

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

1. Trilogy Software, Inc.; and	§	
2. Trilogy Development Group, Inc.,	§	
	§	
Plaintiffs,	§	
	§	
v.	§	CIVIL ACTION NO. 2-04CV-160 (TJW)
	§	
1. Selectica, Inc.,	§	
	§	
Defendant.	§	JURY TRIAL DEMANDED

Trilogy’s Opening Claim Construction Brief on the Trilogy Patents-in-Suit

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(Filed concurrently herewith)

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Exh. 3	U.S. Pat. No. 6,675,294 (the “294 patent”)
Exh. 4	U.S. Pat. No. 5,878,400 (the “400 patent”)
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- Exh. 25 Letter from Rick Chang modifying Selectica's proposed constructions, June 13, 2005
- Exh. 26 '400 File History, June 12, 1998 Amendment and Response, p. 16
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- Exh. 28 "Trilogy debuts PriceBUILDER software to provide sophisticated pricing capabilities", BusinessWire, August 1, 1995, TRL-00467765-66
- Exh. 29 Karen D. Moser, "Trilogy system to ease design of POS apps.", PC Week, March 16, 1992, TRL-00467771-72

I. Introduction

Trilogy Software, Inc. (“Trilogy”) is an Austin-based company that designs and sells software for some of the largest companies in the world including Ford Motor Company and Herman Miller. <http://www.trilogy.com/Sections/Customers/>. Founded in 1989 by five Stanford students, Trilogy has grown into one of the world’s largest privately held software companies. *See* Exh. 6 at TRL-00584981-82 (“*Holy cow, no one’s done this!*” FORBES (June 3, 1996)); http://www.trilogy.com/Sections/About_Us/. Much of that growth has been fueled by the innovations embodied in the five Trilogy Patents-in-Suit.¹ Giving these patents the full breadth to which they are entitled is essential to protect Trilogy’s investment in this revolutionary technology.

Trilogy respectfully submits this opening claim construction brief on the disputed claim terms in the Trilogy Patents-in-Suit. The first section of this brief will provide a description of Trilogy’s patented configuration and pricing software described and claimed in the patents. The brief will then provide a short synopsis of the relevant law of claim construction including a discussion of the proper methodology for construing means-plus-function elements in the case of computer-implemented inventions. More specific discussion of applicable cases will occur in connection with the claim terms to which they apply. Finally, Trilogy will discuss each disputed claim term and explain why Trilogy’s proposed constructions are the correct ones and illustrate

¹ Five of Trilogy’s patents are at issue in this case, which may be grouped by subject matter. The first group consists of Exhibit 1, U.S. Patent Nos. 5,825,651 (the “’651 patent”); Exhibit 2, 6,405,308 (the “’308 patent”); and Exhibit 3, 6,675,294 (the “’294 patent”), which will be collectively referred to herein as the “Trilogy Config patents.” The second group consists of Exhibit 4, U.S. Patent Nos. 5,878,400 (the “’400 patent”) and Exhibit 5, 6,553,350 (the “’350 patent”), which will be collectively referred to herein as the “Trilogy Pricer patents.” The three Config Patents are related and share a common specification. The ’308 patent issued from a continuation of the application that led to the ’651 patent. Likewise, the ’294 patent issued from a continuation of the application that led to the ’308 patent. Similarly, the Pricer Patents are related, with the ’350 patent issuing from a continuation of the application that produced the ’400 patent.

how Selectica's proposed constructions improperly read limitations from the preferred embodiment into the claims. A chart is attached for the Court's convenience, logically grouping the disputed claim terms and providing a side-by-side comparison of the parties' respective proposed constructions of those terms. *See* Exh. 7.

II. Overview of the Patented Technology

The Trilogy Patents-in-Suit can be segregated into two separate, yet related, areas—product configuration technology (or simply “Config”) and pricing technology (sometimes called “Pricer” for short). Trilogy's patented product configuration technology, as the name implies, enables a consumer to select different options on a product such as a computer or a car. Trilogy's configuration technology ensures that only the proper options are presented to the consumer so that the final product is one that can be built and, hopefully, sold. Trilogy's patented pricing technology manages the complex pricing schemes that are used by today's highly-sophisticated companies. This technology simplifies the process of assigning and managing the vast array of factors that can affect the final price of a configured product offered to a purchaser.

A. Trilogy's Patented Config Technology

Trilogy emerged in the early 1990's with a revolutionary idea that changed the way that companies did business. For years, companies had focused on streamlining their “back office” operations, such as engineering and manufacturing. As a result, the opportunities for a company to further increase its profitability through continued improvement of the back office were minimal. A significant and continuing source of inefficiency, however, remained in the companies' “front offices”—such as sales and marketing groups. Trilogy targeted these front-office inefficiencies with its first product, named SalesBuilder, introduced in 1992. *See* Exh. 6 at

TRL-00584982 (“*Holy cow, no one’s done this!*” FORBES (June 3, 1996)); Exh. 29 at TRL-00467771 (Karen D. Moser, *Trilogy System to Ease Design of POS Apps.*, PC WEEK, March 16, 1992, at 61).

SalesBuilder is computer software that assists companies’ sales forces in configuring products for sale to a consumer. The problem addressed by SalesBuilder is a familiar one to most consumers. While products for purchase can typically be categorized, many customization decisions remain for the consumer to make. Take a computer system, for example. A consumer wishing to purchase a computer system must initially choose the brand of computer he desires. Once the consumer has selected a manufacturer, the consumer is faced with a host of customization options, such as desktop or laptop, screen size, and storage media features (e.g., disk drive, CD-ROM, DVD, etc.). These choices must be resolved before his computer system can be purchased.

Each option chosen by the consumer has consequences that impact the design, manufacture, and, most importantly, the final sale price at which the computer system can be provided to the consumer. Continuing with our computer example, the screen size chosen by the purchaser may dictate certain other components of the computer system. Many of these subsidiary components do not matter to the consumer, such as power supplies, chassis or housing size, and wiring. Certain consumer choices may also be incompatible with other remaining options or components. For instance, if a consumer chooses a desktop computer system with only two storage media bays, that user cannot select three storage media devices for his computer. In summary, a consumer’s choice often produces a ripple of change affecting the entire product. The ripple can impact material and manufacturing requirements and, ultimately,

the manufacturer's cost. Failing to anticipate the full extent of the ripple resulting from a consumer's customizations can make the difference between a profitable sale and a loss.

SalesBuilder, as well as other prior art configuration systems, solved this problem by meticulously describing the physical and technical characteristics of a product using a "configuration language." '651 Patent, 1:34-35. SalesBuilder, for example, uses Trilogy's proprietary Configuration Modeling Language (CML), a computer modeling language also invented by Trilogy. Using CML, a modeler could write a textual model representing a company's entire range of product offerings and options. Each component of a system could be modeled in CML. SalesBuilder permitted a company to determine the spatial requirements, power needs, and any other physical requirements of the components in a configured system before offering those systems for sale to a customer. Once modeled, SalesBuilder software analyzed the ramifications of his chosen options—modeling the resultant ripple of changes in the cost-free, virtual environment of the computer.

SalesBuilder was and still is a powerful tool, capable of modeling any complex product line from computers to office furniture. In certain applications, however, SalesBuilder's power was too much. CML, while capable of modeling any combination of components, required the person creating or maintaining the system model to have a working knowledge of the "syntax" of the configuration language and the physical interrelationships of the components in the system. *See* '651 Patent, 1:34-40. Effective use of SalesBuilder, as with other prior art configuration language-based systems, therefore, required a significant investment in training and, consequently, limited the pool of potential modelers. *See id.* at 1:26-60. What was needed was a tool of reduced complexity, in which no detailed knowledge of computer languages or manufacturing requirements was necessary—a tool with which a marketing or sales person could

model a product line with all of the features and options that the consumer desired. SalesBuilder and the other configuration products on the market at the time did not satisfy this need.

Trilogy's "Config" patents² offer an elegant solution to the problems discussed above regarding the complexity of text-based configuration systems such as SalesBuilder. In contrast to the configuration language approach of SalesBuilder and CML, the Config patents take a graphical view of product modeling. While a marketing person may not understand how to write a CML model, he does understand the options and features that are available for him to sell to the consumer. Trilogy's patented Config technology enables this marketing person to classify the parts that make up a product as either "included" in a given product, "requires choice" among one or more parts, or "optional" using an intuitive graphical interface.

Using the graphical interface, such as that shown in FIG. 6, the user can simply drag and drop parts from a virtual parts catalog ("602") into a window that corresponds to one of these product relationships ("650") (i.e., a relationship between a part and a product). '651 patent, Figure 6; col. 8:12-49. Once placed in one

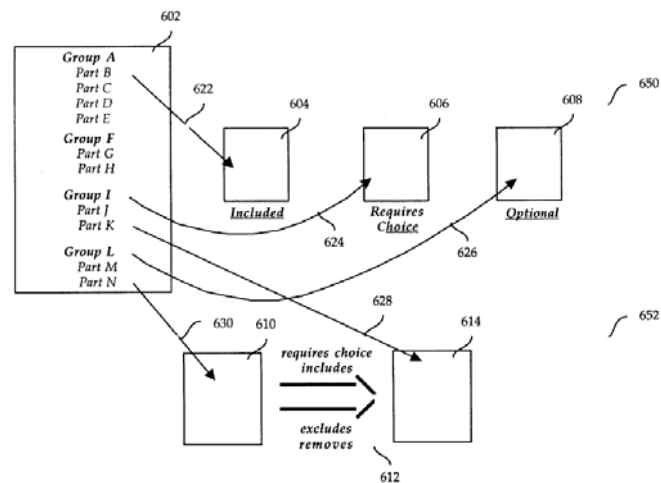


FIG. 6

of these window panes, the Config system would classify that part (or group of parts) as having that specific association to the product (e.g., "included"). The inventors also provided a graphical user interface ("652") that allowed this same person to model relationships between parts, for example, Part A "excludes" Part B, once again without writing a single line of code.

² See note 1, *supra*.

Id. Prospective customers from automobile manufacturers to shoe stores immediately embraced Trilogy's new configuration technology called "Selling Chain" because of its powerful simplicity. Exh. 8 at TRL-00584991 (Karen E. Starr, "*Dream On: How dreamer Joe Liemandt built Trilogy, a billion dollar business, in just six years*," SELLING POWER (Oct. 1997)).

B. Trilogy's Patented Pricer Technology

Naturally, Trilogy's work in solving one front-office problem led to the identification of others. One such problem, also associated with sales, involved pricing products in the field. Sales negotiations commonly occur in the field, at a customer's place of business, and often with close competition from other vendors also seeking to win the consumer's business. The difference between closing and losing a deal can come down to timing, often with the first vendor offering a firm price winning the sale. *See* '400 Patent, 1:11-19. A seller who cannot provide on-the-spot product pricing is at a disadvantage to those that can.

A company's pricing scheme is often quite complicated. While every product has a base price (e.g, MSRP for vehicles), many factors can influence the price at which that product is ultimately offered to a purchaser. Factors such as the purchaser's identity (i.e., a regular customer or one-time purchaser), sales tax in the consumer's state, the volume of the order, any discounts or sales that might be going on, and even pressure from a competing salesperson all may influence the offering price of a product. *See id.* at 1:34-49. To accommodate this vast array of impacts on price, companies traditionally kept giant databases of pricing information. The data was typically stored in tables, as shown in the above figure, with each possible combination of buyer and product configuration requiring a separate field.

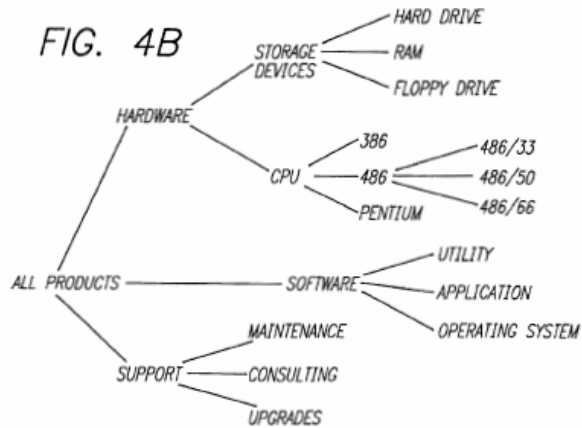
WHAT WHO	486/33 CPU	486/50 CPU	486/66 CPU
ADAM	10%	12%	14%
BOB	8%	16%	22%
CHARLIE	15%	5%	2%

The magnitude of the pricing databases required that they be stored in large central computer systems. Portable computer systems at the time the Pricer patents were filed were incapable of storing a voluminous database. *Id.* at 1:20-23. A sales representative in the field, therefore, often could not close a deal without calling into, or returning to, the central office for pricing information. At the central office, pricing information could be gathered from the database through a series of database queries, further adding to the delay. Along with the delay in providing pricing information came an increased risk of losing the sale. *See id.* at 2:17-24.

The pricing tables of the prior art also required a significant manpower commitment to keep them accurate. A one-week sale on a particular component required updating each field corresponding to that component in the databases. Returning again to our computer example, a sale on CPUs at a company with ten different CPU offerings required updating ten different fields per purchaser. Assuming 1000 different purchasing organizations (a conservative scenario for companies with a national consumer base), a total of 10,000 fields must be updated. At the end of the week-long sale, those same 10,000 fields must be changed back to their normal values.

What was needed was an easily maintained pricing system that could be used in the field for negotiation-table pricing. The voluminous pricing tables typically used were not portable, and the reduced-volume packages that were on the market resulted in a loss in accuracy. Neither of these options were acceptable to users. *Id.* at 2:53-3:3.

Like the Config patents did for configuration software, Trilogy's "Pricer" patents³ simplified the prior-art approaches to modeling and calculating pricing information. *See* Exh. 28 at TRL-00467765 (*Trilogy Debuts PriceBUILDER Software to Provide Enterprise Sales and Marketing*



Systems for Fortune 500 Companies, BUSINESS WIRE, Aug. 1, 1995). The Pricer patents begin by reorganizing pricing information. Instead of storing pricing information in bulky tables, Trilogy arranged both purchasing organizations and products in hierarchies. Each level of the hierarchy was further divided into subgroups, as shown in Figure 4B. At the top of the hierarchy, for example, could be the category "All Products." The "All Products" category could then be divided into the subgroups of "Hardware," "Software," and "Support." Each of these subgroups are part of the "All Products" group, yet are distinguishable from one another based on their individual characteristics. *See id.* at 3:21-29. This pattern could be repeated down to the desired specificity of grouping.

Once in hierarchical form, pricing information, in the form of "pricing adjustments," could then be assigned to different levels of the product and purchaser hierarchies using Trilogy's Pricer product. *See, e.g., id.* at 10:22-43. Through inheritance, all subgroups descending from a single parent group can be assigned pricing information with a single entry. *Id.* Referring back the sale on CPUs discussed previously as an example, rather than having ten different entries to change, a single change could be made at the "CPU" level of the hierarchy.

³ *See* note 1, *supra*.

By way of inheritance, each CPU below that level—Pentium, 486 (including 486/66, 486/50, and 486/33), and 386—would be adjusted to the sale price (10% off, for example).⁴ Under the Pricer methodology, only one entry must be changed. At the end of the sale, all CPUs can be returned to their full list price with a single entry. Perhaps more importantly, only one entry must be *stored*, drastically reducing memory requirements and computation time from the prior art tables.

The Pricer patents also provide for flexibility in creating pricing schemes associating pricing adjustments with a “pricing type.” *See id.* at 14:2-10. A pricing type is exactly what it sounds like: a type of pricing adjustment. Some examples of pricing types are a volume discount, or the sale discount discussed above in connection with the CPU example. A single level in the hierarchy may be assigned multiple pricing adjustments of multiple pricing types and pricing adjustments of different pricing types may be assigned up the line of the hierarchy. For example, CPUs can be on sale at 10% off and also receive a volume discount of 5% for orders of 100 or more. Both pricing types would be assigned at the CPU level. Or, if the volume discount is for Pentiums only, the sale discount would be at the CPU level, while the volume discount was assigned to the “Pentium” level of the hierarchy. Trilogy’s Pricer technology was as flexible as it was efficient. Not surprisingly, the product was warmly embraced by Trilogy’s customers. Exh. 9 at TRL-00584996-97 (James Kim, “*Software Pioneers Take the Pain Out of Pricing*,” USA TODAY, Feb. 24, 1998).

III. The Relevant Legal Principles

As this Court well knows, the claims define the bounds of the patent grant. When construing the claims of a patent, a “court should look first to the intrinsic evidence of record,

⁴ Under some circumstances, as described in the Pricer patents, a pricing adjustment lower in the hierarchy (i.e., more restrictive) may be used in lieu of pricing adjustment higher up in the hierarchy (i.e., less restrictive) for the same pricing type. ’400 patent, col. 7:15-29.

i.e., the patent itself, including the claims, the specification and, if in evidence, the prosecution history.” *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996). The components of the intrinsic evidence form a natural hierarchy of interpretive sources, outlining a methodology in which the claims, the remainder of the specification, and the prosecution history must all be reviewed to reach a proper understanding of the scope of the claims. *See Vitronics*, 90 F.3d at 1582-83. While the written description “must be examined in every case,” “the analytical focus must begin and remain centered on the language of the claims themselves.” *Brookhill-Wilk 1 v. Intuitive Surgical, Inc.*, 334 F.3d 1294, 1298 (Fed. Cir. 2003) (quoting *Interactive Gift Express, Inc. v. Compuserve, Inc.*, 256 F.3d 1323, 1331 (Fed. Cir. 2001)). When properly construed, a claim term carries the meaning it would be given by one of ordinary skill in the art at the time of the invention. *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1116 (Fed. Cir. 2004); *Tex. Digital Sys. v. Telegenix, Inc.*, 308 F.3d 1193, 1202 (Fed. Cir. 2002).

Although claims, to be properly construed, must be read in light of the specification, proper claim construction technique forbids importing limitations from the specification into the claims. *Arlington Indus., Inc. v. Bridgeport Fittings, Inc.*, 345 F.3d 1318, 1327 (Fed. Cir. 2003) (“We have consistently warned against this approach to claim construction, which is seldom justified.”). Moreover, absent a “clear indication” to the contrary, the claim terms should not be limited by embodiments disclosed in the patent specification. *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 913 (Fed. Cir. 2004) (“Even when the specification describes only a single embodiment, the claims of the patent will not be read restrictively unless the patentee has demonstrated a clear intention to limit the claim scope using ‘words or expressions of manifest

exclusion or restriction.’” (quoting *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1327 (Fed. Cir. 2002)).

Construction of so-called means-plus-function elements requires a slightly different approach. See 35 U.S.C. § 112 ¶ 6. The Court must first identify the function recited by the element. *Omega Eng’g, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1322 (Fed. Cir. 2003). Once the function has been identified, the Court must identify the structure described in the specification that performs that recited function. *Id.* Not all of the structure of the preferred embodiment, however, needs to be read into the claim element. Only the structure necessary to perform the recited function—and no more—should be read into the claim. See *Wenger Mfg., Inc. v. Coating Mach. Sys., Inc.*, 239 F.3d 1225, 1233 (Fed. Cir. 2001) (“Under § 112, ¶ 6, a court may not import functional limitations that are not recited in the claim, or structural limitations from the written description that are unnecessary to perform the claimed function.”); *Creo Prods., Inc. v. Presstek, Inc.*, 305 F.3d 1337, 1344-45 (Fed. Cir. 2002).

A general purpose programmed computer can be the structure that corresponds to a means-plus-function element. In cases, such as this one, “in which the disclosed structure is a computer, or microprocessor, programmed to carry out an algorithm, the disclosed structure is not the general purpose computer, but rather the special purpose computer programmed to perform the disclosed algorithm.” *WMS Gaming Inc. v. International Game Technology*, 184 F.3d 1339, 1349 (Fed. Cir. 1999). The algorithm need not be expressly disclosed, but can be discerned from the figures and accompanying text. *Id.* at 1347-48. In the rare case when an inventor fails to disclose adequate structure to support the means-plus-function limitation, the claim is rendered indefinite. *Atmel Corp. v. Information Storage Devices, Inc.*, 198 F.3d 1374, 1379-80 (Fed. Cir. 1999).

IV. Trilogy's Proposed Constructions of the Disputed Terms

A. The Config Patents

As explained in the Overview above, the Config patents use a graphical user interface to create basic relationships between a product and its respective parts (called, not surprisingly, “product relationships,” col. 8: 9-10⁵) and parts with other parts (called “part relationships,” col. 8:10-11). “A view of the product that is seen by the user,” as shown in Fig. 6 of the Config patents above, “is referred to as the external representation.” Col. 8:66-67. The external representation permits even a non-technical user such as a sales or marketing employee to create configuration models for an entire product line. As a result, “[t]he user does not need to express a definition or configuration using a language that has a syntax that is foreign to the user.” Col. 9:2-4. The external representation is what accomplishes the fundamental objectives of the invention.

“The external representation is translated into an internal representation that is designed to decrease processing time and increase response time.” Col. 5:28-31. The components of the internal representation, “according to an embodiment of the invention,” are shown in FIGS. 8A-8B. Col. 9:34-37 (emphasis added). Figure 8A illustrates a number of so-called “bit vectors” used in the preferred embodiment of the internal representation. Each bit vector is a concatenation of a number of binary bits (i.e., “1” or “0”), where each bit “represents elements in a configuration (e.g., product, part, and group).” Col. 3: 13-16. “A bit vector implementation of relationships and internal runtime state allows for fast and efficient computation of relationship based configuration.” Col. 10:6-9. In fact, bit vectors allow the system to evaluate these relationships “in one machine instruction in most cases.” Col. 3:46-48.

⁵ All citations for the Config patents are to the specification of the '651 patent, Exhibit 1, unless stated otherwise.

Figure 8B illustrates a number of “run-time tables,” which are also a part of the preferred embodiment of the internal representation. These runtime tables “are preferably used to store internal representation” during a configuration session. Col. 11:1-2 (emphasis added). As illustrated in Fig. 8B, “[e]ach table has a left-hand side and a right-hand side that corresponds to the left-hand and right-hand sides of a relationship.” Col. 3:29-31. The bit-vectors and run-time tables embody the lowest level of detail described in the Config Patents.

As will become apparent in the discussion that follows, Trilogy’s claim constructions comport with the particular representation that the claim is drafted to cover—in most cases the “external” representation. In many cases, the express language of the claim demands that the claims be interpreted at this level. Take claim 1 of the ‘651 Patent for example:

1. A method of configuring a system comprising the steps of:
generating a definition for said system, said definition containing one or more elements and being conveyed graphically using a set of product relationships, said product relationships identifying classifications for said one or more elements, said product relationships comprising an includes classification;
generating a set of part relationships between said one or more elements, said set of part relationships being conveyed graphically; and
configuring said system using said definition and said set of product relationships and said part relationships.

Col. 21:31-43 (emphasis added). This claim, as with many of the other independent claims, repeatedly uses the phrase “being conveyed graphically.” As described above, this is the “external” representation. The terms appearing in this claim should, therefore, be construed to cover this representation.

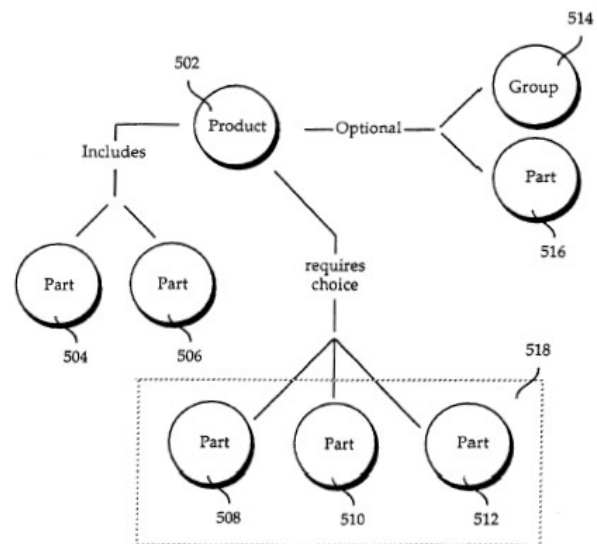
Selectica’s proposed claim constructions, on the other hand, all incorporate limitations from the preferred embodiment of the “internal” representation despite a complete absence of textual support in the claim. In fact, Selectica has gone so far as to interject a term (“left-hand side”) into all of the independent claims that appears only in unasserted dependent claims and

then, to add insult to injury, asks this Court to interpret that term. The Court should reject Selectica's blatant "litigation-inspired" claim construction methodology and adopt Trilogy's proposed construction.⁶ *Tex. Digital Sys.*, 308 F.3d at 1203.

1. Product Relationship

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'651: 1, 20, 60, 73 '308: 18, 20	product relationship	A classification of the specific association that exists between a product and one or more parts.	A relationship between a product on the left hand side and a set of elements on the right hand side, whose classification corresponds to the type of the relationship.

Trilogy's proposed construction of "product relationship" is a "classification of the specific association that exists between a product and one or more parts." The term "relationship" is defined as "An association between two classes." Exh. 10, IEEE STANDARD DICTIONARY OF ELECTRICAL AND ELECTRONICS TERMS 897 (6th ed. 1996). In this case, the two classes are a product and its parts. According to the Config patents, "[p]arts in a product definition are related or classified as: included (parts that are included by default), required choices (a choice among a group of parts that must be made to achieve a valid configuration), optional (parts that can be optionally included in the configuration)." Col. 2:7-11; *see also* '651 File History, Amendment and Response, at 35 (May 11,



⁶ Trilogy has not briefed the phrase "left-hand side of Construction and Prehearing Statement. Trilogy has not asserted any of the claims in which this phrase appears and, thus, believes it need not be construed by the Court.

1998), attached as Exh. 11 (“The relationship primitive described in Addesso does not identify classifications for elements in a definition as in the claimed invention.” (emphasis added)). These classifications are depicted in the embodiment shown in Figure 5. As illustrated in that figure, the lines represent an association between a “product” and a “part” or “group” of parts. The ordinary meaning of the term “product relationship,” therefore, is consistent with the way in which that term is used throughout the Config patents. It is a classification of the association between a product and its constituent parts.

Selectica’s proposed definition begins the errant theme that echoed throughout its proposed constructions for the terms of the Config patents—namely, its attempt to impose a “left-hand side” and “right-hand side” limitation on each of the claimed relationships of the Config patents. Although some claims in the ’651 patent do contain “left-hand side” and “right-hand side” limitations, none of the claims identified above as containing the term “product relationship” do. That’s because *Trilogy has not asserted any of the claims containing the terms “left-hand side” or “right-hand side”*. Sensing a non-infringement argument, Selectica has tried to force these terms into all of the claims. The court should reject Selectica’s litigation-inspired approach out of hand.

The specifications of the Config patents do use the terms “left-hand side” and “right-hand side” when discussing the preferred embodiment. The usage of the terms, however, does not rise to the level necessary to effect a limitation on the scope of the ordinary meaning of the claim terms. *Liebel-Flarsheim*, 358 F.3d at 913. Furthermore, as explained, “left-hand side” and “right-hand side” are expressly included in several dependent claims. Selectica’s suggestion that “left-hand side” and “right-hand side” should be included in the terms of the broader, independent claims, therefore, is improper. As the Federal Circuit “has frequently stated, the

presence of a dependent claim that adds a particular limitation raises a presumption that the limitation in question is not found in the independent claim.” *Id.* at 910.

Further highlighting the impropriety of Selectica’s proposed construction, the Config patents do not

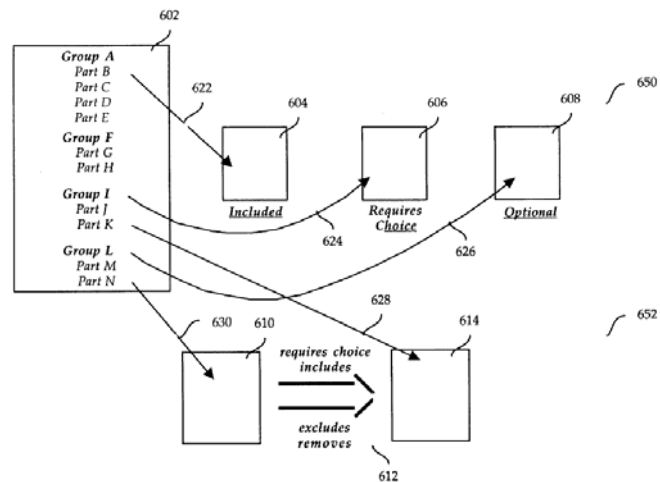


FIG. 6

use “left-hand side” / “right-hand side” to describe the “product relationships” that Selectica seeks to limit. Rather, as shown in Figure 6, and as will be discussed further below, the “left-hand side” / “right-hand side” connotation is used to describe part relationships. It was in connection with the part relationships panes of in Figure 6 that the naming conventions of “left-hand side” and “right-hand side” were coined. *See* col. 8:43-48 (“The element(s) dragged into pane 610 are referred to as the left-hand side of the relationship. . . . The element(s) dragged into pane 614 are referred to as the right-hand side of the relationship.”). When asked for support from the specification of the Config patents for Selectica’s proposed construction of product relationships, Selectica’s expert, Dr. Keller, could not provide any. *See* Tr. of Deposition of Dr. Arthur Keller, at 237:6 - 251:7, attached as Exh. 12. Instead, Dr. Keller could only point to the part relationships of the embodiment depicted in Figure 6. *Id.*

Selectica seeks to impose a limitation on “product relationships” that is not present in the claim language itself. In addition to seeking to improperly read limitations from the specification into the claims, the limitations chosen for importation by Selectica are applied in a manner inconsistent with how those terms are used in the specification. Trilogy’s construction

fits comfortably with the plain and ordinary meaning of the claim language and the specification of the Config patents. Accordingly, Trilogy respectfully requests that it be adopted.

2. Part Relationship

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'651: 1, 20, 60, 73	part relationship	A classification of a specific association that exists between a first set of one or more parts or groups and a second set of one or more parts or groups.	A relationship between a set of parts on the left hand side and a set of parts on the right hand side, whose classification corresponds to the type of the relationship.

Trilogy's proposed construction of "part relationship" parallels its proposed construction of "product relationship." Consequently, Trilogy relies on the same ordinary meaning of "relationship" that it used in connection with its prior proposed construction. *See* Exh. 10, IEEE STANDARD DICTIONARY OF ELECTRICAL AND ELECTRONICS TERMS 897 (6th ed. 1996). In the context of the Config patents, however, part relationships play a different role than product relationships. The distinction is intuitive: part relationships classify the association between two sets of parts, rather than between the parts and the product. *See* col. 2:12-13 ("Relationships can be defined between the parts in a product definition."). Trilogy's proposed construction for "part relationship," therefore, is the "classification of the association that exists between a first set of one or more parts or groups and a second set of one or more parts or groups."

Unfortunately, Selectica's proposed definition for "part relationship" also parallels its proposed definition for "product relationship." Selectica again attempts to impose as limitations the "left-hand side" and "right-hand side" descriptors that it used in connection with "product relationship." Admittedly, Selectica's proposed construction is closer to the mark than it was in connection with product relationships—the terms "left-hand side" and "right-hand side" are at least used by the Config patents to describe part relationships. *See* col. 8:43-48; Fig. 6. This does not, however, turn "left-hand side" and "right-hand side" into limitations on claims in

which those terms do not appear. *Liebel-Flarsheim*, 358 F.3d at 913. When Trilogy wished to include the “left-hand side” and “right-hand side” limitations in the claims, it expressly did so. *See, e.g.*, claims 4-9. In the asserted claims, however, how the parts are arranged—whether “top” and “bottom,” “right” and “left,” or “northwest” and “southeast”—is of no consequence.

The Config patents refer to the interrelated parts of a “part relationship” more generally as a “first set” and a “second set.” *See* col. 2:12-14 (“Relationships can be defined between the parts in a product definition. A relationship relates a first set of parts with a second set of parts.”); claims 17-19. This language reflects the invention of the Config patents without importing the unnecessary “left-hand side” and “right-hand side” limitations from the preferred embodiment. Selectica cannot say the same of its own proposed constructions. To the contrary, Selectica’s proposed constructions repeatedly attempt to cement artificial spatial limitations into claims where no such limitation appears. Selectica’s approach is improper, and should accordingly be rejected. *Arlington Indus.*, 345 F.3d at 1327.

3. Classification

Claims	Claim Language	Trilogy’s Proposed Construction	Selectica’s Proposed Construction
’651: 1, 20 ’308: 1, 18 ’294: 1, 11, 21, 32, 33	classification	The term “classification” should be construed according to its plain and ordinary meaning.	A criteria used to identify a set of one or more elements by the type of its relationship with another set of one or more elements, wherein the type comprises one of ‘includes,’ ‘excludes,’ ‘removes,’ ‘required choice’ or ‘optional’ classification.

The term “classification” should be construed according to its plain and ordinary meaning: “a systematic arrangement in groups or categories according to established criteria.” Exh. 13, MERRIAM WEBSTER’S COLLEGIATE DICTIONARY 211 (10th ed. 1996); *see also* Exh. 14, THE IEEE STANDARD DICTIONARY OF ELECTRICAL AND ELECTRONICS TERMS 161 (6th ed. 1996).

Although the term is used to describe both “product relationships” and “part relationships,” the term should be used consistently in both cases. As Selectica’s expert, Dr. Keller, explained during his deposition, “Classifications are used for both classifying the product relationships and part relationships, which is why the set of potential classifications includes both groups of classifications.” Tr. of Deposition of Dr. Arthur Keller, at 257:18 - 22, attached as Exh. 12.

Selectica’s proposed construction for the most part comports with this plain and ordinary meaning, with the exception of the specific details that Selectica seeks to read in from the preferred embodiment. The specific relationships identified by Selectica are unnecessary (and incorrect) for a proper construction of “classification.” Furthermore, as was the case with Selectica’s proposed construction of “product relationship,” the specific types of classification that Selectica wishes to read into the construction are called out both in other claim limitations, as well as in some dependent claims in the Config patents. *See, e.g.*, claims 6-9. Accordingly, the specific classifications should not be ingrained in terms in which they do not appear. *Liebel-Flarsheim*, 358 F.3d at 910. Trilogy’s proposed construction consists of only the plain and ordinary meaning of the term, and is consistent with the intrinsic evidence of the Config patents. Trilogy respectfully requests that it be adopted.

4. Includes Classification

Claims	Claim Language	Trilogy’s Proposed Construction	Selectica’s Proposed Construction
’651: 1, 20	includes classification	A classification in which a second set of one or more elements is included when all members of a first set of one or more elements exist in a configuration.	A classification whereby elements are included automatically in the configuration by being on the right-hand side of an includes relationship.

As explained above, the term “classification” should receive its plain and ordinary meaning. The modifier “includes” specifies the type of classification involved, and should also receive its plain and ordinary meaning. *See* Exh. 15, MERRIAM WEBSTER’S COLLEGIATE

DICTIONARY 588 (10th ed. 1996) (include: “to take in or comprise as a part of the whole.”). The specification of the Config patents uses the term in a manner consistent with the plain and ordinary meanings of its constituent parts. For example, the Config patents explain that “An included part is a part that is included in a product by default. For example, parts 504 and 506 are automatically included in product 502. [F]or example, when a configuration user chooses the product definition product 502, the parts 504 and 506 are automatically included in the configuration.” Col. 7:36-40.

Selectica’s proposed construct differs from Trilogy’s in that it once again seeks to use the “left-hand side” / “right-hand side” naming convention of the preferred embodiment to limit claims in which no such limitation appears. While the Config patents do use the terms “left-hand side” and “right-hand side” extensively in their specifications when referring the spatial arrangement of the embodiments that the specifications describe, this does not turn “right-hand side” into a limitation. *Liebel-Flarsheim*, 358 F.3d at 913. The classifications (of which an “includes classification” is one) described in the Config patents deal with associations—sometimes between a product and parts, and sometimes between parts and other parts. The classifications described in the Config patents, however, do not impose a spatial restriction on these associations.

Trilogy’s proposed construction is consistent with both the term’s plain and ordinary meaning and its usage in the specification of the Config patents. Selectica’s proposed construction seeks to ingrain limitations. Accordingly, Trilogy respectfully requests that it be adopted.

5. Configuration State

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'651: 1, 2, 11, 14, 21, 30, 33, 39, 59, 60, 69, 72, 73, 82, 85 '308: 3, 5, 11, 13, 21 '294: 3, 5, 13, 15, 21, 24, 33	configuration state	The status of the elements in the current configuration.	The configuration state is defined by three types of state information - "selected," "selectable" and "notSelectable" - that track the state of parts in the configuration.

The "configuration state" should be construed to mean the "status of the elements in the current configuration." The term "configuration" is defined as a "relative arrangement of parts or elements." Exh. 16, MERRIAM WEBSTER'S COLLEGIATE DICTIONARY 242 (10th ed. 1996). "State" is defined by the same source as a "mode or condition of being." *Id.* at 1148.

The specification of the Config patents describes the "configuration state" as a run-time, or "configuration-time," concept, and is part of the internal representation of a configuration model. Col. 12:2-6. The specification of the Config patents explains that "[t]he configuration system ensures that the current configuration state is always valid. . . . When user input is received, the configuration system validates the input based on the current state of the configuration. In addition, the configuration system identifies selections that could cause a valid configuration to become invalid." Col. 2:52-58. The Config patents provide examples of configuration state information used by an embodiment of the invention. This information is "maintained by configuration system 212 in a configuration session," col. 9:47-48, and includes data such as what parts have been selected by the user (col. 9:48-50), what parts are automatically included by the configuration system (col. 9:51-55), what parts have been excluded or removed from the configuration (col. 9:55-59), and more.

Selectica has, once again, tried to limit this term to the preferred embodiment by including the specific states described in the Config patents (i.e., "selected," "selectable," and

“notSelectable”) in its proposed construction. *See* col. 9:34-37 (“FIGS. 8A-8B illustrate components of internal representation 706 and the configuration state according to an embodiment of the invention.” (emphasis added)). The “selected,” “selectable,” and “notSelectable” vectors, according to the Config patents, are part of the configuration state and can be generated from state vectors described in connection with the preferred embodiment. Col. 10:24-39. Selectica’s proposed construction, therefore, invites the court to improperly import a limitation from the specification into the claims. *Liebel-Flarsheim*, 358 F.3d at 913.

Furthermore, Selectica’s proposed limitations are inconsistent with the description of “configuration state” provided by the Config patents. The specification discusses a total of eight different types of state information in connection with the disclosed embodiment. Col. 9:38 – Col. 10:37. Selectica has inexplicably chosen three of these eight for inclusion as limitations in its proposed construction, and ignored the remaining five. In contrast to Selectica’s approach, Trilogy’s proposed construction presents a plain and ordinary meaning of the term “configuration state” which does not exclude any of the state information described by the patents. As Trilogy’s proposed construction more accurately reflects the plain and ordinary meaning of the term as it is used in the specification, Trilogy respectfully requests that its construction be adopted.

6. Includes Relationship; Excludes Relationship; Removes Relationship;
Requires Choice Relationship; Optional Relationship

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'651: 6, 25, 44, 50, 64, 77 '308: 16, 22 '294: 8, 18, 25	includes relationship	A classification in which a second set of one or more elements is included when all members of a first set of one or more elements exist in a configuration.	A relationship that causes the parts on the right-hand side of the relationship to be included in the configuration specification when all parts of the left-hand side of the relationship are already included.
'651: 7, 26, 51, 65, 78 '308: 8, 23 '294: 8, 18, 25	excludes relationship	A classification in which a second set of one or more elements is excluded when all members of a first set of one or more elements exist in a configuration.	A relationship in which the parts of the left-hand side of the relationship become notSelectable when the parts of the right hand side of the relationship are included in the configuration.
'651: 8, 27, 52, 66, 79	removes relationship	A classification in which a second set of one or more elements is removed when all members of a first set of one or more elements exist in a configuration.	A relationship that causes the parts on the right-hand side of the relationship to be removed in the configuration specification when all parts of the left-hand side of the relationship are currently included.
'651: 9, 28, 45, 53, 67	requires choice relationship	A classification in which a number of elements must be chosen from a second set of one or more elements when all members of a first set of one or more elements exist in a configuration.	A relationship in which a number of parts be selected based on a minimum and maximum values from the right-hand side of the relationship when all parts of the left-hand side of the relationship are already included.
'294: 8, 18, 25	an optional relationship	A classification in which a number of elements may be chosen from a second set of one or more elements when all members of a first set of one or more elements exist in a configuration.	A relationship in which any of the parts from the right-hand side of the relationship may be selected when all parts of the left-hand side of the relationship are already included.

Each of the above terms relates to the specific relationship classifications that are described in the specifications of the Config patents. Accordingly, Trilogy will address them as a group. As explained above, “[a] relationship relates a first set of parts with a second set of parts.” Col. 2:13-14. The Config patents further state:

Preferably, the part relationships are: included, excluded, removed, and requires choice. An included part is included automatically. A part is excluded from the configuration when its inclusion would result in an invalid configuration. A part may be removed when another part is added. Thus, when a first part exists in the configuration and a second part is added, the first part is removed from the configuration. The requires choice relationship is used to allow a set of choices to be made from a group of parts.

Col. 2:23-31. The Config patents further explain that “requires choice” and “included” are also classifications of product relationships, along with “optional,” which does not overlap with part relationships. Col. 2:6-11. Thus, the terms set out above are simply the detailed implementations of the “part relationships” or “product relationships” provided in connection with the embodiments of the Config patents. The modifiers “includes,” “excludes,” “removes,” “requires choice,” and “optional” designate the classification of those relationships, and take on their plain and ordinary meanings. *See, e.g.*, Exhs. 17, 18, 15, 19, and 20, MERRIAM WEBSTER’S COLLEGIATE DICTIONARY 201 (choice), 404 (exclude), 588 (include), 817 (optional), 990 (remove) (10th ed. 1996). Using the “include relationship” as an example, the specification explains: a relationship relates a first set of parts with a second set of parts (col. 2:13-14), and an included part is included automatically (col. 2:24-25), therefore and “includes relationship” is “a classification in which one or more elements is included when all members of a first set of one or more elements exist in a configuration.” This is Trilogy’s proposed construction.

Selectica’s proposed construction again attempts to ingrain the “the right-hand side” and “the left-hand side” descriptors as limitations on the claims, even though neither term finds an antecedent basis in the claim. A distinction between dependent claims 6 and 44 of the ’651 patent provide yet another example as to why the “left-hand side” / “right-hand side” should not be read into the claims. Trilogy clearly knew how to include the “right-hand” / “left-hand” limitations, if and when it wanted. Claim 6 of the ’651 patent expressly recites “a right-hand side”:

The method of claim 3 wherein said relationship is an includes relationship, said step of modifying further comprises the step of including in said configuration elements identified in a right-hand side of said relationship.

Col. 22:7-10. Claim 6, as shown, adds the detail of “a right-hand side of said relationship” to the “includes relationship” that it calls out. Because the “right-hand side” limitation is specifically identified by claim 6, the presumption must be that the term “includes relationship” would not otherwise include it—contrary to Selectica’s proposed construction. Turning now to claim 44, it calls for an “include relationship”:

The method of claim 39 wherein a type of said internal relationships is an include relationship, said include relationship identifies a second set of components that are included in said system when all of a first set of components exist in said system”

Col. 26:47-51. In this case, Trilogy did not recite “a right-hand side.” Through the term “include relationship,” however, Selectica seeks to impose the “right-hand side” limitation anyway, even though that language is not used in the claim.

Selectica’s approach is illogical in light of the claim structure, and improper as a matter of law. *Arlington Indus.*, 345 F.3d at 1327. Trilogy’s proposed constructions comport with the plain and ordinary meaning of the terms and the scope with which those terms are discussed in the specification of the Config patents. Accordingly, Trilogy respectfully requests that its proposed constructions be adopted.

7. Active Relationship; Relationship is Active

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'651: 3, 4, 22, 23, 61, 62, 74, 75 '308: 3, 4, 11, 12 '294: 3, 4, 13, 14	active relationship relationship is active	A relationship that is presently in effect. The relationship is presently in effect.	A relationship is active when all the parts on the left-hand side of the relationship are included in the configuration and all the parts on the right hand side of the relationship have been evaluated according to their classifications during the configuration.

“Active,” when used in connection with the term “relationship,” should be construed to describe a relationship that is “presently in effect.” The term “active” means “having practical operation or results : EFFECTIVE.” Exh. 21, MERRIAM WEBSTER’S COLLEGIATE DICTIONARY 12 (10th ed. 1996); *see also* Exh. 22, WEBSTER’S NEW WORLD COLLEGE DICTIONARY 13-14 (3d ed. 1997) (“currently in operation, in effect, in progress, etc.”). The Config patents explain that “[r]elationships associated with items contained in the product definition are evaluated when user input is received. Configuration system 212 determines what relationships are active and inactive given the user input (at step 912, for example).” Col. 12:36-40. A relationship is “active,” or “in effect” when all of the preconditions for its operation have been satisfied.

As Selectica will undoubtedly point out to the Court, the specifications of the Config patents state: “A relationship is active when all the items on the left-hand of the relationship are selected. A relationship is inactive until all of the parts on the left-hand side of the relationship are selected.” Col. 12:40-43. This statement, however, must be understood in the context in which it appears. As already explained, “left-hand side” and “right-hand side” terminology refers to the elements dragged into the various boxes depicted in the GUI screen in Figure 6. Col. 8:43-48. And, as the specification also explains, “FIG. 6 provides an example of a GUI screen used in maintenance system 202 according to an embodiment of the present invention.”

Col. 7:63-65. The passage quoted above, therefore, understandably uses the language established in connection with the embodiment in Figure 6 for its continued discussion of other aspects of the embodiment.

Further undermining Selectica's proposed constructions are the claims themselves. Claim 3, for example, contains the limitation of "determining whether a relationship in said set of relationships *is active*". Col. 21:55-56. Claim 4 depends from claim 3, and adds:

The method of claim 3 wherein said step of determining whether a relationship is active further comprises the step of determining whether the elements specified in the left-hand side of said relationship are present in said configuration.

Col. 21:64-67. Selectica's proposed construction renders claim 4 superfluous. As the Federal Circuit has explained,

There is presumed to be a difference in meaning and scope when different words or phrases are used in separate claims. To the extent that the absence of such difference in meaning and scope would make a claim superfluous, the doctrine of claim differentiation states the presumption that the difference between claims is significant.

Tandon Corp. v. U.S. Int'l Trade Comm'n, 831 F.2d 1017, 1023 (Fed. Cir. 1987). Trilogy's proposed construction preserves a difference in scope between the two claims and, as a result, gives each claim meaning. Accordingly, Trilogy's proposed construction should be preferred.

8. NotActivateable Relationship; Making Said Relationship NotActivateable

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'651: 3, 10, 12, 22, 29, 31, 61, 68, 70, 74, 81	notActivateable relationship making said relationship notActivateable	A relationship that cannot be put into effect. Making the relationship unable to be put into effect.	A relationship is notActivateable if the selection of certain left-hand side items results in an invalid configuration state.

The term "notActivateable" describes a relationship that cannot be put into effect. It is the relationship counterpart to the "notSelectable" element status discussed previously in connection with "configuration state." As is explained above, "active" means "having practical

operation or results : EFFECTIVE.” Exh. 21, MERRIAM WEBSTER’S COLLEGIATE DICTIONARY 12 (10th ed. 1996); *see also* Exh. 22, WEBSTER’S NEW WORLD COLLEGE DICTIONARY 13-14 (3d ed. 1997) (“currently in operation, in effect, in progress, etc.”). As its name suggests, a “notActivateable” relationship is one that cannot become “active.” The Config patents explain that:

Configuration system 212 also ensures that no relationship that will put the configuration into an invalid state can become active If a relationship will make a configuration invalid, it is made notActivateable.

Col. 13:11-16. “NotActivateable” status is usually effected by precluding selection of elements if their selection would cause a configuration to become invalid.

Selectica’s proposed construction suffers from the same problem as many of the others: it seeks to import limitations from the embodiment described in the specification and impose them on the claim terms. While it is true that the term “notActivateable” is discussed only in connection with the “left-hand side” / “right-hand side” terminology associated with Figure 6, the concept—precluding a user from invoking a relationship that would render his configuration invalid—is not limited to that context. Trilogy’s proposed construction provides for such an implementation, while Selectica’s seeks to exclude them. “Left-hand side,” “right-hand side,” “top,” or “bottom” are of no consequence to the invention disclosed by the Config patents. Accordingly, Trilogy respectfully requests that its construction, which more accurately reflects that invention, be adopted.

9. Config Terms Governed by 35 U.S.C. § 112 ¶ 6⁷

Claims	Claim Language	Trilogy's Identification of Corresponding Structure	Selectica's Identification of Corresponding Structure ⁸
'294: 32	means for obtaining user input, the user input identifying at least one selected element from a plurality of displayed elements	A general purpose computer including a keyboard or a mouse. ⁹	Indefinite for lack of algorithm.
'294: 32	means for analyzing the at least one selected element to determine if activating a set of element relationships associated with the at least one selected element results in a valid product configuration in accordance with a definition of the product, wherein the definition of the product comprises a set of element relationships identifying classifications for interrelating each element with at least one other element	A general purpose computer programmed to perform the analyzing the at least one selected element to determine if activating a set of element relationships associated with the at least one selected element results in a valid product configuration in accordance with a definition of the product, wherein the definition of the product comprises a set of element relationships identifying classifications for interrelating each element with at least one other element according to the algorithm depicted in Figure 9.	Indefinite for lack of algorithm.

The only issue with respect to the means-plus-function elements in the Config patent is whether the specification adequately discloses the structure corresponding to these elements. Trilogy contends that the specification more than adequately describes the corresponding

⁷ After filing the Joint Claim Construction and Prehearing Statement, Trilogy informed Selectica that it was no longer asserting claims 34 and 35 of the '308 patent or claim 33 of the '294 patent.

⁸ Letter from Rick Chang to Peter Ayers dated June 19, 2005, attached as Exhibit 23.

⁹ The means-plus-function limitations of the '294 patent were inadvertently omitted from the Joint Claim Construction and Prehearing Statement. Selectica has since notified Trilogy that it wishes to include these limitations. Trilogy has no objection to their inclusion and, accordingly, intends to supplement the Joint Claim Construction and Prehearing Statement to add these elements.

structure. Selectica, on the other hand, contends that it does not, and that the claims are consequently invalid.

The Config patents expressly state that the “present invention can be implemented on a general purpose computer such as illustrated in FIG. 1.” ’294 patent, col. 4:43-44; *see also id.* at col. 4:44 - col. 5:11. That general purpose computer includes both a mouse and a keyboard. *Id.* at col. 4:46-48. As described in the specification, a user uses the mouse to identify one of the parts (i.e., elements) that define a product. *Id.*; *see also* Figure 6. The specification therefore describes the structure that performs the recited function of “obtaining user input.” *See Atmel*, 198 F.3d at 1382 (“All one needs to do in order to obtain the benefit of [§ 112 ¶ 6] is to recite some structure corresponding to the means in the specification, as that statute states, so that one can readily ascertain what the claim means and comply with the particularity requirement of [§ 112 ¶ 2].”).

Likewise, the Config patent adequately describes the structure that performs the “means for analyzing” element. Figure 9 provides a flow diagram of the claimed function in the context of an embodiment of the invention. Declaration of Dr. T. Rhyne, Exh. 27, at ¶¶ 93-100. From Figure 9, a three step algorithm is apparent: (1) check whether the element selected by the user is selectable; (2) update the configuration state to reflect the user-selected element; and (3) evaluate

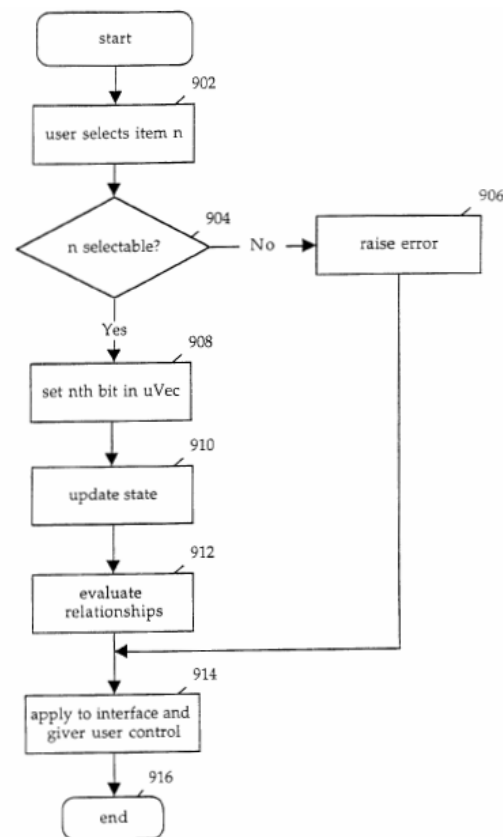


Figure 9

the element relationships associated with the user-selected element to see if the user-selected element results in a valid product configuration. Section 112 ¶ 2 requires no more. *Atmel*, 198 F.3d at 1382.

B. The Pricer Patents

As explained above, the hierarchical organization of products and purchasing organizations described in the Pricer patents reduces the maintenance and storage requirements associated with keeping pricing information, as well as computation time to calculate a final price. The hierarchies of the Pricer patents are organized by “organizational groups” and “product groups.” ’400 patent, col. 3:21-46.¹⁰ Within the hierarchies, the Pricer patents assign pricing adjustments where applicable, with each pricing adjustment being of a certain pricing type. By specifying a pricing sequence, a user may also specify the order in which pricing adjustments are applied during the price determination stage.

The Pricer patents achieve inheritance between groups at different levels in the hierarchy by searching out and retrieving the pricing adjustments above a chosen level in the hierarchy. For example, to determine the price of a Pentium, the Pricer patents explain that the program retrieves the pricing adjustments for: (1) Pentium; (2) CPU; (3) Hardware; and (4) All Products. These retrieved pricing adjustments are then sorted by specificity, and pricing adjustments higher in the hierarchy for a given pricing type—those assigned to less restrictive categories—can be discarded. This way, only the most applicable—the most restrictive—adjustments are applied.

Below, Trilogy has set out its proposed constructions for the terms of the Pricer patents, and the bases for those constructions. Trilogy believes that its constructions embody the plain

¹⁰ All citations in this section are to the ’400 patent, Exhibit 4, unless otherwise indicated.

and ordinary meaning of the terms, and are consistent with how those terms are used in the specification.

1. Organizational Groups

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'400: 1, 6, 8, 13, 18, 21, 26, 31, 36, 39, 47 '350: 1, 9, 10, 12, 14, 17, 19, 21, 22, 29, 30, 31	organizational groups	One or more entities grouped together.	A group of purchasing organizations arranged in a hierarchy, where each group has a characteristic, and is further represented by the paradigm "WHO." ¹¹

Trilogy proposes that "organizational groups" be construed as "one or more entities grouped together." This construction is both consistent with the plain and ordinary meaning of the term, and the manner in which the term is used in the Pricer patents. The Pricer patents explain:

The invention operates under a simple paradigm of WHO (the purchasing organization) is buying WHAT (the product). In the invention the WHO is defined by creating an organizational hierarchy of purchasing organizations. A "purchasing organization" (also referred to as a customer) may be a single person. . . . A purchasing organization may also be a larger entity, such as a company. One or more customers (i.e. purchasing organizations) may be members of each organizational group and each customer may be a member of more than one organizational group. Similarly, one or more products may be members of each product group and each product may be a member of more than one product group.

Col. 6:3-16. As the above passage explains, organizational groups are made up of purchasing organizations, each of which may be a single customers or a larger organization such as a company. To account for the breadth of "organizational group" disclosed in the Pricer patents, Trilogy proposes that the term be construed as "one or more entities grouped together."

¹¹ See Letter from Rick Chang to Peter Ayers dated June 13, 2005, attached as Exh. 25 (setting forth Selectica's modified constructions).

Selectica's proposed construction attempts to read unnecessary limitations from the spec into the claims. Specifically, Selectica's proposed construction includes the phrase "further represented by the paradigm 'WHO.'" While the specification does explain the concept of the invention using the phrase identified by Selectica, it is not clear why this term should be imposed as a limitation on the claims. *Liebel-Flarsheim*, 358 F.3d at 913; *Arlington Indus.*, 345 F.3d at 1327. It is also not clear that Selectica's chosen limitation helps in understanding the meaning of the term.

Further undermining Selectica's proposed construction of "organizational groups" is that, if adopted, it would render the surrounding claim language meaningless. For example, claim 1 of the '400 patent requires both "arranging a plurality of purchasing organizations into organizational groups" and then "arranging a hierarchy of organizational groups such that an organizational group below an immediately higher organizational group is a subset of said immediately higher organizational group." '400 patent, claim 1; *see also* '400 File History, Amendment and Response, at 2 (June 12, 1998), attached as Exh. 26. Notwithstanding the claims specific requirement that organizational groups be arranged in a hierarchy, Selectica attempts to ingrain that limitation in the term "organizational groups." Claim 1 need not specifically require a hierarchy if that limitation is inherent in the term "organizational groups." Under Selectica's proposed construction, therefore, the term "hierarchy" would be rendered superfluous. *Lantech, Inc. v. Keip Mach. Co.*, 32 F.3d 542, 546 (Fed. Cir. 1994) ("All limitations in a claim must be considered meaningful.").

Trilogy's proposed construction is consistent with the ordinary meaning of the terms, reflects the usage of those terms in the specification, and gives content to *all* of the language of

the claims. Selectica cannot say the same of its own proposed constructions. Accordingly, Trilogy respectfully requests that its constructions be adopted.

2. Product Groups

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'400: 1, 5, 8, 11, 13, 17, 21, 26, 31, 35, 39, 44, 47 '350: 3, 5, 9, 13, 15, 17, 18, 20, 25, 27, 29, 30, 31	product groups	One or more products or services grouped together.	A group of products or service arranged in a hierarchy, where each group has a characteristic, and is further represented by the paradigm "WHAT." ¹²

Trilogy's proposed construction for product groups follows from a similar reasoning to that described above in connection with "organizational groups." Accordingly, Trilogy points to the same passages cited above in support of "organizational groups." Col. 6:3-16. Trilogy has the similar criticisms of Selectica's proposed constructions, and also refers the Court to its arguments made in connection with the preceding term. Trilogy's proposed construction is consistent with the term's usage in the specification and does not render any portion of the claim language superfluous. The same is not true for Selectica's. Trilogy respectfully asks that its claim constructions be adopted.

¹² See note 11, *supra*.

3. Pricing Types

Claims	Claim Language	Trilogy's Proposed Construction	Selectica's Proposed Construction
'400: 2, 3, 4, 9, 11, 14, 15, 16, 19, 22, 23, 23, 27, 28, 29, 33, 34, 37, 41, 42, 43, 49, 50, 51.	pricing types	A class or category of pricing adjustments.	A pricing adjustment for a product or organization that may include Base Cost, Currency, Conversion Factor, Customer Discount, Customer Negotiated Discount, Customer Negotiated Price, Discount Off List Price, General Uplift, List Price, List Price, Rebate, Shipping Charges, Tax, and Volume Discount. ¹³

A “pricing type,” in the context of the Pricer patents, is a class or category of pricing adjustment. The invention claimed by the Pricer patents allows the user to develop a custom pricing scheme. Col. 14:51-55. One aspect of the invention’s customizability is allowing the user to specify different “pricing types” to better suit his situation. The Pricer patents explain:

Window 710 in FIG. 7 shows the various “pricing types,” and window 720 shows a sample “pricing sequence.” Examples of pricing types specified by a user are shown in column 712. Some of the pricing types shown in column 712 are Base Cost, Currency Conversion Factor, Customer Discount, Customer Negotiated Discount, Customer Negotiated Price, Discount off List Price, General Uplift, List Price, Rebate, Shipping Charges, Tax, and Volume Discount. A user may simply click on “New Pricing Type” icon 714 to specify any desired pricing type. For example, the user may specify a pricing type called, the “President's Discount” applicable to certain designated customers.

Col. 14:2-14 (emphasis added). In sum, pricing types can be tailored to any situation: price adjustments involving sales to foreign purchasers can be accounted for with the “Currency Conversion Factor” pricing type listed above; adjustments in negotiable pricing schemes can be implemented with a “Customer Negotiated Price” pricing type, also listed above. A pricing type, therefore, is accurately described as a “class or category” of pricing adjustments.

¹³ See note 11, *supra*.

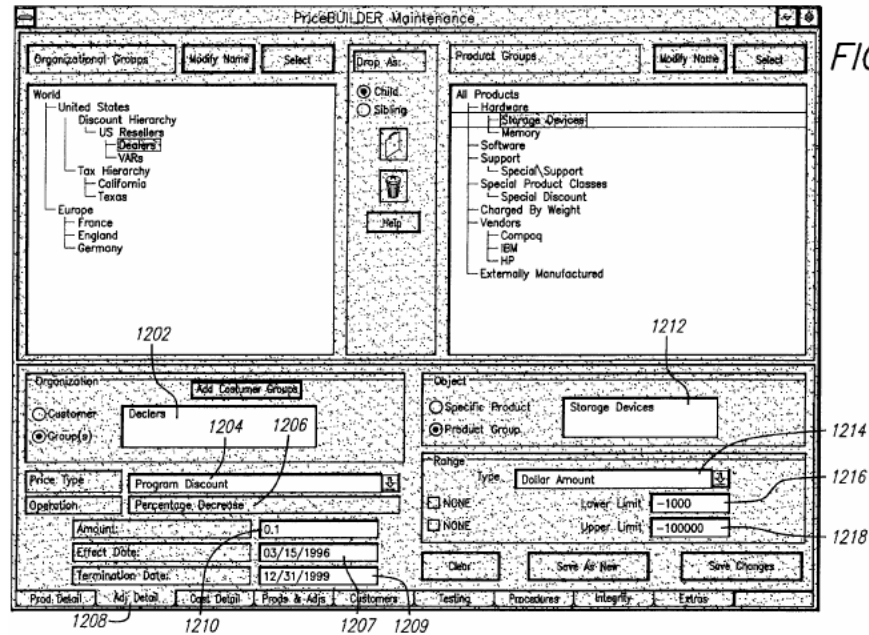


FIG. 12

Selectica's proposed construction is confusing in that it suggests that a pricing adjustment "includes" the list of pricing types. A pricing adjustment does not "include" a pricing type. Rather, the pricing adjustment is *described by* the pricing type. The pricing type specifies what any particular pricing adjustment is. Figure 12 of the Pricer patents, shown above, provides an example. In connection with Figure 12, the Pricer patents explain:

Folder tab 1208 ("Adjustment Detail") indicates that the computer screen shown in FIG. 12 permits a user to specify various price adjustments. . . . In the example shown in FIG. 12, the price adjustment (i.e. the "How Much" in FIG. 5) is a Program Discount for all organizations belonging to Dealers purchasing any product belonging to Storage Devices. The Program Discount is a Pricing Type and is shown in box 1204.

Col. 17:17-36 (emphases added). As demonstrated in the above discussion, a pricing adjustment is of a certain pricing type, in Figure 12, a "Program Discount." The pricing adjustment does not "include" a pricing type.

Selectica's proposed construction also suffers in that it includes a plethora of verbiage unnecessary to a proper construction of the term, most of which appears optional. That the pricing adjustments "may" include the listed exemplary pricing types suggests that they also "may not" include them. Trilogy agrees that all of the pricing types listed in Selectica's proposed construction are examples provided in the specification, but does not agree that they

should be included in the construction of the term or that their inclusion clarifies the term in any way. Accordingly, Trilogy respectfully requests that its proposed construction be adopted.

4. Pricer Terms Governed by 35 U.S.C. § 112 ¶ 6

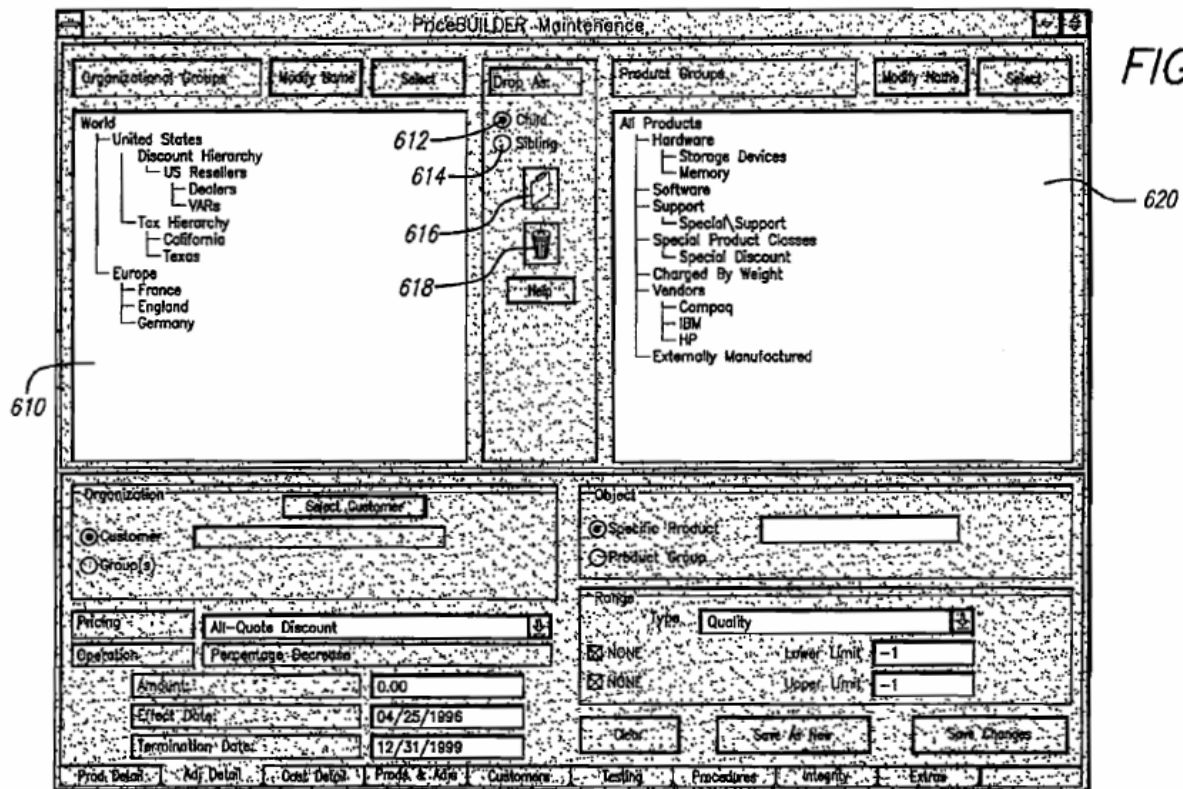
Selectica maintains that each and every one of the means-plus-function limitations in both the '400 and '350 patents are invalid for indefiniteness under 35 U.S.C. § 112 ¶ 6¹⁴ Because Selectica makes only this one argument, Trilogy will address the argument only once here to avoid redundancy. Trilogy refers the Court to the claim chart, attached as Exh. 7, providing the parties constructions side by side for the specific claim limitations and structures.¹⁵

Like the Config patents, the Pricer patents describe a general purpose computer on which the invention is implemented. Col. 5:8-9; *see also* col. 5:9-67; Fig. 3.¹⁶ The general purpose computer, therefore, is the base structure corresponding to the claim limitations, modified by the algorithm to be performed. *WMS Gaming*, 184 F.3d at 1349. Many of the claimed functions, however, focus on the graphical aspects of the Pricer patents. For example, many of the limitations require a “means for displaying,” or a “means for arranging.” *See e.g.*, '400 patent, claim 13 (requiring a “means for displaying a plurality of purchasing organizations that have been arranged into organizational groups such that each organizational group may be assigned an applicable pricing adjustment.”). As Trilogy’s expert Dr. Rhyne explained during his deposition, algorithms make sense in the context of data processing. When the claim limitation is focused

¹⁴ *See* note 11, *supra*.

¹⁵ Trilogy further notes that the corresponding structure for each limitation has been updated from that submitted in the Joint Claim Construction and Prehearing Statement to reflect the testimony of Trilogy’s expert, Dr. Rhyne, during his deposition on June 17, 2005. Dr. Rhyne’s testimony clarified the corresponding structures and algorithms for the claim limitations of the Pricer patents governed by § 112 ¶ 6 by providing additional detail on the algorithm to be performed. Dr. Rhyne’s clarifications are also set forth in his Declaration, attached as Exh. 27, ¶¶ 129-266.

¹⁶ As explained, the '350 patent is a continuation of the '400 patent. Accordingly, they have identical specifications. All citations are to the '400 patent unless otherwise specified.

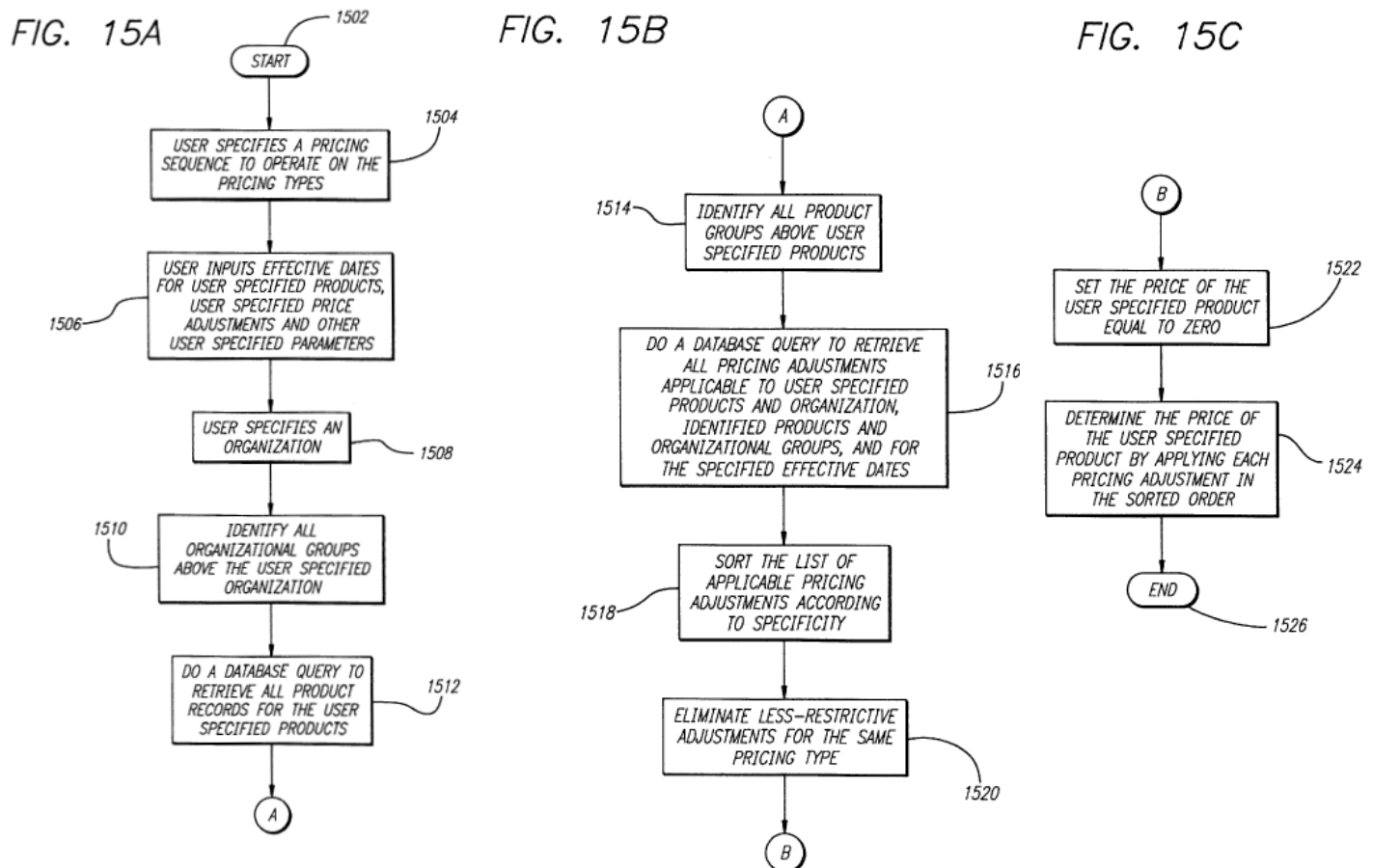


on a graphical displays and graphical user interfaces, however, pictures of the desired interface better convey the information of what needs to be done to one of skill in the art than would an algorithm. Tr. of Deposition Dr. T. Rhyne, at 175:4 - 178:1, attached as Exh. 24. The “algorithm” for the claimed graphical functions, therefore, is provided by the figures of the Pricer patents. *See, e.g.*, Figs. 15A-15C.

Figure 6 of the Pricer patents, shown above, depicts a graphical interface displayed according to an embodiment of the invention that performs the function claimed in these limitations. As the Pricer patents explain, “[a]n example of an organizational and a product group is shown in FIG. 6. Window 610 shows an example of organizational groups as shown on a computer screen according to the present invention.” Col. 13:16-19. The Pricer patents continue on to explain that, using the interface shown in Figure 6, a user can group the products and parts into the desired arrangement. Col. 13:19-67. As can be seen, the “algorithm”

corresponding to the claimed functions of “displaying” and “arranging” is effectively presented in Figure 6 and its supporting text. *See* Declaration of Dr. T. Rhyne, Exh. 27, ¶¶ 139-163, 178-186, 215-230.

Other means-plus-function limitations in the Pricer patents include the functions of “determining [the] price” and “retrieving pricing information.” *See, e.g.*, ’400 patent, claim 13; ’350 patent, claim 30. While the general purpose computer remains the base structure for these claims, Figures 15A, 15B, and 15C provide the appropriate algorithm for performing the claimed



functions. Col. 18:50-19:50; Declaration of Dr. T. Rhyne, Exh. 27, ¶¶ 164-70 (means for retrieving), 171-93, 194-207, 239-45 (means for retrieving), 260-66 (means for determining). Claim 30 of the ’350 patent, for example, requires “means for retrieving from the data source pricing information that is (1) applicable to the product and (ii) from one or more identified

product groups, within a hierarchy of product groups, of which the product is a member.” Steps 1510 through 1516 of Figure 15 contain the steps of the algorithm corresponding to this function.

Id.

Figure 15 is the classic depiction of an algorithm. No more detail is required where those details would be known to one of skill in the art. *See Intel Corp. v. Via Techs., Inc.*, 319 F.3d 1357, 1367 (Fed. Cir. 2003); *S3 Inc. v. nVIDIA Corp.*, 259 F.3d 1364, 1371 (Fed. Cir. 2001) (“The law is clear that patent documents need not include subject matter that is known in the field of the invention and is in the prior art, for patents are written for persons experienced in the field of the invention.”). The algorithm of Figure 15 could be implemented in a many ways and in many different computer languages, all of which would be known to one of skill in the art, and are immaterial to the invention of the Pricer patents. Trilogy has disclosed the algorithm for the claimed limitation, and the law requires no more. *WMS Gaming*, 184 F.3d at 1349.

V. Conclusion

For the foregoing reasons, Trilogy respectfully submits that its proposed claim constructions be adopted.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been served on the following counsel of record via the Court's ECF system or by U.S. mail on the 1st day of July 2005:

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