

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

LEADER TECHNOLOGIES, INC.,	)	
a Delaware corporation,	)	
	)	
Plaintiff-Counterdefendant,	)	Civil Action No. 08-862-JJF
	)	
v.	)	
	)	<b>PUBLIC VERSION</b>
FACEBOOK, INC.,	)	
a Delaware corporation,	)	
	)	
Defendant-Counterclaimant.	)	

**PLAINTIFF LEADER TECHNOLOGIES, INC.'S COUNTER-STATEMENT OF  
DISPUTED MATERIAL FACTS IN OPPOSITION TO DEFENDANT  
FACEBOOK'S MOTION FOR SUMMARY JUDGMENT OF INVALIDITY  
MOTION NO. 5 OF 6**

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## I. INTRODUCTION

This Counterstatement is made pursuant to the Court's standing Memorandum Order that allows a party opposing a Rule 56 summary judgment motion to file a Counterstatement certifying that genuine issues of material fact exist and setting out the material facts in dispute. This Counterstatement is filed in lieu of an answering brief in response to defendant Facebook, Inc.'s ("Facebook") motion for summary judgment of invalidity of U.S. Patent No. 7,139,761 (the '761 Patent") based on the On-Sale Bar. (D.I. 405). Accordingly, Leader Technologies, Inc. ("Leader") certifies that there are genuine issues of material fact in dispute that preclude granting Facebook's motion under the standards set forth in Fed. R. Civ. P. 56. Leader reserves the right to later dispute any and all material facts identified by Facebook that are not specifically addressed herein.

Facebook's Statement certifying that no genuine issues of material facts exist with regard to the facts argued in support of its motion does not enumerate any facts it alleges to be undisputed. Accordingly, in this Counterstatement, Leader will identify the disputed facts that Facebook relies upon in its memorandum in support of this motion. Because Facebook's motion for summary judgment of invalidity of the '761 Patent based on the On-Sale Bar is based on these disputed issues of material fact, Facebook's motion should be denied

## II. COUNTERSTATEMENT OF DISPUTED MATERIAL FACTS

1. Leader DISPUTES Facebook's assertion that the '761 Patent is invalid as a matter of law because of alleged offers to sell Leader2Leader in 2002, because: 1) Leader is entitled to rely upon the '255 Provisional as a matter of law pursuant to 35 U.S.C. § 111(b) and 35 U.S.C. § 282; 2) Facebook fails to establish by clear and convincing evidence that the '761 Patent is not entitled to the priority date of the '255 Provisional and that no issue of material fact exists regarding the priority date of the '761 Patent; and 3) Leader DISPUTES that there were

invalidating offers to sell the product that embodies the claims of the '761 Patent, Leader2Leader.

2. Leader DISPUTES Facebook's assertion that the '761 Patent is not entitled to the priority date of the provisional application. Leader is entitled to rely upon the '255 Provisional as the priority date of the '761 Patent if three requirements are met: 1) the utility application must be filed within one year of the provisional application; 2) the provisional and utility application must have at least one common inventor; and 3) the provisional application must conform to the standards set forth in 35 U.S.C. § 111(b)(1-2). *New Railhead Mfg., LLC v. Vermeer Mfg. Co.*, 298 F.3d 1290, 1294 (Fed. Cir. 2002) ("New Railhead II"). The '255 Provisional was filed on December 11, 2002 and the '744 Application that became the '761 Patent was filed on December 10, 2003, less than one year from the filing of the provisional application. The provisional and utility applications have the same listed inventors. And the specification of the '255 Provisional meets the requirements of 35 U.S.C. § 111(b)(1-2). Additionally, the '255 Provisional is properly cited on the face of the '761 Patent and was available to the patent examiner during the prosecution of the '761 Patent. Therefore, Leader has met all of the requirements to rely upon the priority date of the '255 Provisional.

3. Leader DISPUTES Facebook's assertion that it is Leader's burden to prove that the priority date is the filing of the '255 Provisional. As stated above, the provisional application was properly filed and is clearly marked on the face of the '761 Patent, therefore the correct priority date is the filing of the '255 Provisional. It is Facebook's burden to prove by clear and convincing evidence the factual elements of invalidity. *Pfizer, Inc. v. Apotex, Inc.*, 480 F.3d 1348, 1359 (Fed. Cir. 2007). If Facebook presents a prima facie case of invalidity, then the burden of going forward with evidence to rebut is Leader's, but the "burden of proof never shifts

to the patentee to prove validity.” *Id.* Leader must only provide “sufficient evidence and argument to show that an ancestor to the [] patent . . . contains a written description that supports all the limitations of . . . the claim being asserted.” *Technology Licensing Corp. v. Videotek, Inc. and Gennum Corp.*, 545 F.3d 1316, 1328 (Fed. Cir. 2008). The burden of going forward then again shifts to Facebook to prove by clear and convincing evidence that the ‘761 Patent is not entitled to the earlier filing date of the ‘255 Provisional. *Id.*

Facebook incorrectly attempts to shift its burden to Leader by alleging offers for sale more than one year prior to the filing of the utility application and misconstruing case law. In *New Railhead I and II*, there was no dispute that a prior offer for sale and public display occurred more than one year prior to the filing of the patent application. *New Railhead Mfg., LLC v. Vermeer Mfg. Co.*, 219 F. Supp. 2d 751, 758 (N.D. Tex. 2001) (“*New Railhead I*”); *New Railhead II* at 1294. Only after a prima facie case for an offer for sale is demonstrated do the alleged prior commercial offers for sale and prior public uses become relevant. *Technology Licensing* at 1328. Facebook fails to establish a prima facie case that any offer for sale took place prior to one year before the filing of the patent application. Regardless, Leader has provided sufficient evidence that the ‘255 Provisional adequately meets the requirements of 35 U.S.C. §112. Facebook also fails to establish by clear and convincing evidence that the ‘255 Provisional Application does not adequately support the ‘761 patent claims and that there is no genuine issue as to any material fact regarding this issue. *Id.*; *New Railroad I* at 757-8.

Facebook also misapplies the holding in *Poweroasis, Inc. v. T-Mobile U.S.A., Inc.*, 522 F.3d 1299 (Fed. Cir. 2008) in its attempt to shift its burden of proof to Leader. D.I. 405 at 8. Facebook asserts that the holding in *Poweroasis* establishes that the patent holder bears the burden of showing that a patent is entitled to a priority associated with an earlier filed

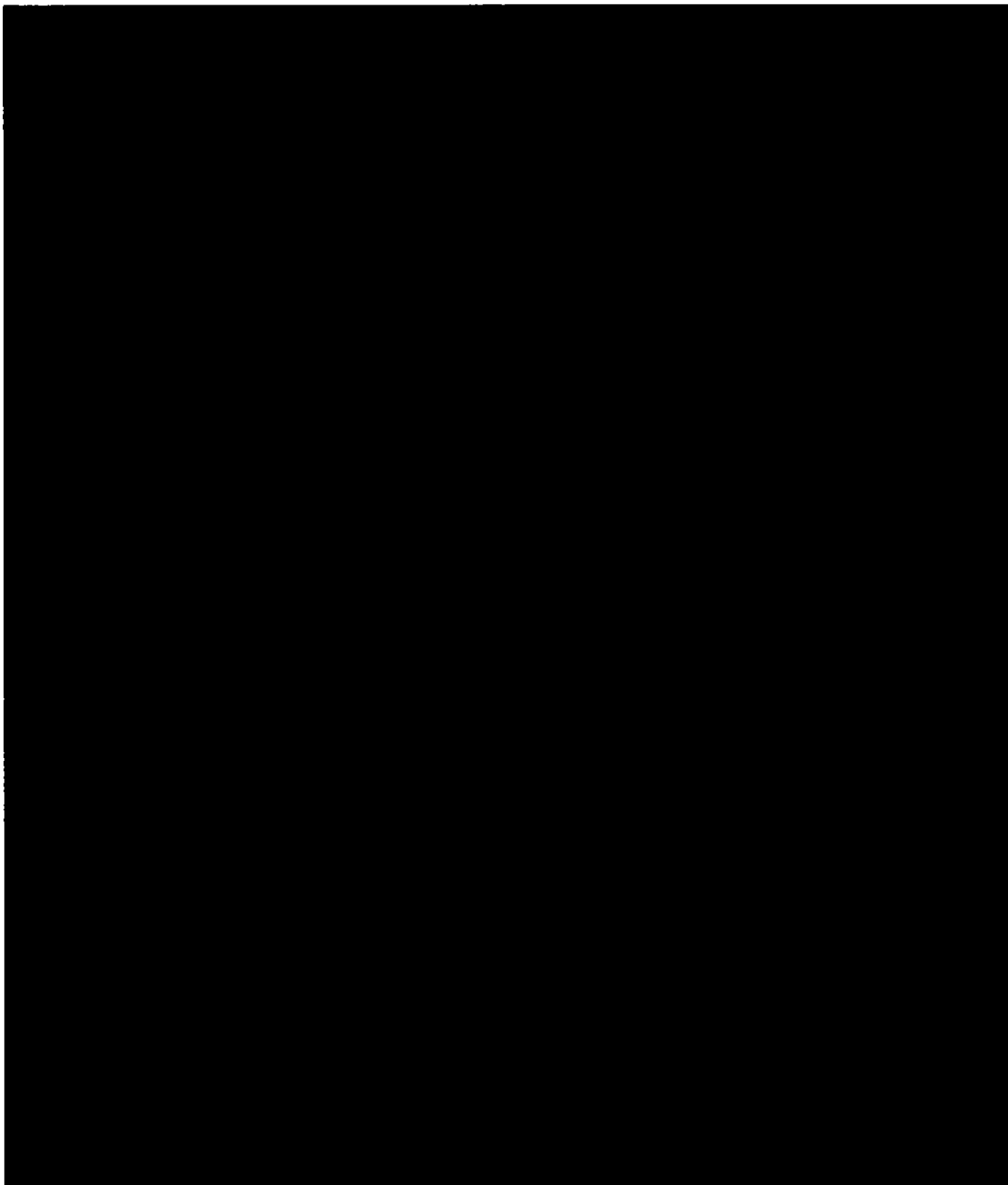
application; however Facebook fails to acknowledge that this holding applied to a prior non-provisional application. In *Poweroasis*, the patentee was attempting to assert priority to a parent application for a Continuation-in-Part (“CIP”). Unlike a provisional application and its subsequent utility application, a CIP must contain new material added in the continuation filing. Therefore, only part of the CIP may receive priority back to a previously filed non-provisional application and the Patent and Trademark Office has a procedure that prevents an examiner from determining priority in a CIP application in the absence of an interference or rejection. See *Poweroasis* at 1305. In this case, Leader filed a provisional application that is cited on the face of the ‘761 Patent. The ‘761 Patent is entitled to a presumption of validity pursuant to 35 U.S.C. § 282. To prove invalidity of the ‘761 Patent, Facebook must prove by clear and convincing evidence that the claims of the ‘761 Patent are invalid. Therefore, Facebook must put the priority date at issue and Leader must rebut Facebook’s claim, but the burden remains Facebook’s to prove by clear and convincing evidence that the ‘255 Provisional does not adequately support the claims of the ‘761 Patent. See *Technology Licensing* at 1328; see also *New Railhead I* at 757-8; *New Railhead II* at 1295; *Pfizer* at 1359. Leader has provided sufficient evidence that the ‘255 Provisional adequately meets the requirements of 35 U.S.C. §112 ¶1. Therefore, it is Facebook’s burden to prove that the ‘761 Patent does not receive priority to the filing of the provisional application.

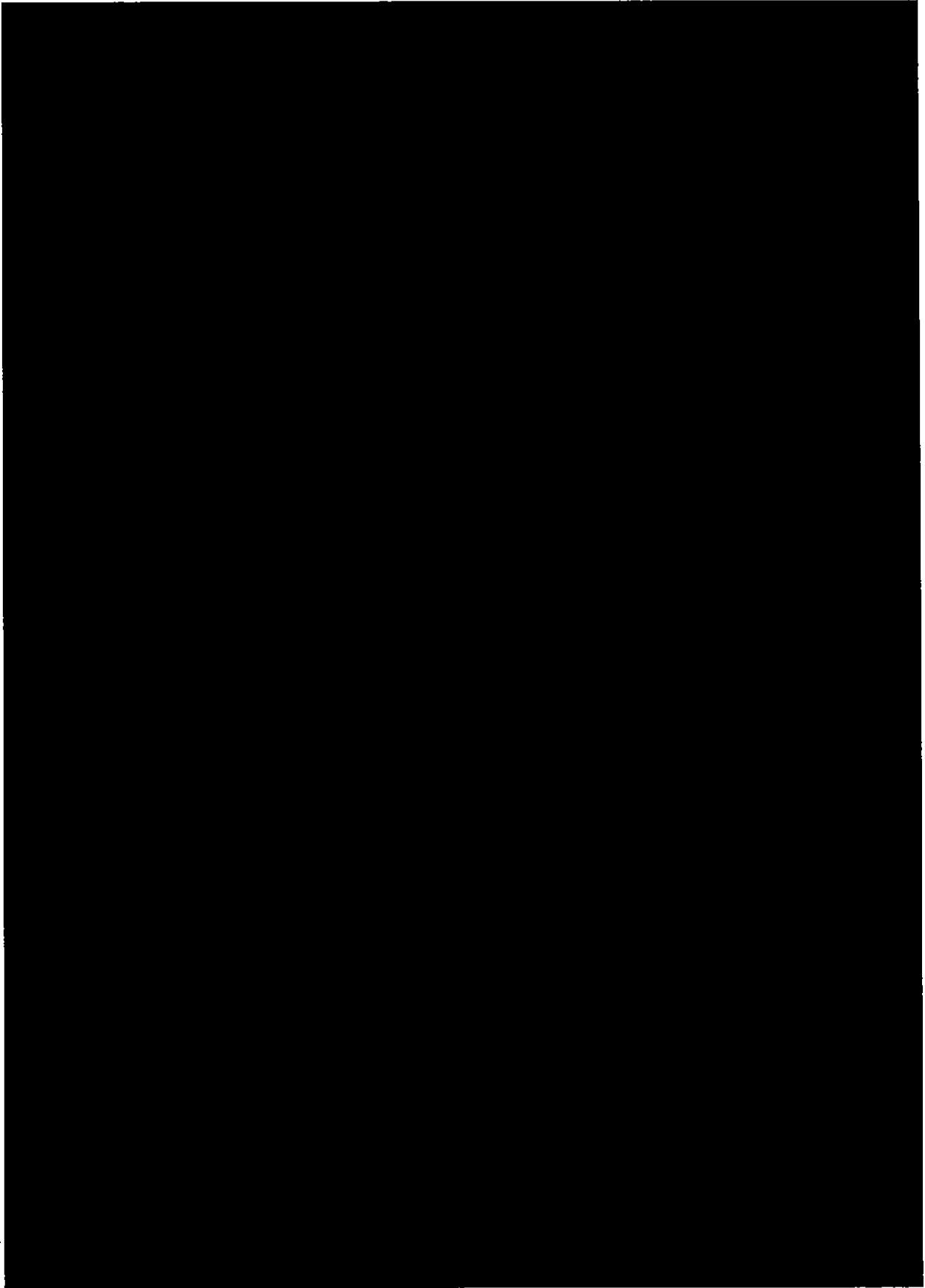
4. Leader DISPUTES Facebook’s assertion that the ‘255 Provisional does not properly support the claims of the ‘761 Patent. The ‘255 Provisional discloses the invention sufficiently to enable one skilled in the art to practice the invention as required by 35 U.S.C. §112 ¶1.

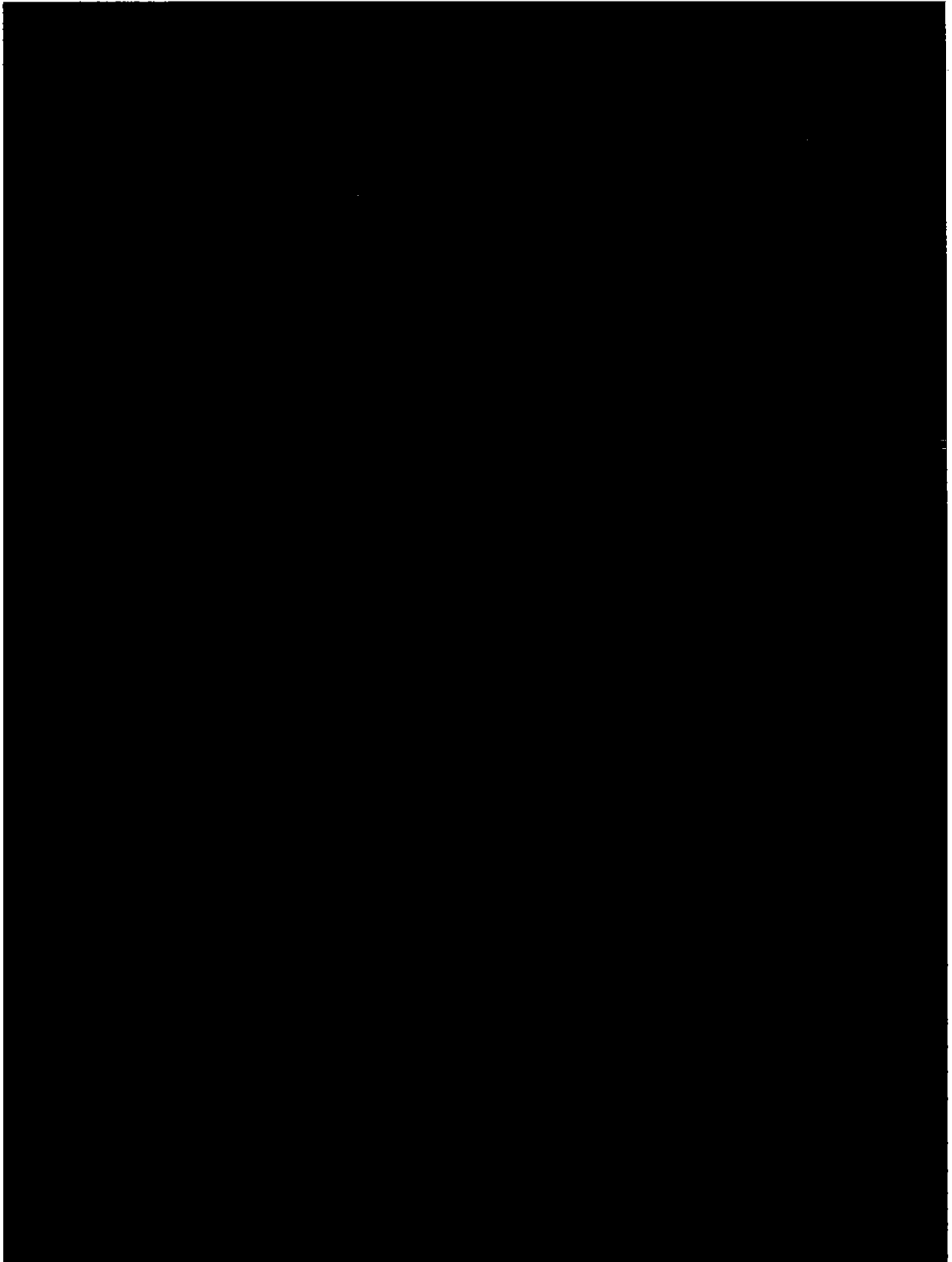
Facebook submitted an expert report claiming that the ‘761 Patent is not entitled to the

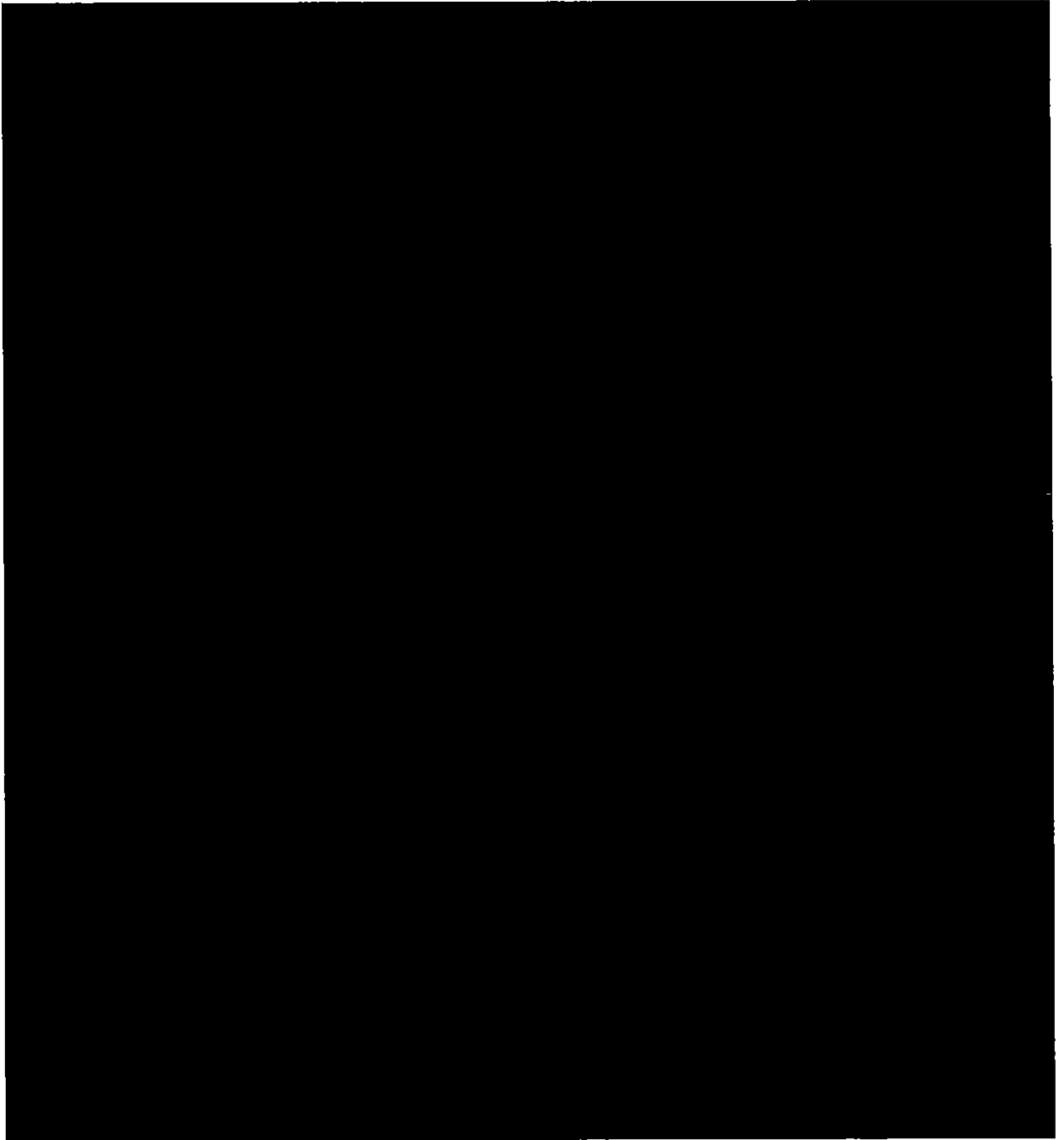


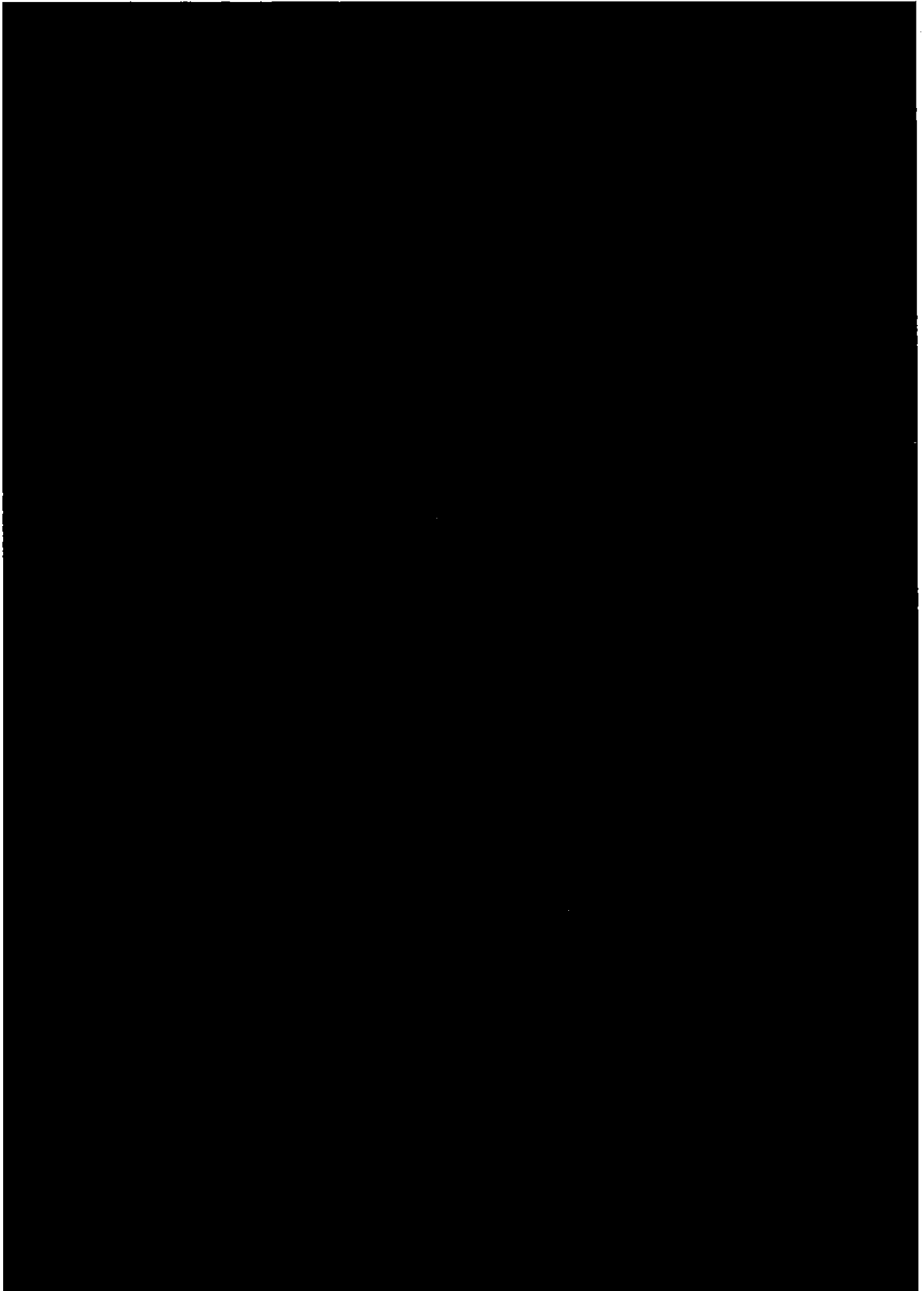
priority of the '255 Provisional application. In rebuttal, Leader submitted the expert report of Dr. James Herbsleb ("Herbsleb Report") containing the following disclosure:

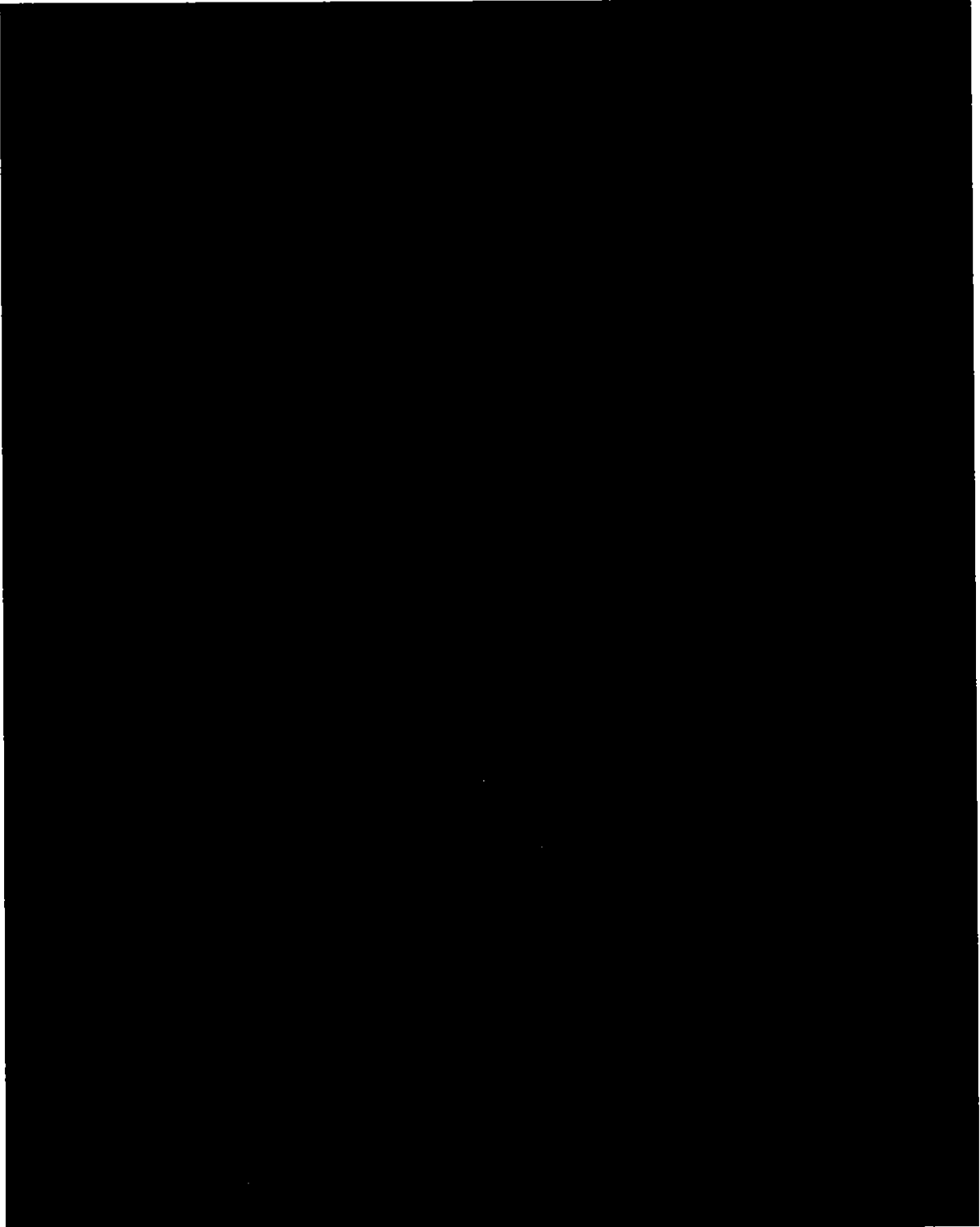





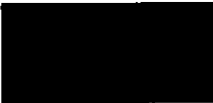








D.I. 413, Ex. 3, Herbsleb Report at ¶¶ 33-55. Dr. Herbsleb not only delineates where the disputed claim elements are contained within the '255 Provisional, 



[REDACTED]

Such experiments are common and accepted by the Federal Circuit in forming expert opinions.

*See Liquid Dynamics Corp. v. Vaughn Co., Inc.*, 449 F.3d 1209, 1220-21 (Fed. Cir.

2006)(experimental results and testimony allowed over *Daubert* challenge which went to the

weight, rather than the admissibility of experimental results); *Adang v. Fischhoff*, 286 F.3d 1346

(Fed. Cir. 2002) (upholding finding that experts testimony and experimental evidence was

relevant and credible). Despite these facts, Facebook summarily concludes that [REDACTED]

[REDACTED] D.I.

405 at 3. Facebook asserts that [REDACTED]

[REDACTED]

[REDACTED] *Id.* at 3 and 9. To the contrary, Dr.

Herbsleb disclosed in his expert report that [REDACTED]

[REDACTED]

[REDACTED] D.I. 413, Ex. 3, Herbsleb Report at ¶ 40. Dr. Herbsleb goes on to explain that the

'255 Provisional [REDACTED]

[REDACTED]

[REDACTED] *Id.* Dr. Herbsleb explains further that the pseudo code

contains [REDACTED]

[REDACTED]

*Id.* at 13. Dr. Herbsleb provides [REDACTED]

[REDACTED] *Id.* This expert analysis along with supporting evidence is sufficient to contradict Facebook's conclusory arguments and create "a dispute of material fact, precluding a grant of summary judgment on the issue." *Trading Techs. Int'l, Inc. v. eSpeed, Inc.*, 595 F.3d 1340, 1359 (Fed. Cir. 2010) (holding that the district court did not abuse its discretion in determining that irreconcilable testimony of the parties' experts and inventor precluded a grant of summary judgment on an issue). Accordingly, there are numerous DISPUTED issues of material fact with Facebook's assertion that the '761 Patent is not entitled to the priority of the '255 Provisional.

5. Leader DISPUTES that the deposition testimony of Jeffrey Lamb, one of the '761 Patent inventors, supports Facebook's assertion that the '255 Provisional does not disclose the tracking of user movement. D.I. 405 at 10; D.I. 406, Ex. 13 at 196:3-14. Facebook cites incomplete and out of context testimony from Mr. Lamb's deposition and fails to include his errata.<sup>2</sup> Mr. Lamb's errata does not change the substance of his testimony, but clarifies that he was answering the specific questions asked and nothing further. Facebook conveniently excludes the beginning of Mr. Lamb's testimony regarding the '255 Provisional which states [REDACTED]

[REDACTED] D.I. 405 at 10. Similarly, Facebook fails to cite that Mr. Lamb asked Facebook's attorney at the conclusion of this same answer [REDACTED]

[REDACTED] D.I. 406, Ex. 13 at 196:13-16. Facebook also fails to

<sup>2</sup> Once again, Facebook takes the inappropriate opportunity to bring before this Court the previously decided issue of Mr. Lamb's errata. Facebook continues to ignore the Court's finding that the changes were not substantive, but clarifying. Facebook also continues to assert the law of the wrong jurisdiction, as the deposition and errata were in the Southern District of Ohio. Facebook also misconstrues the facts, because Mr. Lamb's errata are not a "later declaration, submitted in opposition to a summary judgment motion" as described in *New Railhead II* and therefore Facebook's point is inapposite.



address the fact that Mr. Lamb potentially misheard the question. Facebook's attorney asked

[REDACTED]

[REDACTED]

*Id.* at 196:7-10

(emphasis added). Regardless, Mr. Lamb did not testify that the '255 Provisional does not

[REDACTED]

D.I. 405 at 10.

Facebook next argues that Mr. Lamb

[REDACTED]

[REDACTED]

[REDACTED]

However, once again Facebook fails to include the full citation. The

sentence begins

[REDACTED]

' Mr. Lamb

even states in his testimony that

[REDACTED]

[REDACTED]

D.I. 406, Ex. 13 at 195:10-12. Facebook's attempt

to construe Mr. Lamb's testimony as dispositive in the face of the overwhelming expert analysis that it chooses to ignore is disingenuous. Mr. Lamb's testimony does not amount to clear and convincing evidence that the claims of the '761 Patent are not entitled to the priority date of the '255 Provisional, especially when evaluated against Dr. Herbsleb's expert analysis. Facebook fails to prove that there is no dispute of material fact regarding this issue, thus precluding the grant of summary judgment.

6. Leader DISPUTES Facebook's implication that the facts in this case are the same as *New Railhead II*. D.I. 405 at 11. The Court in *New Railhead II* relied upon the testimony of the inventor, another employee responsible for research and development, and an expert in evaluating whether the provisional application sufficiently disclosed the invention. *New Railhead*

*II* at 1295-6. Even with the testimony of three individuals, the Court still conducted an independent factual review of the provisional application to determine that the provisional application did not disclose the “invention claimed in the [ ] patent.” *Id.* at 1296-97. Leader has provided sufficient evidence that the ‘255 Provisional adequately meets the requirements of 35 U.S.C. § 112 and Facebook has not proven by clear and convincing evidence that the provisional application fails to support any claim of the ‘761 Patent, much less, that Mr. Lamb believes that the provisional application fails to support any claim.

7. Leader DISPUTES Facebook’s allegation that “[a]ny offers to sell the Leader2Leader product . . . before December 10, 2002 statutorily invalidate the patent.” D.I. 405 at 1. As discussed above, Leader has provided sufficient evidence that the ‘255 Provisional adequately meets the requirements of 35 U.S.C. § 112 and Facebook has failed to show by clear and convincing evidence that the ‘255 Provisional fails to support the ‘761 Patent, or that no dispute of material fact exists regarding this issue. Therefore, Facebook’s request for summary judgment should be denied.

8. Facebook continues to assert that Leader2Leader does not practice the claims of the ‘761 Patent to support its false marking allegation, while also asserting that Leader2Leader practices the claims of the patent in support of its on-sale bar allegation. Facebook has reviewed the Leader2Leader source code and discovery in this case has concluded, but Facebook continues to maintain these mutually exclusive positions. Facebook cannot have an adequate Rule 11 basis for one of these arguments, but persists undeterred. As such, Leader DISPUTES all facts related to Facebook’s assertion that an embodiment of the ‘761 Patent was sold by Leader.

9. Leader DISPUTES that the testimony of Mr. McKibben is sufficient to determine that Leader2Leader practices “all claims of the ‘761 Patent” as Mr. McKibben is unqualified to

make such a legal determination. D.I. 405 at 4-5,12-13.

10. Leader DISPUTES Facebook's mischaracterization of the facts and Mr. McKibben's testimony regarding the conception of the '761 Patent. Facebook states that conception of the "Leader2Leader" product occurred as early as 1998, but then equates that with a "definite and permanent idea of the complete and operative invention by the summer of 1999." *Id.* at 5. Leader2Leader is a product, not the '761 Patent. The inventors of the '761 Patent conceived of the idea that resulted in the '761 Patent as early as 1998, but that does not mean that Leader had an operative embodiment of its invention ready for sale at that time. Facebook's attempt to equate Leader2Leader and the '761 Patent perpetuates its impermissible goal of conducting a product to product comparison in this case or illustrates a fundamental misunderstanding of patent law. The development of Leader2Leader and its implementation is not synonymous with conception of the '761 patented technology. Neither is the brand name of a software product synonymous with the code contained within the product. Facebook is also a software company and therefore understands that different versions and implementations of software can have identical brand names, but evolve and may contain completely different source code and functionality. D.I. 406, Ex. 3 at 44:6-14. Facebook began to follow a line of questioning regarding different versions of Leader2Leader and the contained functionality, but stopped because [REDACTED]

[REDACTED] McKibben Deposition Transcript at 45:4-6; D.I. 406, Ex. 3 at 135:1-21. This is clear in the transcript, but Facebook conveniently omits page 45 of Mr. McKibben's transcript from its exhibit. D.I. 406, Ex. 3.

Facebook also attempts to equate "Click2Lead" and "Digital Leaderboard" with Leader2Leader by mischaracterizing Mr. McKibben's testimony and, again, omitting an

intermediate page of Mr. McKibben's deposition from its exhibit. D.I. 406, Ex. 3. Mr.

McKibben testified that [REDACTED]

[REDACTED] *Id.* On the missing page of

testimony, Mr. McKibben testified that [REDACTED]

[REDACTED] McKibben Deposition Transcript at

48:10-21. Facebook's misuse of facts to support its on-sale bar allegation does not prove that there is no remaining dispute of material fact to support a finding of summary judgment.

11. Leader DISPUTES Facebook's premise that Leader submitted a proposal to the "Federal Government . . ." D.I. 405 at 4-5. Facebook alleges that Leader submitted a response to a Broad Agency Announcement from Wright Patterson Air Force Base (the "WPAFB BAA"). *Id.* at 4-5, 14-15. A BAA is not a request for proposal, but a solicitation for basic and applied research and development efforts pursuant to Federal Acquisition Regulation 35.016. *See* Exs. B-C attached hereto. Specifically, a BAA is used for "fulfilling requirements for scientific study & experimentation directed towards advancing the state-of-the-art or increasing knowledge or understanding rather than focusing on a specific system or hardware solution" and is subjected to "peer or scientific review." *Id.* Proposals in response to a BAA are ideas for research and development grants that may be of interest to the requesting government agency. *Id.* The document must meet numerous government regulations to ensure open and fair competition for funding, but the BAA does not constitute an offer to sell a specific system or solution. *Id.* In fact, the submitted BAA cannot be an "offer which rises to the level of a commercial offer for sale" because the government cannot "make [it] into a binding contract by simple acceptance." *Honeywell Int'l Inc. v. Nikon Corp.*, 672 F. Supp. 2d 638, 642 (D. Del. 2009)(citing the law for determining whether an offer is a commercial offer for sale under contract common law). The

BAA is evaluated for advancement value and if accepted then subject to negotiation for contract terms, including costs and fees. Ex. C attached hereto at 9, 29-30. The Air Force Material Command BAA Guide, Chapter 9: Negotiation to Award states:

#### **A. NOTIFICATION OF AWARD DECISION**

In the Closed-Ended Single-Step or Two-Step processes, the Contracting Officer or Contract Specialist will notify, in writing, offerors selected for negotiation for potential award and offerors that were not selected. Such notification can only occur after the technical evaluation has been approved. During this notification process, the Contracting Officer or Contract Specialist may request any required pricing updates or revisions begin immediately. The solicitation typically calls for submission of a subcontracting plan – if required-- with the proposal. If subcontracting information is incomplete, the Contracting Officer or Contract Specialist will request it at this time.

#### **B. MODEL DOCUMENT**

The Contracting Officer or Contract Specialist may transmit the Government's anticipated contractual format (Model Document) to the selected offeror(s) if a model document was not provided in the BAA announcement. The model document provides the basis for negotiations on all contractual or agreement requirements, terms, and conditions.

#### **C. TECHNICAL AND COST NEGOTIATIONS**

**1. Technical:** Any unresolved technical issues, such as the SOW, will normally be negotiated first. Typically, negotiations involve specific language issues or determining Government needs versus effort proposed. If a SOW was not requested at proposal time it may be requested once the technical tasks or issues are agreed upon. Most of these negotiations are conducted via telephone and supplemented by either telefax or E-mail. If many complex issues arise, the Government negotiator may request face-to-face meetings to resolve them.

**2. Terms and Conditions:** Any exceptions, changes, or additions to the model document should be clearly identified and justification should be provided for each. Some may affect pricing or technical considerations (e.g., limited and restricted rights, licensing agreements, or royalties) and should normally be resolved before negotiating cost and fee/price.

**3. Cost and fee (if applicable)/Price** should be negotiated last. If rates, factors, or other cost elements change during the course of negotiations, the Government negotiator must be informed as quickly as possible to preclude any delays. The

offeror may be asked to document these changes. To expedite negotiations, this information should be sent via telefax or e-mail if it is not too voluminous. The contracting officer is responsible for evaluating the reasonableness of those offered prices. The analytical techniques and procedures employed are meant to ensure that the final price is fair and reasonable. The complexity and circumstances of each acquisition will determine the level of detail of the analysis required. FAR 15.404-1(d) requires that cost realism analysis be used on all cost reimbursement contracts to determine the probable cost of performance of the offeror. That cost may not necessarily coincide with the offeror's. Additionally, the government also performs a risk assessment. In that regard, the assessed risk should be commensurate with the fee. If the proposed and government assessed fee differ, then fee, like cost, will be negotiated.

**4. Early Effective Date:** Occasionally, circumstances arise within a specific program that may result in the offeror requesting an early effective date. An early effective date involves an offeror agreeing or requesting to start work on an award after the successful conclusion of negotiations, but without issuance of a signed award. The offeror assumes all risk in this situation. AFMC FAR Supplement 5304.101-90 requires that if there is no contract, all incurred costs shall be at the offeror's risk and not allowable on any Government contract. The offeror must weigh the benefit of starting an effort with an early effective date against the possibility that a contract will not be awarded. If the Government agrees to an early effective date, the CO will confirm the negotiated date in writing along with the provision of total cost risk assumption in the event that no award is issued. When the award is forwarded for signature, the early date the parties agreed to will be placed in the "Effective Date" block of the contract, which acknowledges allowability of the costs incurred prior to the offeror and CO signatures reflected on the document. Otherwise, the effective date is the mailing date. On assistance instruments, recognition of some pre-award costs may be acceptable and negotiated with the grants officer; however, costs which pre-date the announcement cannot be recognized.

**5. Agreement:** Once negotiations have been concluded, the Government negotiator will ask the offeror to confirm the negotiations in writing. The confirmation should include the cost and fee or price, and any terms and conditions agreed to (e.g., phase cost and fee, SOW changes, contract clause or instrument article exceptions, Small Business Subcontracting Plan, etc.). For an effort where the contracting officer determines there was not adequate price competition, if the total price of the contract reaches the regulatory threshold, the offeror must furnish to the Government a Certificate of Current Cost or Pricing Data as soon as possible following negotiations. While the offeror prepares this documentation, the Government negotiator initiates the contract preparation process.

**6. Offeror Signature:** Often the negotiator may submit the contract for legal review and contractor signature simultaneously. In this case the negotiator may ask the contractor to withhold signature until completion of that review. Any

exceptions taken should be immediately brought to the attention of the Government negotiator via telephone for resolution prior to signing and forwarding the document.

**7. Signature and Distribution:** After the contractor has signed and returned the document, the CO signs the contract and the document is distributed. If it exceeds \$5.5 million dollars, by regulation the CO must wait three days for public announcement of the award before distribution can be made.

Ex. C at 29-31. Assuming that the WPAFB BAA response was submitted, a fact that has not been established, the response was not an offer for sale pursuant to 35 U.S.C. § 102(b).

12. Leader DISPUTES Facebook's allegation that Leader submitted a proposal to the "Federal Government on January 9, 2002 . . ." D.I. 405 at 4-5. Facebook fails to establish that Leader submitted the WPAFB BAA on any date, much less the asserted January 9, 2002. The January 9th date appears in the confidentiality and copyright notice at the bottom of the BAA White Paper. D.I. 406, Ex. 2. Mr. McKibben testified that [REDACTED] [REDACTED] D.I. 406, Ex. 3 at 98:4-10. No discovery was taken from WPAFB by Facebook. Therefore, it is unclear whether the cited document is a draft, final, submitted, or unsubmitted document. Mere conjecture based upon a single document does not meet Facebook's burden of clear and convincing evidence to prove summary judgment of invalidity pursuant to 35 U.S.C. § 102(b). D.I. 405 at 7.

13. Leader DISPUTES Facebook's characterization of Mr. McKibben's deposition testimony as an "attempt[] to diminish this offer during his deposition." D.I. 405 at 6. As stated above in Paragraphs 11-12, the response to a BAA cannot be an offer to sell pursuant to government regulation and guidelines. This fact supports Mr. McKibben's deposition testimony that a BAA is [REDACTED] [REDACTED] D.I. 406, Ex. 3 at 99:15-21. Therefore, Facebook fails to prove by clear and convincing evidence that an offer for sale was made to WPAFB and fails to show that no dispute of material

fact remains, which precludes a grant of summary judgment.

14. Leader DISPUTES Facebook's allegation that Mr. McKibben sent an email on November 21, 2002 [REDACTED] of The Limited, Inc., offering to sell

Leader2Leader. D.I. 405 at 6, 15. Mr. McKibben stated in his deposition that [REDACTED]

[REDACTED] D.I. 406, Ex. 3 at 176:13-177:4; 183:11-18. In order to constitute a commercial offer for sale, the alleged offer must be evaluated according to how the commercial community would understand the offer. *Honeywell*, 672 F. Supp. 2d at 642 citing *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1046 (Fed. Cir. 2001). "In addition to the language used by the parties, it is also appropriate to consider the circumstances surrounding the making of the offer . . ." *Id.* at 643. As Mr. McKibben explained in his deposition testimony, [REDACTED]

[REDACTED] D.I. 406, Ex. 3 at 176:7-8. Mr. McKibben testified that Leader [REDACTED]

[REDACTED] McKibben Deposition Transcript at 181:2-183:18. Conveniently, Facebook again failed to attach the entire series of questioning regarding this subject. D.I. 406, Ex. 3. Facebook also fails to cite or refute any of Mr. McKibben's deposition testimony, instead choosing to mischaracterize Mr. McKibben's testimony with conclusory statements.

Facebook did not pursue any discovery from The Limited to support its conclusory allegation regarding this email. Facebook has not established that this email was sent by Mr. McKibben or received by [REDACTED] Facebook offers no evidence of the practices in the industry when offering or negotiating such complex contracts regarding software products and services. Facebook ignores that The Limited had a non-disclosure agreement (NDA) with



Leader. McKibben Deposition Transcript at 178:10-17; 181:25-183:7. And Facebook ignores the entire tone and context of the email. D.I. 406, Ex. 1.

Assuming that the email was sent, the language supports Mr. McKibben's memory of the situation. *See Honeywell* at 642-3 citing *Group One* at 1046. The email uses phrases such as

[REDACTED]  
[REDACTED] D.I. 406, Ex. 1. All of this language demonstrates an intent to negotiate regarding potential interest in Leader and its products. More importantly, the entire tenor of the email revolves around potential VC funding. Mr. McKibben asks [REDACTED]

[REDACTED] *Id.* He also says, [REDACTED]  
[REDACTED]

[REDACTED] *Id.* Despite Facebook's mischaracterization, this clearly demonstrates that Mr. McKibben's goal was to [REDACTED] Finally, the email states [REDACTED]

[REDACTED] *Id.* Facebook fails to provide any substantive evidence in its conclusory two paragraph argument that can be construed as clear and convincing evidence to support a finding of invalidity pursuant to 35 U.S.C. § 102(b). Facebook also fails to show that no dispute of material fact remains regarding this alleged email to The Limited, thus precluding a grant of summary judgment.

### III. CONCLUSION

For the reasons noted above, Facebook's motion for summary judgment of invalidity of U.S. Patent No. 7,139,761 based on the On-Sale Bar is based on disputed issues of material fact, and should be denied.

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

**CERTIFICATE OF SERVICE**

I, Philip A. Rovner, hereby certify that on June 11, 2010, the within document was filed with the Clerk of the Court using CM/ECF which will send notification of such filing(s) to the following; that the document was served on the following counsel as indicated; and that the document is available for viewing and downloading from CM/ECF.

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