputes about, say, when a product was first sold or whether a prior art reference had been published.”) (citation omitted). Furthermore, although the standard of proof does not depart from that of clear and convincing evidence, a party challenging validity may be subject to an “enhanced burden if the invalidity argument relies on the same prior art considered during examination by the U.S. Patent and Trademark Office (‘PTO’).” *Tokai Corp. v. Easton Enter., Inc.*, 632 F.3d 1358, 1367 (Fed. Cir. 2011)..This enhanced burden does not apply, however, to invalidity arguments based on evidence outside the PTO prosecution record. *Id.* Here, the parties acknowledge that much of the proffered prior art was not before the PTO at the time of prosecution.

³ Plaintiff disputes whether both the ETE Communicator and a PCMCIA card, such as the Dayna Card or Grouper product, could be attached to the Newton simultaneously. But, the configuration need not be possible to be relevant to the obviousness determination. See Section III.B.2.a, *infra*. Indeed, because Defendant is relying on articles describing the system, rather than the system itself, such articles are prior art as to all that they “teach.” See Section III.B.1.c, *infra*.

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2. Analytical Framework for Evaluating Obviousness

In order to be patentable, an invention must be “non-obvious.” 35 U.S.C. § 103(a) (“A patent may not be obtained ... if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.”); see also *Newell Cos., Inc. v. Kenney Mfg. Co.*, 864 F.2d 757, 777 (Fed. Cir. 1988) (describing the 1952 Patent Act as having codified in Title 35 “the requirement of non-obviousness in Section 103”). A determination of the issue of obviousness is informed by “factual inquiries that form the background of any obviousness analysis under 35 U.S.C. § 103.” *Tokai*, 632 F.3d at 1367. In *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966), the Supreme Court set out a framework for applying the statutory language through the consideration of underlying factual inquiries. The Court has since confirmed the continued significance of such inquiries to any obviousness analysis. See *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).

The *Graham* inquiries for determining obviousness are: (i) “the scope and content of the prior art”; (ii) “differences between the prior art and the claims at issue”; and (iii) “the level of ordinary skill in the pertinent art.” *Graham*, 383 U.S. at 17-18. In addressing the issue, a court may also take into account “[s]uch secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc.” *Id.* “Against this background, the obviousness or nonobviousness of the subject matter is determined.” *Id.* Thus, the purpose of considering the *Graham* inquiries is to establish the factual foundation that informs the legal question of obviousness.

3. Summary Judgment

“Summary judgment is as available in patent cases as in other areas of litigation.” *Cont’l Can Co. USA, Inc. v. Monsanto Co.*, 948 F.2d 1264, 1265 (Fed. Cir. 1991). Thus, “a district court can properly grant, as a matter of law, a motion for summary judgment on patent invalidity when the factual inquiries into obviousness present no genuine issue of material facts.” *Tokai Corp.*, 632 F.3d at 1366 (quoting *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 716 (Fed. Cir. 1991)). Whether a patent is invalid because its claimed invention was obvious at the time it was made is a question of law that is to be determined based on underlying facts. *Id.* Consequently, invalidity for obviousness may be decided on summary judgment when “the ultimate legal conclusion of obviousness is disputed, but not the underlying facts....” *Newell Cos.*, 864 F.2d at 763. To determine whether the ultimate legal question of obviousness is appropriate for summary adjudication, the Court must first consider each of the underlying factual inquiries identified by *Graham*. If there are any material disputes of fact pertaining to these inquiries, the Court cannot reach the question of obviousness through the motion; its analysis must await a determination of the disputed facts through trial. If, however, there are no genuine

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disputes of material fact, then the Court may decide the legal question of obviousness on summary judgment.

B. Application of the Graham Inquiries with Respect to Obviousness

As discussed above, § 103 states that a “patent may not be obtained ... if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” Before reaching that legal question, the Court must determine whether Defendant has met its burden of providing clear and convincing evidence of the underlying facts. This determination is made through consideration of the *Graham* inquiries: (i) “the scope and content of the prior art”; (ii) “differences between the prior art and the claims at issue”; and (iii) “the level of ordinary skill in the pertinent art.” *Graham*, 383 U.S. at 17-18. Thus, the Court will consider each *Graham* inquiry in turn.

1. First *Graham* Inquiry: Scope and Content of Prior Art

a) Legal Standard Governing Scope of Prior Art

No patent can issue for an invention that “was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States...” 35 U.S.C. § 102(b). This section governs the universe of potential prior art. Thus, prior art includes any analogous matter contained in a publication printed more than one year prior to the application date.⁴ The party asserting patent invalidity must demonstrate by clear and convincing evidence that each item of prior art relied upon qualifies as prior art. See *Microsoft Corp.*, 131 S. Ct. at 2242.

b) Scope of the Prior Art in This Action

There is no genuine issue of fact as to whether Defendant has presented clear and convincing evidence that the prior art includes several publications that were printed and publicly accessible before the critical date of April 4, 1996, *i.e.*, one year prior to when Plaintiff filed the application that led to the issuance of the ‘380 Patent. Six such publications are described in the subsections that follow.

⁴ Generally, courts determine the scope of the prior art by examining “the field of the inventor’s endeavor and the particular problem with which the inventor was involved at the time the invention was made.” *Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH*, 139 F.3d 877, 881 (Fed. Cir. 1998) (internal quotations and citations omitted). Here, the parties do not dispute that the proffered prior art is relevant to the claimed invention; instead, they dispute the scope of the prior art only on admissibility and authenticity grounds. Thus, the Court accepts that the proposed prior art documents are sufficiently related to the inventor’s endeavor and the particular problem as to be within the scope of the prior art, to the extent such documents are admissible and authenticated.

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(1) Newton Article

The primary component of prior art on which Defendant relies is an article entitled, “PDAs: the Next Generation.” Holm Decl., Exh. E, Dkt. 31-6. It was allegedly published in *Network World* on March 15, 1995. Plaintiff contends that Defendant has not properly authenticated this article. The Court disagrees. Defendant’s supplemental evidence, Supp. Holm Decl., Exh. P, Dkt. 63, properly authenticates the article. Plaintiff also contends that the article’s contents are inadmissible hearsay. This objection is overruled because the Newton Article is not being offered for the truth of the matter asserted. See *Joy Techs. Inc. v. Manbeck*, 751 F. Supp. 225, 233 n.2 (D.D.C. 1990), *aff’d*, 959 F.2d 226 (Fed. Cir. 1992) (“A prior art document submitted as a ‘printed publication’ under 35 U.S.C. § 102(a) is offered simply as evidence of what it describes, not for proving the truth of the matters addressed in the document.”). Thus, Defendant has met its burden to show, by clear and convincing evidence, that this article was published before April 4, 1996, and that it is, therefore, part of the prior art.

(2) ETE Brochure

Defendant has submitted a two-page brochure describing the ETE Communicator and its functionality when paired with the Newton (the “ETE Brochure”). Holm Declaration, Exh. F, Dkt. 31-7. Defendant has also submitted the declaration of Howard E. Griffith, a former ETE, Inc. employee, in which Griffith states that he personally distributed approximately 500 copies of this brochure in Paris, France in 1994 and distributed copies to interested persons at trade shows throughout the United States in or about 1994. Griffith Decl. ¶¶ 2, 4-5, Dkt. 36. Defendant further provided excerpts from the transcript of Griffith’s deposition testimony. In that testimony, Griffith confirmed that the ETE Document to which he was referring in his declaration is the ETE Brochure provided as Exhibit F to the Holm Declaration. Supp. Holm Decl., Exh. Q, Dkt. 63. Accordingly, the Court finds that Defendant has met its burden to establish that the ETE Brochure is part of the relevant prior art.

(3) Dayna Card Brochures

Defendant submits various documents pertaining to the Dayna products: (i) a press release issued by Dayna Communications, Inc. (“Dayna”) dated January 3, 1995, entitled *Dayna to Demonstrate First PCMCIA Wireless LAN Solution for the Newton Market* (“Dayna Press Release”), Holm Decl. ¶ 8, Exh. G, Dkt. 31-1, 31-8; (ii) a Dayna brochure dated 1994 entitled *Imagine a World With No Wires* (“Dayna Brochure”), *id.* ¶ 9, Exh. H, Dkt. 31-1, 31-9; and (iii) marketing material that appeared on Dayna’s website in 1996, *id.* ¶¶ 10-11, Exhs. I & J, Dkt. 31-1, 31-10, 31-11.

With respect to the Dayna Press Release and Dayna Brochure, the Court finds that Defendant has met its burden of authentication. Consequently, the documents are part of the prior art. However,

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Defendant has not met its burden of showing, by clear and convincing evidence, that the marketing material from Dayna’s website in 1996 was publicly available before the critical date of April 4, 1996, *i.e.*, one year before the filing of the ‘380 Patent application. Accordingly, the Court sustains the objections to Exhibits I and J to the Holm Declaration. For purposes of this motion, these materials are not deemed to be part of the prior art.

(4) Xircom Spread Transmission Power

Defendant offers a copy of the Grant of Equipment Authorization issued by the Federal Communications Commission (“FCC”) to Xircom. It is dated September 9, 1994. Holm Decl. ¶ 12, Exh. K, Dkt. 31-1, 31-12. The grant authorized a Xircom spread spectrum PCMCIA radio with a maximum output power of 50 mW or 0.05 W. *Id.* This article is relevant because it indicates the transmission power of PCMCIA-based wireless LAN devices, such as the Dayna card. Because of its relevance and publication date, and because Defendant has met its burden of authentication, this letter is properly considered as part of the prior art for purposes of the present motion.

(5) Sobrinho Article

Defendant proffers an article entitled *A Multiple Access Protocol for Integrated Voice and High-Speed Data in Wireless Networks*, published by Personal, Indoor and Mobile Radio Communications (“PIMRC”) in an issue dated 1994 (“Sobrinho Article”). Holm Decl. ¶ 15, Exh. N, Dkt. 31-1, 31-15. Because Defendant has established the authenticity of this article, and that it was published in 1994, and because it relates to the transmission of voice and data over wireless networks, it is within the scope of relevant prior art for purposes of this motion.

(6) Mobile Communications Handbook

Defendant also has proffered an excerpt from *The Mobile Communications Handbook* (the “Handbook”), published by CRC Press and the IEEE Press in 1996. Gibson Decl. ¶ 3, Dkt. 50-1. The Registration Number and Date of the book are TX0004193419 / 1996-01-30, and the date of publication is 1995-12-27. *Id.* ¶ 4. These facts are confirmed by Jerry D. Gibson, the editor of the Handbook. *Id.* Thus, Defendant has submitted sufficient evidence to authenticate the Handbook and to demonstrate that it is part of the prior art for purposes of this motion.

c) Content of the Prior Art

As the Federal Circuit has explained, the content of the prior art is defined as “what the prior art would have taught one of ordinary skill in this art at the time of this invention.” *Monarch Knitting Mach. Corp. v. Sulzer Morat GmbH*, 139 F.3d 877, 881 (Fed. Cir. 1998). For claims 1 and 3, to which most of the prior art pertains, the level of ordinary skill is that of a lay person. See Section III.B.3.b, *infra*. Thus,

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the Court can interpret the documents in the manner in which it determines a lay person would do so without the aid of expert testimony. However, for claims 7 and 11, which require consideration of the Sobrinho Article, the level of ordinary skill in the art requires an electrical engineering degree. See Section III.B.3.b, *infra*. Defendant has not submitted any expert testimony regarding what the Sobrinho Article would teach such a person at the time of invention. Thus, Defendant has not met its burden of establishing the content of the Sobrinho Article as it would be interpreted by a person of ordinary skill in the art.

2. Second Graham Inquiry: Differences Between the Prior Art and the Claims at Issue

The communication method identified in claim 1 contains the following basic elements: (i) a handset that transmits data wirelessly to a local area communication base unit a relatively short distance away; (ii) said handset also receives data from the base station; (iii) said handset could be used to communicate, selectively, by sending data to, and receiving data from, the local base unit and by sending other data to, and receiving other data from, a WAN; (iv) the transmit power level of the handset unit when transmitting to the local base unit is lower than when the handset is transmitting to the external WAN; and (v) the data communicated to the local base unit includes data formatted for computer e-mail. Rondini Decl., Exh. 28, Dkt. 45-28. Similarly, claim 7 describes a method for handset unit communication with the ability to: (i) transmit bi-directional wireless voice and computer data selectively to, and from, a local base unit and an external WAN; (ii) transmit a radio frequency (“RF”) signal selectively to the local base unit and external WAN wherein the transmissions to the local base unit occur at a lower power level than the transmissions to the WAN; (iii) receive a wireless RF signal comprising said data from the local area base unit. Again, the data must include data formatted for e-mail. *Id.*

As stated above, Plaintiff opposes the present motion only with respect to claims 1, 3, 7 and 11. Claims 1 and 7 are the two independent claims advanced in the ‘380 Patent. Claim 3 and claim 11 each adds the additional claim limitation that the handset identified in claims 1 and 7, respectively, must be a “cellular telephone unit.” Holm Decl., Exh. B, Dkt. 31-3.

In comparing these claim limitations to the prior art summarized above, the primary dispute presented in connection with this motion is whether the prior art discloses the following five claim limitations: (i) selective communication, (ii) local area communication that includes e-mail, (iii) differing transmit power levels, (iv) a handset, and (v) voice transmission over a LAN. The first four of these claim limitations are common to all the claims at issue; the fifth limitation is included only in claims 7 and 11. These matters are considered in this order.

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a) Selective Communication

(1) Parties' Arguments

Plaintiff contends that the prior art does not disclose selective communication, a central feature of the claims. Indeed, the Patent Examiner mentioned selective communication as a reason for allowance of claim 1, and a final amendment of claim 7 added the word “selectively” before the claim was allowed by the PTO. Holm Decl., Exh. O, Dkt. 31-16.

Defendant contends that it is proper for a court to invalidate method claims based on disclosure in the prior art of hardware that is capable of performing the claimed method, even if performance of the method is not expressly described in the prior art. *In re Gleave*, 560 F.3d 1331, 1335-36 (Fed. Cir. 2009) (“The only way one can show that a reference enables the method is to show that a person of ordinary skill would know how to use -- in other words, to practice or to carry out -- the method in light of the reference. This does not mean, however, that the prior art reference must demonstrate the invention’s utility.”); see *Zenith Controls, Inc. v. Automatic Switch Co.*, 648 F. Supp. 1497, 1505 (N.D. Ill. 1986) (“In order to render a claimed invention obvious, the evidence need not show that prior art actually combined all elements of the invention, or even that it is possible to combine without modification the features of one prior art reference with those of others.”) (internal citations omitted). Relying on these cases, Defendant contends that, because the prior art documents describe in detail the Newton and wireless communication peripherals as ones that are designed for use together, a user could have taken advantage of the peripherals by using them selectively. And, Defendant argues, the selective use of the ETE Communicator and Dayna Card would have been the equivalent of selective communication over a WAN and a LAN.

(2) The Prior Art Discloses Selective Communication

The Court finds that, based on the evidence presented, there is no genuine issue of fact under the applicable evidentiary standard with respect to the determination of this issue. Thus, there is not a genuine issue of fact with respect to whether the prior art discloses devices that, when combined, would permit the user to communicate selectively with a WAN and a LAN, albeit only through manual selection. Moreover, based on the teachings in the prior art, and specifically those in the Newton Article, ETE Brochure, and Dayna Card publications, a person of ordinary skill in the art would be able to use one device, the Newton, to communicate with both a WAN and a LAN. Specifically, the Newton Article states that “Newton’s biggest strength is its breadth of third-party support, both in terms of available software and a steadily increasing number of hardware attachments. These make the Newton extremely flexible and let users tailor a unit to their needs.” Holm Decl., Exh. E, Dkt. 31-6. The article goes on to describe some of those possibilities and corresponding hardware attachments, stating that “[s]everal options also exist for connecting Newton to LANs, particularly in the wireless arena” and

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“ETE, Inc.’s Communicator is another Newton wireless solution. Instead of offering LAN connectivity, the Communicator allows Newton users to access the RAM Mobile Data and ARDIS Co. radio networks and analog land-line and cellular networks.” *Id.* This discussion alone teaches that a user could alternate between attaching the Dayna Card for LAN connectivity and then switching to the ETE Communicator for WAN connectivity.⁵

When the statements in this article are combined with those in the ETE Brochure, the prior art discloses the entire Newton System (*i.e.*, the Newton with the Dayna Card inserted in its PCMCIA slot and the ETE Communicator connected via the serial port). With respect to the Dayna Card, the Newton Article states that Dayna sells a “PCMCIA-based wireless LAN solution for the Newton, called the DaynaComm PCMCIA Roamer.” *Id.* Further, the ETE Brochure states that “because the connection to the Newton is made through the serial port, the Newton’s PCMCIA slot remains available for other uses.” *Id.*, Exh. F, Dkt. 31-7. Thus, these prior art references, when read together, teach that the Newton System was conceivable and feasible. They also teach that such system would permit the Newton user to send data, selectively, over both a LAN and a WAN.

Plaintiff argues that such a configuration may not have been possible or may not have worked. This contention is unpersuasive. The prior art does not have to disclose an exact version of the claimed invention; instead it must suggest that the method could be performed. *See Beckman Instruments, Inc. v. LKB Produkter AB*, 892 F.2d 1547, 1551 (Fed. Cir. 1989) (“Even if a reference discloses an inoperative device, it is prior art for all that it teaches.”). Thus, the prior art teaches manual selectivity; the remaining issue is whether this claim limitation embraces both manual and automated selection or is limited to automated selection.

⁵ Dayna Communications, Inc. produced three different wireless LAN products during the relevant period: (i) the DaynaCOMM Serial Roamer; (ii) the DaynaCOMM PCMCIA Roamer; and (iii) the DaynaCOMM Network Access Point. Holm Decl., Exh. H, Dkt. 31-9. At the time of publication of the Dayna Card Brochure, Holm Decl., Exh. H, Dkt. 31-9, the DaynaCOMM Serial Roamer was the only product manufactured for use with the Newton; the DaynaCOMM PCMCIA Roamer was designed for use only with the Powerbook 500 series of notebook computers. *Id.* However, a Dayna Press Release announced that, as of January 3, 1995, Dayna was developing the first PCMCIA Type II wireless LAN solution for the Newton, a product very similar to the DaynaCOMM PCMCIA Roamer. The release also stated that such product would be available in the first half of 1995. *Id.*, Exh. G, Dkt. 31-8. In light of this history, all further references in this opinion to a “Dayna Card” are referring to the PCMCIA-based wireless Dayna Card described in the Dayna Press Release, and, perhaps erroneously, described in the Newton Article. As Plaintiff points out, such a product may not have been available when the Newton Article was published in March 1995. Nonetheless, the prior art Newton Article and Dayna Press Release disclose a Dayna Card for the Newton that connected to the Newton’s PCMCIA port. The fact that such card may not have been available until mid-1995, after the publication of the Newton Article, has no effect on the present analysis.

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(3) Manual Versus Automated Selection

On January 9, 2012, the Court requested that the parties submit supplemental briefing addressing whether the term “selectively” refers to automated selection, manual selection, or both. Dkt. 163. The Court received the parties’ responses on January 13, 2012, and heard their respective positions on this issue at the January 19, 2012 hearing. The Court finds that the claim limitation requiring that the device communicate “selectively” is not limited to automated selection; instead, it embraces both manual and automated selection.

“The plain and ordinary meaning of claim language controls, unless that meaning renders the claim unclear or is overcome by a special definition that appears in the intrinsic record with reasonable clarity and precision.” *Northern Telecom Ltd. v. Samsung Elecs. Co.*, 215 F.3d 1281, 1295 (Fed. Cir. 2000). Here, the plain meaning of the term “selectively” is not limited to only one type of selection. Because Plaintiff has failed to identify any special definition that appears in the record with reasonable clarity and precision that warrants a different interpretation, and because Defendant has identified portions of the patent specification that refer to manual selectivity,⁶ the term “selectively” is properly read to include manual and automated selection. Accordingly, for all of the reasons discussed above, the Court finds that Defendant has established that the prior art discloses selective communication.

b) Local Area Communication That Includes E-mail

It is undisputed that all claims require that computer e-mail be included in the data sent by the handset to and from the LAN. It is also undisputed that the prior art discloses the transmission of e-mail over a WAN via the ETE Communicator. See Holm Decl., Exh. F, Dkt. 31-7 (“An ETE Communicator equipped with a digital packet radio will also allow you to send and receive electronic mail messages between other ETE Communicators as well as to Macintosh networks.”). With respect to the transmission of e-mail over a LAN, Plaintiff contends that the Grouper and Dayna products do not have e-mail capability. Plaintiff also asserts that the claims require e-mail communication to a local base unit

⁶ The following excerpts from the ’380 Patent specification teach user, *i.e.*, manual, selection of the communication mode: “the user can select one or more computer or communication modes 76. The user has the option of selecting several operating modes which may include a conventional computing mode 78, a wireless data communications mode 80, and a wireless voice communications mode 82.” Holm Decl., Exh. B, p. 26 (Col. 13:3-9), Dkt. 31-3. The importance of user-mediated selection to the claimed invention is further confirmed by Figure 7 of the ’380 Patent, a flow chart depicting an embodiment of the claimed method. Particularly noteworthy is item 76 in that figure, a box with the following language: “select computing and communications mode(s).” This is the item referenced in the specification statement: “the user can select one or more computer or communications modes 76.” These statements collectively indicate that the ’380 Patent contemplates user-mediated, rather than strictly automatic, performance of the selection referenced in the claims. See *also id.* at 23 (Col. 8:40-4 (“allow the user to switch between a high or low level transmitting and receiving power levels”)); 24 (Col. 9:9-15 (“Such switches and indicators may include: an On-Off switch, Mode Switch (for voice, data, and video modes, etc.), high/low power transmit switch....”)).

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that is placed “in the same room or nearby room” up to a distance of “about fifty feet.” In contrast, they argue that the Dayna and Grouper products are described as having a range of hundreds of feet. Thus, Plaintiff contends that, even if such products could transmit and receive e-mails, they could not do so within the claimed range. Defendant argues that the claims require only that e-mail be sent to the local base unit, and that the cited prior art documents clearly describe sending e-mail from the Newton handset. Defendant also contends that the larger range of the Dayna and Grouper products does not mean that they could not be used over shorter distances, *i.e.*, of about 50 feet, in accordance with the ‘380 Patent.⁷

The Court finds that, under the applicable standards for the present motion, there is no genuine issue of fact with respect to whether the transmission of e-mail to a LAN or base unit was disclosed in the prior art. The Newton Article states the following regarding e-mail:

The Newton comes with a built-in NewtonMail capability, allowing the user to access an Apple-operated E-mail service for the Newton. This service permits E-mail access to the Internet and other on-line services. [¶] CE Software, Inc. also provides a Newton application, called EnRoute, that permits a Newton to interface with CE Software’s QuickMail E-mail servers. We used EnRoute to send E-mail to and from our QuickMail server. ... With a 2.4K bit/sec PCMCIA modem to dial in to the server, EnRoute allows users to selectively download specific E-mails to reduce call times.

Holm Decl., Exh. E, Dkt. 31-6. Further, it is clear from the Dayna Press Release that the Dayna Card was a “wireless LAN product for the Newton” that “will provide support not only for traditional AppleTalk applications but also for broad-based networking applications such as client/server database access, and Internet connectivity.” *Id.*, Exh. G, Dkt. 31-8. Thus, the Newton Article, which discloses using a PCMCIA modem to dial in to email servers, and the Dayna Press Release, which describes the Dayna Card as a PCMCIA-based wireless LAN solution for Internet connectivity, teach the claim limitation of sending e-mail wirelessly to a LAN or base unit.

c) Differing Transmit Power Levels

The parties also dispute whether the prior art discloses the Newton System transmitting to the LAN at a lower power level than that used to communicate with the WAN.

The prior art discloses the Dayna Card transmitting at 0.05W. The Dayna Brochure describes the Dayna Card as communicating using “Xircom’s Netwave technology.” Holm Decl., Exh. H, Dkt. 31-9. The Brochure also states that Dayna Cards use “radio signals that operate within the 2.4 Ghz radio

⁷ Notably, claim 1 requires only that data be transmitted to a “local area communication base unit a relatively short distance away...” Holm Decl., Exh. B (Col. 13:51-52), Dkt. 31-3. Claim 7 does not specify the distance between the base unit and the handset. See *id.* at Col. 14:21-41.

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band....” *Id.* The FCC grant to Xircom of the 2.4 to 2.4835 GHz range for “PCMCIA Wireless LAN” imposes a “Max Output Power” of 50 mW. *Id.*, Exh. K, Dkt. 31-12. Thus, it can be inferred that the Dayna Card operated at a maximum transmission power of 0.05 W. Accordingly, regardless of its actual operation power, the prior art teaches that the Dayna Card transmitted at a maximum output power of 0.05 W.

The information disclosed in the Handbook shows that the ETE Communicator likely had a transmit power level of 0.6W to 9.0W. Thus, the Handbook lists the peak and average transmission powers for the IS-54 and IS-95 United States cellular standards. *Id.*, Exh. L, Dkt. 31-13. For IS-54, the Handbook provides peak transmission powers of 9 W, 4.8 W, and 1.8 W, with respective corresponding average transmission powers of 3 W, 1.6 W, and 1.6 W. *Id.* For the IS-95 standard, the Handbook lists the transmission power as 0.6 W. This prior art source means that the transmission power of the average cellular, or WAN, in the United States at the relevant time was in the range of 0.6 W to 3 W.

Plaintiff correctly asserts that these numbers do not guarantee that cellular transmission powers were *always* greater than LAN transmission powers. However, such a showing is not necessary; Defendant need only demonstrate that the prior art discloses a device *capable* of performing the claim limitation. Here, the prior art states that the Dayna Card would have transmitted at a maximum of 0.05 W while the ETE Communicator would have transmitted at 0.6 W to 9 W. It is noteworthy that Plaintiff admits that “the transmit power level of the Dayna product was between 500 mW and 1 W.” Plaintiff’s Statement of Genuine Issues No. 109, Dkt. 58. This is consistent with the finding that these disclosures are sufficient to teach that the Newton System could practice this claim limitation, *i.e.*, communicate with a LAN via the Dayna Card at a lower power level than that used to transmit data to a WAN via the ETE Communicator.⁸

d) Handset

(1) Parties’ Arguments

Plaintiff contends that the prior art does not disclose a handset because, although the Newton alone may be a handset, the Newton loses the features of a handset when it is combined with a Dayna Card and ETE Communicator. According to Plaintiff, the ETE Communicator is a docking station that, when connected to the Newton, results in a two- to three-pound block. Blackburn Decl. ¶ 49, Exh. 9 (Griffith Depo. 29:3-6), Dkt. 57. Plaintiff also contends that such docking station was designed to be mounted to “your desk or a car or a transportation vehicle, truck, for example,” not to be a handset

⁸ Further, even if this were the only difference, the invention would nonetheless be obvious. Thus, it would be obvious to any person of ordinary skill in the art that transmitting data to a base unit only 50 feet away from the transmitter would require a lower power level than the transmission of the same data to a cellular tower or other WAN receiver some miles away.

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capable of being held and used while in a person's hand. *Id.* ¶ 48, Exh. 9 (Griffith Depo 28:17-19), Dkt. 57. Further, Plaintiff asserts that the ETE Communicator was connected to the Newton with hard wires. According to Plaintiff, this combination fails to remain a handset, which must be a single, self-contained unit. *Id.* ¶ 52.

Defendant contends that the Newton, even when attached to the ETE Communicator, could be used while held in a user's hand. In support of this position, Defendant contends that the ETE Communicator was capable of operating on batteries without the need for any other stationary power source. Supp. Holm Decl. ¶ 3, Exh. Q (Griffith Depo. 35:7-16), Dkt. 63. Defendant also contests Plaintiff's proposed construction of handset.

(2) Claim Construction

To evaluate these competing arguments, the Court must begin by construing the claim term "handset." The parties agreed to forgo a *Markman* hearing with any disputes over claim construction resolved by the Court in connection with this motion for summary judgment. The only disputed term identified by the parties is "handset." In accordance with the parties' stipulation as to the timing of claim construction, the Court now construes this term.

(a) Proposed Constructions

Plaintiff contends the term "handset" should be construed in accordance with comments it made during patent prosecution, such that a "handset" is construed to mean "a single self-contained wireless handset, without wire[s], connecting to any of the other disclosed devices." Opp., pp. 16-17, Dkt. 56. Defendant contends "handset" should be defined as "a wireless device that is designed to be held in a user's hand." Reply Mem., p. 4, Dkt. 50. According to Defendant, Plaintiff has failed to meet its burden of demonstrating that statements made during prosecution limited the scope of the term "handset" because such statements narrow claim scope only when they are clear and unambiguous.

(b) Legal Standard

In carrying out claim construction, courts are to give claim terms the meaning they would be given by persons of ordinary skill in the relevant art at the time of invention. See 35 U.S.C. § 112; *SanDisk Corp. v. Memorex Prods., Inc.*, 415 F.3d 1278, 1283 (Fed. Cir. 2005). "Claim construction begins with the language of the asserted claims." *SanDisk*, 415 F.3d at 1284 (citing *Vitronics Corp. v. Conceptor, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996)). However, "[w]hen the patentee makes clear and unmistakable prosecution arguments limiting the meaning of a claim term in order to overcome a rejection, the courts limit the relevant claim term to exclude disclaimed matter." *Id.* at 1286.

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(c) Court's Construction

Plaintiff has not presented “clear and unmistakable” evidence that the patentee’s comments during prosecution history were meant to limit the scope of the definition of “handset” or were to overcome a rejection. Plaintiff asserts that it limited the scope of the term by arguing that a “handset” was “a single self-contained wireless handset, without wire[s], connecting to any of the other disclosed devices.” Opp., pp. 16-17, Dkt. 56. This argument, however, was directed to claims that Plaintiff later cancelled. Supp. Holm Decl. ¶ 8, Exh. V, p. 176, Dkt. 63 (Formal Submission canceling claims 14, 23, 24, 31, and 40-53). Further, over the following three years, Plaintiff amended the claims at least six times and never attempted formally to limit the definition of “handset.” *Id.* at 90, 111, 133, 153, 174, 195. In sum, Plaintiff did not disclaim coverage unambiguously to overcome a rejection such that the term should now be limited as Plaintiff contends.

Given the foregoing circumstances, the Court must construe “handset” in accordance with the meaning it would be given by persons of ordinary skill in the art at the time of invention, without regard to any alleged narrowing of that definition. In accordance with these principles, the Court construes the term “handset” to mean “a wireless device designed to perform and readily capable of performing its intended functions while being held in the user’s hand.”

(3) The Newton System Was a Handset

It is undisputed that the Newton alone was a handset. Thus, the issue presented is whether the prior art teaches that the Newton System -- the combination of the Newton, ETE Communicator, and Dayna Card -- is still a handset. After considering the parties’ arguments, including those presented in the original and supplemental briefing and those presented during the three hearings on this matter, the Court finds that the prior art describes the Newton System as a handset such that the “handset” claim limitation is not a cognizable difference between the prior art and the claimed invention.

The prior art regarding the Dayna Card indicates that such card was an internal wireless solution, *i.e.*, that the card fit entirely inside the Newton in the PCMCIA slot. Specifically, the Dayna Press Release states the following: “Dayna’s PCMCIA technology will make Apple’s vision of compact wireless LAN communications for the Newton a reality, and will provide a slim, lightweight *internal* solution consistent with the Newton’s *compact form factor*.” Holm Decl., Exh. G, Dkt. 31-8 (italics added). Similarly, in the Dayna Brochure, the predecessor to the Dayna Card, the PCMCIA Roamer for the Powerbook, is described as a “credit card-sized Type II PCMCIA card that includes a small integrated antenna. No other extraneous attachments are needed....” *Id.*, Exh. H, Dkt. 31-9. The Brochure goes on to state that “[n]othing could be easier to install. Simply slip the Roamer in the PCMCIA slot for wireless communications.” *Id.* Thus, the prior art regarding the Dayna Card teaches that the card was only the size of a credit card, and could be placed inside the Newton such that it had

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no effect on the overall form factor of the device. Accordingly, the addition of the Dayna Card would not affect the Newton's classification as a handset.

The addition of the ETE Communicator, on the other hand, had a greater impact on the Newton's size. Defendant's expert, Howard E. Griffith, who worked for ETE, Inc. during the relevant time, testified that the ETE Communicator was a "docking station" for the Newton. Supp. Holm Decl., Exh. Q (Griffith Depo. 28:12), Dkt. 63. Indeed, when asked if the ETE Communicator was something "you leave on your desk and, you know, put the Newton in when you're at your desk," Griffith replied, "Not necessarily your desk but it could be your desk or a car or a transportation vehicle, truck, for example." *Id.* at 28:13-19. However, Griffith also testified that the ETE Communicator/Newton combination could be carried in a user's hand and could be operated on batteries so that it was more portable. *Id.* at 35:6-16. Further, the ETE marketing materials did not present the ETE as a "docking station"; instead, the ETE Brochure describes the ETE Communicator as a device that "[i]ntegrates with Newton PDAs creating a *Portable Hand-Held System...*" Holm Decl., Exh. F, Dkt. 31-7 (italics added). The brochure also states, "Without compromising portability, [the ETE Communicator] complements the Newton with a wide range of communications capabilities, transforming the Newton into a mobile communications and navigation system." *Id.*

Notwithstanding the Court's inquiries on this topic, Defendant has not submitted evidence regarding the exact dimensions of the ETE Communicator when attached to the Newton. However, Defendant has supplied the photograph included below with the Newton device outlined. Supp. Mem., p. 3, Dkt. 157.



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This photograph shows in graphic terms the relative sizes of the two objects. Griffith also testified that the ETE Communicator was “one and a half times the form factor that the actual Newton was.” Supp. Holm Decl., Exh. Q (Griffith Depo. 29:3-4), Dkt. 63. Although the parties originally represented that one and a half times the form factor referred to an increase in the cross-section of that magnitude, after further consideration, and after taking into account the photograph included below, it appears to the Court that the proper interpretation of Griffith’s statement is that the total, three-dimensional “form factor,” or volume, of the Newton increased by approximately one and one half times when the ETE Communicator was attached.

Thus, because the ETE Communicator was specifically marketed as a product that, when combined with the Newton, would create a “Portable Hand-Held System,” and because the other disclosures in the prior art and Griffith’s testimony either support or are consistent with this finding, the Court finds that the prior art discloses the Newton System as a handset, *i.e.*, as a wireless device designed to perform and readily capable of performing its intended functions while being held in the user’s hand.⁹

e) Voice Transmission over LAN

The parties dispute whether the claim limitation requiring voice transmission over a LAN, which is applicable only to claims 7 and 11, is disclosed in the prior art. In support of its contention that this claim limitation can be found in the prior art, Defendant relies on the Sobrinho Article, which describes a multiple access protocol for integrated voice and data transmission in wireless local area networks. Holm Decl., Exh. N, Dkt. 31-15. The article discusses the divide between using circuit-switching technology for voice transmission and packet-switching technology for data transmission. *Id.* The article states, “As the need to provide wireless access to data applications with demanding requirements is increasing, it is sensible to follow the trend in general communication networks and consider the possibility of using packet-switching technologies to multiplex voice and data traffic in wireless networks.” *Id.* The article goes on to describe a proposed system for transmitting both voice and data via packet-switching technology. *Id.* The Dayna Card is described as communicating with the Network Access Point via “data packets from Ethernet networks.” Holm Decl., Exh. H, Dkt. 31-9. Thus, Defendant argues that, because the Dayna Card used packet-switching technology to transmit data, and the Sobrinho Article disclosed a new protocol for transmitting both data and voice via packet-switching, voice transmission over LAN is disclosed in the prior art.

⁹ It is again noteworthy that, even assuming that the Newton System were almost, but not quite, a handset because of its overall dimensions, if that were the only difference between the claimed invention and the prior art, it would not be sufficient to avoid a finding of obviousness. Indeed, few improvements could be more obvious than the reduction in the overall size of a portable wireless consumer device, thereby increasing its portability. The personal electronics sector has been focused on this product characteristic for many years.

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Defendant's argument is not persuasive. Although the Sobrinho Article purports to advance a method for transmitting voice via packet-switching, there is no disclosure of a device, like the Newton System, that was capable of transmitting voice and data to a LAN. Further, as discussed above in Section III.B.1.c, Defendant has not met its burden of establishing the content of the Sobrinho Article or the manner in which it would have been interpreted by a person of ordinary skill in the art at the operative time. Accordingly, this claim limitation is not disclosed in the prior art.

f) Cellular Telephone Unit

The Court notes that dependent claims 3 and 11 contain the additional claim limitation that the handset is a "cellular telephone unit." This additional claim limitation is disclosed in the prior art. Specifically, the combination of the ETE Communicator and the Newton operated as a cellular telephone. Holm Decl., Exh. F, Dkt. 31-7 (describing this combination as a "full featured, state-of-the-art cellular telephone"). Thus, this additional claim limitation does not constitute a difference between the prior art and the claimed invention.

* * *

In sum, having considered the parties' arguments with respect to each claim limitation that Plaintiff deems a difference between the claimed invention and the prior art, the Court finds that, under the standards applicable to the consideration of this motion, only the limitation found in claims 7 and 11 pertaining to the transmission of voice over LAN is not disclosed in the prior art.

3. Third *Graham* Inquiry: The Level of Ordinary Skill in the Pertinent Art

a) Parties' Arguments

Plaintiff contends that, in the telecommunications industry in the mid-1990s, most individuals would have had an undergraduate-level electrical engineering degree and one year of experience focused on a particular communications protocol. Blackburn Decl. ¶¶ 89-90, Dkt. 57. Thus, according to Plaintiff, that one year of focused experience favors non-obviousness because a person of ordinary skill in the art would not have experience in multiple communication paths, and accordingly would not invent a method in which data and/or voice are communicated selectively over duplicative paths. *Id.* ¶ 91.

Defendant contends that this Court need not make a determination regarding the level of ordinary skill in the art. According to Defendant, because the Newton hardware add-ons were specifically designed and marketed to lay consumers who would combine them with the Newton, even a lay person would have been able to assemble the combined products, *i.e.*, link the Newton device with the other products. Thus, Defendant contends that this is a situation where an understanding of the prior art does not require a special skill set, and it is not necessary to identify a person of ordinary skill.

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Chore-Time Equip., Inc. v. Cumberland Corp., 713 F.2d 774, 779 (Fed. Cir. 1983) (affirming summary judgment where lower court had declined to make a determination as to the level of skill in the art in light of the fact that the prior art could easily be understood by an “ordinary layman of average intelligence.”).

b) Appropriate Level of Skill Here

The Federal Circuit has given the following guidance regarding the level of ordinary skill:

Factors that may be considered in determining level of skill include: type of problems encountered in art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and educational level of active workers in the field. Not all such factors may be present in every case, and one or more of them may predominate.

Custom Accessories, Inc. v. Jeffrey-Allan Indust., Inc., 807 F.2d 955, 963 (Fed. Cir. 1986).

With respect to claims 1 and 3, the Court agrees with Defendant that the level of ordinary skill in the art is low because the prior art relative to such claims is accessible to, *i.e.*, understandable by, a lay person. This finding is based on a number of the factors identified by the Federal Circuit, including the prior art solutions (consumer goods) and sophistication of the technology (end-products meant to be accessible to lay users). In contrast, with respect to claims 7 and 11, the Court agrees with Plaintiff that a person of ordinary skill in the art would be one with an undergraduate-level electrical engineering degree and one year of experience. Although Defendant originally sought a lower level of ordinary skill, Defendant later conceded that an understanding of the Sobrinho Article, which provides the basis for Defendant’s argument regarding the possibility of voice transmission via packet-switching, requires a higher level of skill and training than that of the ordinary lay person. Thus, for claims 7 and 11, the type of problems encountered in the art and the prior art solutions to those problems require reliance on more advanced teachings, like the Sobrinho article. Accordingly, in applying the factors listed above, the Court finds that the level of ordinary skill in the art for claims 7 and 11 is that of an electrical engineer with one year of experience.

Although Plaintiff characterizes the level of ordinary skill as presenting a genuine issue of material fact, the Court does not agree that any dispute of fact here is material. With respect to claims 1 and 3, summary judgment may be granted to invalidate patent claims for obviousness when the subject matter of the invention and the prior art “are easily understandable without the need for expert explanatory testimony.” *Union Carbide Corp. v. American Can Co.*, 724 F.2d 1567, 1573 (Fed. Cir. 1984) (“Here, the court looked at the readily understandable references, and we, like the trial court, discern no genuine issue on the question of what the references show. A trial on this issue would undoubtedly produce more argument but no more enlightenment.”). Similarly, with respect to claims 7

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and 11, the Court adopts Plaintiff's proposed person of ordinary skill because, in addition to the reasons given above, "[w]hen a motion for summary judgment is before the court, the evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Ryko Mfg. Co. v. Nu-Star, Inc.*, 950 F.2d 714, 718 (Fed. Cir. 1991) (internal quotation omitted).

4. Secondary Considerations

a) Parties' Arguments

Plaintiff contends that the commercial success of the iPhone, which it alleges infringes the '380 Patent,¹⁰ creates a genuine issue of material fact with respect to the issues raised by the present motion. *Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568, 1573 (Fed. Cir. 1996) (holding that evidence raised genuine issue of material fact as to whether there was a nexus between commercial success of patented sports card holder and patented features, precluding summary judgment on issue of obviousness). Plaintiff also contends that the commercial success of an infringing product is evidence of the commercial success of the claimed invention, making it relevant to the obviousness analysis. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1579 (Fed. Cir. 1997) (holding that the commercial success of an infringing product is relevant to the obviousness of the invention and that the prominence of the patented technology in the advertising of the infringing product creates an inference that links the invention to said commercial success). In short, Plaintiff asserts that, because the iPhone is marketed as "revolutionary" for switching seamlessly between Wi-Fi and 3G (a LAN and a WAN, respectively) for fast uninterrupted connectivity, which feature allegedly infringes the '380 Patent, the iPhone's commercial success can be linked to its infringement of the '380 Patent. Plaintiff also provides other evidence of this claimed link between infringement of the claimed invention and the iPhone's commercial success. This includes a survey that indicates that, when consumers are deciding whether to purchase an iPhone, the availability of Wi-Fi on the iPhone was tied with another feature as the most important factors in deciding whether to make the purchase. Blackburn Decl. ¶ 74, Dkt. 57.

Defendant responds that a strong *prima facie* obviousness showing may stand even in the face of considerable evidence of secondary considerations. *Sundance, Inc. v. DeMonte Fabricating, Ltd.*, 550 F.3d 1356, 1368 (Fed. Cir. 2008) ("Secondary considerations of nonobviousness -- considered here by the district court -- simply cannot overcome this strong *prima facie* case of obviousness."). Further, Defendant contends that, before Plaintiff can use reliance on the success of the iPhone as evidence of commercial success of the '380 Patent, Plaintiff must show: (i) the accused product actually practices the claimed invention (*i.e.*, the infringement prong); and (ii) the commercial success of the

¹⁰ Plaintiff presents the testimony of its expert as evidence that the iPhone infringes the '380 Patent, Blackburn Decl. ¶¶ 66-67, Dkt. 57, and as evidence of the nexus between the iPhone's commercial success and its infringement, *id.* ¶¶ 69-70.

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accused product flows as a direct consequence of practicing the claimed invention, *i.e.*, the nexus prong. *See Sandt Tech., Ltd. v. Resco Metal & Plastics Corp.*, 264 F.3d 1344, 1355 (Fed. Cir. 2001). Here, Defendant asserts that Plaintiff has not shown sufficient evidence of either infringement or nexus. With respect to infringement, the claimed method is not infringed by every device that communicates over two different types of networks. Instead, to practice the invention, a user must send e-mail over a LAN when the cellular transmit power level is higher than the LAN transmit power level.

b) Relevance of iPhone's Commercial Success

Plaintiff's reliance on the iPhone's commercial success as evidence of non-obviousness is not persuasive. Plaintiff has simply assumed infringement based on its expert's conclusory statements and broadened the scope of its patent to cover any device that selectively communicates with two networks. But, the claims of the '380 Patent are not this broad. Thus, although Plaintiff has introduced evidence that iPhone purchasers put significant value on the iPhone's ability to switch between a cellular network and a Wi-Fi network, Plaintiff has failed to establish that this feature infringes its patent, or that the iPhone's success is linked to its transmission of e-mail to a LAN at a lower power than that used to transmit to a WAN. Accordingly, Plaintiff has failed to demonstrate infringement and a nexus between its invention and the iPhone's success. Therefore, Plaintiff cannot rely on the commercial success of the iPhone as a secondary indication of non-obviousness.

Further, Plaintiff's arguments regarding the iPhone's commercial success and the lack of a motivation to combine voice and data communications rely on conditions that did not exist at the time the patent application was filed. For example, Plaintiff contends that the iPhone's duplicative communication paths have led to significant commercial success because of overloaded cellular networks. But, this problem has arisen only in the last few years, well after the patent application was filed in April 1997. Thus, this was not a problem that the '380 Patent's inventor intended to address. The Court recognizes that a patent applicant need not understand the reason why his invention works and need not set forth all the uses for the invention. 2-5 CHISUM ON PATENTS § 5.03[5]. Accordingly, a patent monopoly will extend to include later-discovered uses and advantages of the claimed invention. *Id.* However, it does not necessarily follow that a patent holder can rely on undisclosed advantages as evidence of non-obviousness, particularly when such undisclosed advantages were not only "undiscovered" at the time of invention, but did not even exist at such time. Because any advantages related to overloaded cellular networks are the product of changes in external conditions, they are not logically related to the claimed invention. Thus, the Court finds that there is little or no probative value in such after-the-fact advantages in this action in the determination of obviousness. *See id.* at § 5.03[5][d] ("A decision-maker can legitimately be skeptical about the value of a feature that was originally overlooked and brought forth only at a later date to avoid a finding of invalidity in the light of the disclosures of the prior art."). Put differently, according to Plaintiff's own arguments, the iPhone's

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feature of switching between cellular networks and Wi-Fi has contributed to its success because of overloaded cellular networks, not because of any advantage inherent to practicing the claimed method.

C. Legal Question of Obviousness

1. Legal Standard

“A patent may not be obtained ... if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C. § 103(a). “If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *KSR*, 550 U.S. at 417. Nonetheless, as the Supreme Court has explained:

[A] patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art. Although common sense directs one to look with care at a patent application that claims as innovation the combination of two known devices according to their established functions, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does. This is so because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known.

Id. at 418-19. Although a teaching, suggestion or motivation to combine known elements found in the prior art can be probative of obviousness, the lack of any such encouragement to combine the elements does not preclude a finding of obviousness. *Id.* Further, “a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.* at 418. “[A] person of ordinary skill often will be able to fit the teachings of multiple patents together like pieces of a puzzle.” *Id.* at 402.

2. Parties' Arguments

Plaintiff contends that Defendant has failed to provide any reason why a person of ordinary skill would have thought to combine the two duplicative communication paths. From this, Plaintiff contends that Defendant has not met its burden with respect to showing obviousness. Specifically, Plaintiff contends that the Newton Article never states or implies that there is a reason to connect the Newton to both the ETE Communicator and the Dayna Card or Grouper product. Further, Plaintiff contends that the Newton Article actually teaches away from such a combination because it discusses the ETE as an alternative to LAN communication devices. Plaintiff also reiterates its argument that combining all three devices is not physically possible. Finally, Plaintiff contends that the present motivation to combine the duplicative communication paths, *i.e.*, the increased efficiency in data transfer speeds associated with off-loading data from cellular WANs to Wi-Fi LANs, precludes a finding of obviousness.

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Defendant contends that the Newton Article describes the ETE Communicator and Dayna products as peripherals for the Newton. According to Defendant, this provides a motivation to combine the devices. Further, the Article goes so far as to assert that the Newton's greatest strength is its compatibility with a broad range of third-party hardware attachments, which make the Newton device extremely flexible by allowing users to tailor Newton units to their individual needs. Consequently, Defendant contends that the Newton Article invites and advises Newton users to take advantage of the Newton's flexibility by combining hardware attachments such as the Dayna, Grouper, and ETE products.

3. Analysis

a) Claims 1 and 3

"Where ... the content of the prior art, the scope of the patent claim, and the level of ordinary skill in the art are not in material dispute, and the obviousness of the claim is apparent in light of these factors, summary judgment is appropriate." *KSR*, 550 U.S. at 427. Here, guided by the *Graham* inquiries, and considering the claimed invention as a whole, the Court finds that claims 1 and 3 are invalid as obvious in view of the prior art.¹¹ A person of ordinary skill in the art would have been both able, and motivated, to practice the claimed invention based on the teachings of the prior art.

Contrary to Plaintiff's assertions, the Newton Article does not teach away from combining peripherals. Although it identifies the Grouper and Dayna products as alternative means for accessing LANs, it does not describe the ETE Communicator as a further alternative. Thus, the article does not teach away from the three-part combination. Additionally, Plaintiff's argument that combining all three devices is physically impossible is not relevant because, as discussed above, the references are prior art for all they teach, even if the combination ultimately is impractical or difficult to achieve.

No more persuasive is Plaintiff's present claimed motivation to combine. At the time of the invention, there was not a problem with respect to overburdened cellular networks. There is no evidence in support of a contrary conclusion or that such a condition was a problem the inventor sought to address. The '380 Patent itself indicates that the inventor's motivation to combine the communication paths was to permit users to invest in one product with dual functionality as a mobile handheld device and as a stationary, "base unit" device. This would save consumers money. See Holm Decl., Exh. B,

¹¹ These claims are evaluated together because, as discussed above, claim 3 depends on claim 1 and adds only the additional claim limitation that such handset be a cellular telephone unit. The parties do not dispute that the Newton and ETE Communicator combination was a cellular telephone unit; they dispute only whether it was a handset. Thus, if claim 1 is obvious, then claim 3 is also obvious because the only potential handset at issue was also a cellular telephone unit.

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Dkt. 31-3. The local communication was for the handset to communicate with the base unit, not for the handset to transmit information more efficiently and avoid problems associated with overburdened cellular networks. *Id.* Another stated motivation was to reduce users' exposure to harmful radiation by transmitting information at a lower power level to the base station whenever possible, which information would then be relayed to the relevant WAN by the base station. By using this approach, the high-power transmission occurred at the base station and not from the device that the user was holding. *Id.*

Further, there are no claim limitations found in Claims 1 and 3 that are not disclosed in the prior art. Indeed, as the preceding evaluation of the *Graham* inquiries demonstrated, all of the following claim limitations are disclosed in the prior art: (i) selective communication, (ii) local area communication that includes e-mail, (iii) differing transmit power levels, and (iv) a handset. Thus, under the standard set forth in § 103(a), the only remaining question pertinent to the legal determination of obviousness is whether, in light of these similarities between the prior art and the claimed invention, the claimed invention as a whole, *i.e.*, the three-part combination of the Newton System, would have been obvious at the relevant time. 35 U.S.C. § 103(a) ("A patent may not be obtained ... if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.").

The Court finds that the combination would have been obvious to a person of ordinary skill in the art. Notably, the Dayna Card and ETE Communicator were made to work with the Newton. Thus, the combination of the Newton and the Dayna Card, and the combination of the Newton and the ETE Communicator, are plainly obvious. The taking of the next step -- combining the Newton with two peripheral devices -- although perhaps not as obvious as the first step, would still have been obvious. The Newton Article praised the Newton for "its breadth of third-party support, both in terms of available software and a steadily increasing number of hardware attachments. These make the Newton extremely flexible and let users tailor a unit to their needs." Holm Decl., Ex. E, Dkt. 31-6. Thus, the Newton was made for customization through the addition of third-party hardware attachments.

Also significant is that there was a motivation to combine that existed at the time of invention similar to that addressed by the inventor. The prior art shows that the Dayna Card and other wireless LAN solutions had a low transmit power and compact size, but limited range, while the ETE Communicator and similar devices offering wireless WAN connectivity provided different benefits and limitations, *i.e.*, a wide range but bulkiness and high transmit power. It is likely that a person of ordinary skill in the art, when considering the prior art describing the Newton and available add-on devices, would realize that the best solution for wireless connectivity was the following: Setting up a Dayna Access Point at such person's home and/or office and inserting a Dayna Card into the Newton's PCMCIA slot for lightweight and low transmitting power to a LAN, and then adding the ETE Communicator for WAN access when such person was "on-the-go" and outside the range of the Dayna

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Access Point, *e.g.*, while driving. Thus, these devices were actually marketed in such a way that they were not redundant, as Plaintiff contends, but complementary. *See, e.g.*, Holm Decl., Exh. F, Dkt. 31-7 (“[B]ecause the connection to the Newton is made through the serial port, the Newton’s PCMCIA slot remains available for other uses.”). Accordingly, combining them in a predictable way to produce predictable results was obvious. *See, e.g.*, *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976) (holding that when a patent “simply arranges old elements with each performing the same function it had been known to perform” and yields no more than one would expect from such an arrangement, the combination is obvious); *KSR*, 550 U.S. at 417 (“[A] court must ask whether the improvement is more than the predictable use of prior art elements according to their established functions.”).

For all of these reasons, the Court finds that claims 1 and 3 of the ‘380 Patent were obvious in light of the prior art.

b) Claims 7 and 11

Claims 7 and 11 are substantially identical to claims 1 and 3, respectively, with one major difference: The handset must be able to transmit voice to and from a LAN. Thus, although creating a handset that could transmit voice and data to a WAN and data to a LAN was obvious, the Court finds that Defendant has not met its burden of proving that the claimed invention as a whole (based on claims 7 and 11), which includes voice transmission over a LAN, was obvious. As discussed in Section III.B.2.e, *supra*, Defendant claims that the addition of voice transmission over a LAN was disclosed in the prior art, and was obvious, because the Dayna Card transmitted using packet-switching technology, and the Sobrinho Article discusses integrating voice and data transmissions using packet-switching technology through a new, multiple access protocol. This argument is unpersuasive for two reasons. First, it is not at all clear that a person of ordinary skill in the art, *i.e.*, an electrical engineer with one year of experience, would be able to apply a new, potentially undeveloped and untested method to an existing product such that it could transmit voice and data through packet-switching. Second, it is not clear that such person of ordinary skill would have any reason to combine the ideas in the Sobrinho Article with the Newton prior art. Defendant points to the fact that both the Dayna disclosures and the Sobrinho Article discuss packet-switching as supplying a sufficient motivation to combine, but the Court finds that this link is not sufficiently clear to grant the relief sought by the present motion in view of the applicable standards.

Further, genuine issues of material fact remain regarding how a person of ordinary skill would interpret the Sobrinho Article, which goes to the underlying factual inquiry of the content of the prior art. This is a matter as to which expert testimony may be pertinent. On the current record, without such expert testimony, the motion must be denied because the Court cannot determine whether combining the Sobrinho Article with the Dayna Card disclosures and other prior art would be obvious to a person of ordinary skill in the art, or whether there was a motivation to combine these references. In short,

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Defendant has failed to introduce sufficient evidence on this point to meet the burden imposed by the present motion: To demonstrate affirmatively that there is no genuine issue of material fact. Although the ultimate legal determination of obviousness is a question of law, the underlying factual inquiries, such as the content of the prior art and the differences between the prior art and the claimed invention as perceived by a person of ordinary skill in the art, must inform that legal determination. Consequently, Defendant's motion for summary judgment is DENIED to the extent that it seeks to invalidate claims 7 and 11 of the '380 Patent for obviousness.

IV. CONCLUSION

For all of the foregoing reasons, the Court GRANTS Defendant's motion for summary judgment with respect to claims 1 and 3 and invalidates such claims as obvious over the prior art. The Court DENIES Defendant's motion for summary judgment with respect to claims 7 and 11.

The Final Pretrial Conference, currently on calendar for today, is continued to March 12, 2012 at 3:00 p.m., at which time the exhibit conference and trial date will be reset.

IT IS SO ORDERED.

Initials of Preparer ak
