

In The
Supreme Court of the United States

Roger Marx Desenberg
Petitioner,

v.

Google, Inc.
Respondent.

On Petition for Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit

APPENDIX VOLUME 1

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TABLE OF CONTENTS

ORDERS, REPORTS	Filed
1. Judge Peck's Report & Recommendation	07/30/2009
2. Objections to Reports & Recommendation	09/17/2009
3. Response To Plaintiff's R&R Objections	10/01/2009
4. Response to Answer of R&R Objections	10/08/2009
5. Judge Daniels Order to Dismiss	01/11/2010
6. Notice of Appeal to Federal Circuit	02/02/2010
7. Federal Circuit Affirms Dismissal	08/31/2010

UNITED STATES DISTRICT COURT SOUTHERN DIS-
TRICT OF NEW YORK

ROGER MARX DESENBURG,

Plaintiff,

-against- Case No. 08 Civ. 10121 (GBD) (AJP)

Google, Inc.,

Defendant

Date Filed: 03/27/2009

ORDER

Defendant's motion to dismiss was filed on March 20, 2009. Plaintiff's opposition papers would be due April 3, 2009, but the Court extends the time for him to file his opposition papers to April 13, 2009. Defendant's reply papers shall be due April 21, 2009. If either party needs an extension, they shall promptly seek it.

The Court stays discovery because of the pending motion to dismiss, until the Court decides the motion to dismiss or until further Court Order.

The parties are advised that my chambers (Room 1370, 500 Pearl Street) are to be provided with a (paper) courtesy copy of all papers already filed and all papers hereafter filed with the Court. The parties are to follow the "Individual Practices of Magistrate Judge Andrew J. Peck," a copy of which is attached.

SO ORDERED,

Date: New York, New York
March 27, 2009

Andrew. J. Peck

United States Magistrate Judge

Copies to: Roger Marx Desenberg
Charles K. Verhoeven, Esq. (Fax)
Edward J. DeFranco, Esq. (Fax)
Judge George B. Daniels

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ROGER MARX DESEMBERG,

Plaintiff,

Plaintiff

-against- Case No. 08 Civ. 10121 (GBD) (AJP)

Google, Inc.,

Defendant

Date Filed: 04/28/2009

ORDER

ANDREW J. PECK, United States Magistrate Judge:

Pro se plaintiff Roger Marx Desenberg recently has filed various affidavits and motions (Dkt. Nos. 27-38.) The Court deals with them as follows:

1. Docket Nos. 27 and 28 are Desenberg's declarations, but they do not relate to any motion or any other issue presently before the Court. To the extent they may relate to issues that may come up at trial, they are premature. The Court will take no further action as to these declarations.

2. Docket No. 29, "Plaintiff's Motion for the Court to Test Web Sites, etc.," is DENIED. Once the pending motion to dismiss is decided, discovery can begin. Discovery is done by the parties. The Court does not "test" things until trial. Docket No. 30 is Desenberg's

declaration explaining how to test things; it has no relevance at this stage of the case.

3. Docket No. 31 is entitled “Plaintiff’s Motion to Grant the Desenberg Stipulation” but also is titled “Plaintiff’s Motion to Remove Irreparable Harm.” The motion is **DENIED**. In essence, Desenberg is asking to be able to “preserve that status quo” by allowing him to “run his invention” for a time to earn money to pay for his lawsuit. The motion is largely incomprehensible by in any event fails to meet the standard for a TRO or a preliminary injunction. Nor does it preserve the status quo but rather changes it. The motion is **DENIED**.

4. Docket No. 32, “Plaintiff’s Motion for Temporary Restraining Order to Preserver the Status Quo” is similar to Docket No. 31 and is **DENIED** for the same reason - among other things, it actually seeks to change the status quo, and does not show a likelihood of success on the merits or irreparable harm.

5. Docket No. 33, “Plaintiff’s Motion to Grant the Desenberg Stipulation,” is **DENIED** as frivolous. A stipulation is a willing agreement of the parties. Here, there is no such agreement.

6. Docket No. 34, “Plaintiff’s Offer of Voluntary Enjoinder and Settlement for Damages,” is similarly **DENIED**. A “voluntary” injunction and a settlement require both parties to agree. There is no such agreement here (and it is clear that Google will not voluntarily pay the \$3 billion that Desenberg suggest as the settlement amount).

7. Docket No. 35, “Plaintiff’s Withdrawal of Motion for Preliminary Injunction” is **GRANTED** only to the extent of withdrawing plaintiff’s prior motion for a preliminary

injunction.

8. Docket Nos. 36-38 are Desenberg's declarations in support of certain of the above motions. They require no separate Court action at this time.

* * * *

The Court strongly recommends that plaintiff Desenberg obtain an attorney for this litigation. A patent case is no place for a pro se litigant. (Plaintiff may wish to dismiss this case without prejudice until such time he can obtain counsel - see Fed. R. Civ. P. 41.)

SO ORDERED,

Dated: New York, New York
April 28, 2009

/s
Andrew J. Peck
United States Magistrate

Judge

Copies by fax to: Roger Marx Desenberg (Regular
and Certified Mail)
Edward . DeFranco, Esq.
Patrick D. Curran, Esq.
Charles K. Verhoeven, Esq.
Judge George B. Daniels

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

ROGER MARX DESEMBERG,

Plaintiff,

-against- Case No. 08 Civ. 10121 (GBD) (AJP)

Google, Inc.,

Defendant

Date Filed: 04/28/2009

REPORT AND RECOMMENDATION

ANDREW J. PECK, United States Magistrate Judge:

To the Honorable George B. Daniels, United States District Judge:

Pro se plaintiff and inventor Roger Marx Desenberg brought this action alleging that Google's "AdWords" system directly and indirectly infringes Desenberg's patent, U.S. Patent No. 7,139,732. (Dkt. No. 1: Compl. ¶¶ 11-12, 19, 21, 26-31.)

Presently before the Court is Google's motion to dismiss the complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure (Dkt. No. 13: Google Notice of Motion), on the grounds thBr. at 7-12).^{1/}

For the reasons set forth below, Google's motion to dismiss for failure to state a claim (Dkt. No. 13) should be GRANTED and Desenberg's complaint should be dismissed.

FACTS

The facts alleged in Desenberg's complaint are assumed to be true for purposes of this motion, and will be set forth herein without use of the preamble "Desenberg alleges."

Desenberg and His Patent

Desenberg is an "[i]nventor, an economist, and software engineer" with "experience in architecting mission critical software systems using rapid application development techniques for many clients and many projects." (Dkt. No. 1: Compl. ¶ 4.) In 1999, Desenberg completed the "first implementation of the invention," which "included several entities to create a balanced and regulated lead generation marketplace wherein excessive fraud would be prevented," and began a lengthy and protracted patent prosecution process. (Compl. ¶¶ 4-19.)

On November 21, 2006, the United States Patent and Trademark Office issued to Desenberg U.S. Patent No. 7,139,732 ("the '732 patent" or "the patent"), entitled "Systems, Methods, and Computer Program Products Facilitating Real-Time Transactions Through The Purchase of LeadOptions." (Compl. ¶ 19 & Ex. Q: Patent No. 7,139,732 Text; accord Dkt. No. 15: DeFranco Aff. Ex. A: Patent No. 7,139,732.)

^{1/} Google also moved to dismiss for Desenberg's lack of standing and failure to join an indispensable party (Google Br. at 6, 12-13) – arising from Desenberg's December 20, 2007, assignment of all rights in his patent to his wholly-owned company RMD IP LLC, a non-party. (See Dkt. No. 15: DeFranco Aff. Ex. B: 12/20/07 Patent Assignment.) On November 20, 2008, however, one day prior to the commencement of the instant litigation, RMD IP LLC re-assigned the patent, nunc pro tunc, back to Desenberg. (See Dkt. No. 38: Desenberg Aff. Ex. F: 3/21/09 Patent Assignment Notice of Recordation.) Desenberg, therefore, hasting to bring the instant litigation, and is not required to join RMD. Indeed, Google's reply brief withdrew this aspect of its motion. (Dkt. No. 39: Google Reply Br. at 2.)

The Patent's background and summary of the invention describe the invention as an internet-based system, method, or program that "facilitate[s] real-time service transaction between two or more users, including at least one client and at least one service provider," as follows:

Service providers complete project profiles identifying projects they wish to work on, and clients complete project profiles identifying projects they would like to pay service providers to complete. . . . Both the clients and service providers may then purchase lead options to identify their desire for obtaining a matching user. The lead options can be a sum of money a user wished to pay for a lead. The present invention then determines matching clients and service providers based upon the project profiles, and identifies to one or more lead option submitting users the immediately available users that match the project profile submitted by the user.

(DeFranco Aff. Ex. A: '732 Patent "Summary of the Invention," col. 2, l. 48-62.) Various embodiment[s] or "aspect[s]" of the invention describe different methods or systems of interaction between users – clients and/or service providers – and the lead option engine. (Id. at col. 2-4.) In addition, the patent's drawing sheets depict block diagrams which appear to document the invention as requiring the participation of three types of parties: the "lead option engine," a "client," and a "service provider." (DeFranco Aff. Ex. A: '732 Patent Fig. 1.)

The Patent's sole independent claim, the first of eighteen claims, claims "[a] method for a user using a communication network to search for and identify at least one matching provider of project work." (DeFranco Aff. Ex. A: '732 steps including, among other things:

transmission of a lead comprising contact information that enables communication

between the user and the provider; comparing the respective maximum lead prices to determine a lowest respective maximum lead price; identifying the provider associated with the lowest one of the respective maximum lead prices; receiving from a user or provider a request for contact information, enabling communication between the user and at least one of the first provider and second provider; [and] providing . . . at least one lead to the user or provider for projectwork.”

(DeFranco Aff. Ex. A: ‘732 Patent col. 16-17.) The seventeen dependent claims describe various implementations for the first claim’s method. (DeFranco Aff. Ex. A: ‘732 Patent at col. 17-18.)

Google’s Alleged Infringement of Desenberg’s Patent

According to Desenberg, in 2000 “Google began using [Desenberg]’s invention,” generating “more than ninety percent (90%) of all of Google’s revenue . . . [or] approximately \$25 billion of revenue.” (Dkt. No. 1: Compl. ¶¶ 11, 25.) In 2003, Desenberg “became aware that Google was using his invention” upon “inspect[ing] [Google’s] AdWords system” when “consider[ing] register[ing] for Google’s AdWords to help sell his house.” (Compl. ¶ 12.) On November 21, 2006, Desenberg sent Google a cease and desist letter and proposed a “fair and reasonable fee system” of a 10% royalty and “preliminary injunction plan” for Google to compensate Desenberg for use of his patent without interrupting Google’s operations or inconveniencing its customers. (Compl. ¶¶ 21-23 & Ex. E: 11/21/06 Letter.)

On or about November 21, 2008, Desenberg commenced this litigation, alleging that Google directly and contributorily infringed and induced infringement of Desenberg’s patent when it “used, sold or offered to sell, .

. . . an Internet system and/or service that infringes each of the elements of one or more claims of Patent 732, without license from the Inventor.” (Compl. ¶¶ 26-28 & Ex M: Claim Deconstruction Docs.) Specifically, Desenberg claims that “Google’s AdWords and AdSense systems infringe[] on each one of the fifteen phrases contained in Claim 1 of Patent 732 under the scenario where a vendor pays for AdWords and obtains a lead, and a service transaction is consummated between the vendor and a customer as a result of the AdWords lead.” (Compl. Ex A: Preliminary Injunction Plan at p. 3.)

Desenberg seeks damages, declarations that Desenberg’s patent “was duly and legally issued” and that Google directly or contributorily infringed upon his patent, and an injunction barring Google from further infringing on his patent. (Compl. ¶ 32.)

ANALYSIS

I. THE STANDARDS GOVERNING A MOTION TO DISMISS

A. The Twombly-Iqbal “Plausibility” Standard

In two decisions in the last few years, the Supreme Court significantly clarified the standard for a motion to dismiss as follows:

Under Federal Rule of Civil Procedure 8(a)(2), a pleading must contain a “short and plain statement of the claim showing that the pleader is entitled to relief.” As the Court held in *Twombly*, the pleading standard Rule 8 announces does not require “detailed factual allegations,” but it demands more than an unadorned, the-defendant-unlawfully-harmed-me accusation. A pleading that offers “labels and conclusions” or “a formulaic recitation of the elements

of a cause of action will not do.” Nor does a complaint suffice if it tenders “naked assertion[s]” devoid of “further factual enhancement.” To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to “state a claim to relief that is plausible on its face.” A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged. The plausibility standard is not akin to a “probability requirement,” but it asks for more than a sheer possibility that a defendant has acted unlawfully. Where a complaint pleads facts that are “merely consistent with” a defendant’s liability, it “stops short of the line between possibility and plausibility of ‘entitlement to relief.’” Two working principles underlie our decision in *Twombly*. First, the tenet that a court must accept as true all of the allegations contained in a complaint is inapplicable to legal conclusions. Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice. Rule 8 marks a notable and generous departure from the hyper-technical, code-pleading regime of a prior era, but it does not unlock the doors of discovery for a plaintiff armed with nothing more than conclusions. Second, only a complaint that states a plausible claim for relief survives a motion to dismiss. Determining whether a complaint states a plausible claim for relief will . . . be a context-specific task that requires the reviewing court to draw on its judicial experience and common sense. But where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged - but it has not “show[n]” - “that the pleader is entitled to relief.” Fed. Rule Civ. Proc. 8(a)(2).

In keeping with these principles a court considering a motion to dismiss can choose to begin by identifying pleadings that, because they are no more than conclusions, are not entitled to the assumption of truth. While legal conclusions can provide the framework of a complaint, they must be supported by factual allegations. When there are well-pleaded factual allegations, a court should assume their veracity and then determine whether they plausibly give rise to an entitlement to relief. ^{2/}

Ashcroft v. Iqbal, 129 S. Ct. 1937, 1949-50 (2009) (citations omitted & emphasis added) (quoting Bell Atl. Corp. v. Twombly, 550 U.S. 544, 556-57, 570, 127 S. Ct. 1955, 1965-66, 1974 (2007) (retiring the Conley v. Gibson, 355 U.S. 41, 45-46, 78 S. Ct. 99, 102 (1957), pleading standard that required denying a Rule 12(b)(6) motion to dismiss “unless it appears beyond doubt that tcan prove no set of facts in support of his claim which would entitle him to relief.”)).^{2/}

^{2/} Accord, e.g., Harris v. Mills, -- F.3d --, 2009 WL 1956176 at *4 (2d Cir. July 9, 2009); Lindner v. Int’l Bus. Machs. Corp., 06 Civ. 4751, 2008 WL 2461934 at *3 (S.D.N.Y. June 18, 2008); Joseph v. Terrence Cardinal Cooke Health Care Ctr., 07 Civ. 9325, 2008 WL 892508 at *1 (S.D.N.Y. Apr. 2, 2008); Elektra Entm’t Group, Inc. v. Barker, 551 F. Supp. 2d 234, 237 (S.D.N.Y. 2008); Edison Fund v. Cogent Inv. Strategi2d 210, 216-17 (S.D.N.Y. 2008); Diana Allen Life Ins. Trust v. 2008 WL 878190 at *3 (S.D.N.Y. Mar. 31, 2008).

B. Consideration Of Documents Attached To Or Referred To In The Complaint

A Rule 12(b)(6) motion to dismiss challenges only the face of the pleading. Thus, in deciding such a motion to dismiss, “the Court must limit its analysis to the four corners of the complaint.” *Vassilatos v. Ceram Tech Int’l, Ltd.*, 92 Civ. 4574, 1993 WL 177780 at *5 (S.D.N.Y. May 19, 1993) (citing *Kopec v. Coughlin*, 922 F.2d 152, 154-55 (2d Cir. 1991)).^{3/} The Court, however, may consider documents attached to the complaint as an exhibit or incorporated in the complaint by reference. E.g., *ATSI Commc’ns, Inc. v. Shaar Fund, Ltd.*, 493 F.3d 87, 98 (2d Cir. 2007); *Chambers v. Time Warner, Inc.*, 282 F.3d 147, 153 (2d Cir. 2002) (“Because this standard has been misinterpreted on occasion, we reiterate here that a plaintiff’s reliance on the terms and effect of a document in drafting the complaint is a necessary prerequisite to the court’s consideration of the document on a dismissal motion; mere notice or possession is not enough.”); *Yak v. Bank Brussels Lambert*, 252 F.3d 127, 130 (2d Cir. 2001) (citing *Cortec Indus., Inc. v. Sum Holding L.P.*, 949 F.2d 42, 47 (2d Cir. 1991), cert. denied, 503 U.S. 960, 112 S. Ct. 1561 (1992)); *Rothman v. Gregor*, 220 F.3d 81, 88 (2d Cir. 2000) (“For purposes of a motion to dismiss, we have deemed a complaint to include any written instrument attached to it as an exhibit or any statements or documents incorporated in it by reference. . . .”); see also, e.g., *Paulemon v. Tobin*, 30 F.3d 307, 308-09 (2d Cir. 1994); *Brass v. Am. Film Techs., Inc.*, 987 F.2d 142, 150 (2d Cir. 1993).

“However, before materials outside the record may become the basis for a dismissal, several conditions must be met. For example, even if a document is ‘integral’ to the complaint, it must be clear on the record that no dispute exists regarding the authenticity or accuracy of the document. It must also be clear that there exists no

material disputed issue of fact regarding the relevance of the document.” *Faulkner v. Beer*, 463 F.3d at 134 (citations omitted).

In this case, documents that plaintiff Desenberg attached to or referred to in his complaint, and the documents submitted by defendant Google in support of its motion to dismiss and by Desenberg in opposition to Google’s motion to dismiss (see Dkt. No. 15: DeFranco Aff. Exs. A- C; Dkt. No. 26: Desenberg Opp. Aff.), may be considered on the motion to dismiss, subject to the *Faulkner v. Beer* proviso.

* * * *

^{3/} Accord, e.g., *Faulkner v. Beer*, 463 F.3d 130, 134 (2d Cir. 2006); *Aniero Concrete Co. v. N.Y. City Constr. Auth.*, 94 Civ. 3506, 2000 WL 863208 at *31 (S.D.N.Y. June 27, 2000); *Six W. Retail Acquisition, Inc. v. Sony Theatre Mgmt. Corp.*, 97 Civ. 5499, 2000 WL 264295 at *12 (S.D.N.Y. Mar. 9, 2000) (“When reviewing the pleadings on a motion to dismiss pursuant to Rule 12(b)(6), a court looks only to the four corners of the complaint and evaluates the legal viability of the allegations contained therein.”).

When additional materials are submitted to the Court for consideration with a 12(b)(6) motion, the Court must either exclude the additional materials and decide the motion based solely upon the complaint, or convert the motion to one for summary judgment under Fed.R. Civ. P. 56. See Fed. R. Civ. P. 12(b); *Friedl v. City of N.Y.*, 210 F.3d 79, 83 (2d Cir. 2000); *Fonte v. Bd. of Managers of Cont’l Towers Condo.*, 848 F.2d 24, 25 (2d Cir. 1988).

The Court's role in deciding a motion to dismiss "is merely to assess the legal feasibility of the complaint, not to assay the weight of the evidence which might be offered in support thereof." *Saunders v. Coughlin*, 92 Civ. 4289, 1994 WL 88108 at *2 (S.D.N.Y. Mar. 15, 1994) (quoting *Geisler v. Petrocelli*, 616 F.2d 636, 639 (2d Cir. 1980)); accord, e.g., *Watson v. McGinnis*, 964 F. Supp. 127, 130-31 (S.D.N.Y. 1997) (Kaplan, D.J. & Peck, M.J.). "[T]he issue is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims." *Saunders v. Coughlin*, 1994 WL 88108 at *2 (quoting *Scheuer v. Rhodes*, 416 U.S. 232, 236, 94 S. Ct. 1683, 1686 (1974)).

Even after *Twombly* and *Iqbal*, when reviewing a pro se complaint, the Court must use less stringent standards than if the complaint had been drafted by counsel and must construe a pro se complaint liberally. See, e.g., *Harris v. Mills*, -- F.3d --, 2009 WL 1956176 at *4 (2d Cir. July 9, 2009); *LaBounty v. Adler*, 933 F.2d 121, 123 (2d Cir. 1991); *Watson v. McGinnis*, 964 F. Supp. at 131; *Saunders v. Coughlin*, 1994 WL 88108 at *2 (citing *Hughes v. Rowe*, 449 U.S. 5, 101 S. Ct. 173 (1980)). However, "[d]ismissal under Rule 12(b)(6) is proper if the complaint lacks an allegation regarding an element necessary to obtain relief. . . . " 2 Moore's Federal Practice § 12.34[4][a], at 12-72.7 (2005). Thus, the "duty to liberally construe a plaintiff's complaint [is not] the equivalent of a duty to re-write it." *Id.*, § 12.34[1][b], at 12-61; see also, e.g., *Joyner v. Greiner*, 195 F. Supp. 2d 500, 503 (S.D.N.Y. 2002) (action dismissed because pro se plaintiff "failed to allege the facts tending to establish" that defendants violated his constitutional rights).

II. GOOGLE'S MOTION TO DISMISS DESENBERG'S COMPLAINT SHOULD BE GRANTED

Google argues that Desenberg fails to state a claim for direct patent infringement because, in contrast to binding Federal Circuit precedent, Desenberg's complaint "fails to allege that a single party performs 'each step of the patented process,'" and "[a]t best, it alleges that Google combines with its users and with AdWords advertisers . . . in an arms-length transaction that allegedly completes all steps of the method." (Dkt. No. 14: Google Br. at 10; see also *id.* at 7-11; Dkt. No. 39: Google Reply Br. at 2-7.)

"When deciding issues in a patent case, a district court applies the law of the circuit in which it sits to nonpatent issues and the law of the Federal Circuit to issues of substantive patent law." *In re Omeprazole Patent Litig.*, 490 F. Supp. 2d 381, 399 (S.D.N.Y. 2007) (citing *Invitrogen Corp. v. Biocrest Mfg., L.P.*, 424 F.3d 1374, 1378-79 (Fed. Cir. 2005)); accord, e.g., *Revlon Consumer Prods. Corp. v. Estee Lauder Cos.*, 00 Civ. 5960, 2003 WL 21751833 at *7 (S.D.N.Y. July 30, 2003) (Peck, M.J.).

In *BMC Resources, Inc. v. Paymentech, L.P.*, the Federal Circuit clarified "the proper standard for joint [patent] infringement by multiple parties of a single [method or process] claim" when it held that "[d]irect infringement requires a party to perform or use each and every step or element of a claimed method or product." *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d 1373, 1378-79 (Fed. Cir. 2007); accord, e.g., *Pfizer, Inc. v. Gelfand*, 08 Civ. 2018, 2008 WL 2736019 at *1 (S.D.N.Y. July 9, 2008) (A method patent claim "is infringed only where the alleged infringer performs or uses 'each and every step or element of a claimed method or product.'" (quoting *BMC*).^{4/}

“This holding derives from the statute itself, which states ‘whoever without authority makes, uses, offers to sell, or sells any patented invention within the United States, or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.’ 35 U.S.C. § 271(a) (2000). Thus, liability for infringement requires a party to make, use, sell, or offer to sell the patented invention, meaning the entire patented invention.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1380 (emphasis added); see also *NTP, Inc. v. Research In Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005) (“A method or process consists of one or more operative steps, and, accordingly, ‘[i]t is well established that a patent for a method or process is not infringed unless all steps or stages of the claimed process are utilized.’”) (quoting *Roberts Dairy Co. v. United States*, 208 Ct. Cl. 830, 530 F.2d 1342, 1354 (Ct. Cl. 1976)).

^{4/} *BMC Resources* rejected dicta in *On Demand Mach. Corp. v. Ingram Indus., Inc.*, 442 F.3d 1331 (Fed. Cir. 2005), cert. denied, 549 U.S. 1054, 127 S. Ct. 683 (2006), suggesting that infringement may occur when “a party . . . performs some steps of a [method or process patent] claim in cases where a patent claims a new and useful invention that cannot be performed by one person.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1379. In *On Demand*, the Federal Circuit had “discern[ed] no flaw” in the following jury instruction:

“It is not necessary for the acts that constitute infringement to be performed by one person or entity. When infringement results from the participation and combined action(s) of more than one person or entity, they are all joint infringers and jointly liable for patent infringement. Infringement of a patented process or method cannot be avoided by having another perform one step of the process or method. Where the infringement is the result of the participation and combined action(s) of one or more inued) persons or entities, they are joint infringers and are jointly liable for the infringement.”

On Demand Mach. Corp. v. Ingram Indus., Inc., (continued)

The Federal Circuit, therefore, affirmed defendant Paymentech’s non-infringement of the asserted patent, which disclosed a multi-step “method for processing debit transactions without a personal identification number (PIN)” between merchants and customers using a touch-tone phone, because defendant did “not perform every step of the method at issue in this case.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1375, 1378.

Desenberg’s patent, as structured in the elements or steps comprising the patent’s first claim (the only independent claim), clearly require the participation of multiple parties. Indeed, the method facilitates interactions between consumers and service providers in real-time (see pages 3-4 above), making multiple parties critical to the method’s design and implementation. Desenberg perhaps could have drafted his patent claim so that one entity controlled all of the steps, but as written, the claim requires a series of interactions, transmissions and communications between “users” and “providers,” similar to the multi-step patent process involving merchants and customers in *BMC Resources*. (See pages 3-4 above.) The Federal Circuit acknowledged “the difficulty of proving infringement of this claim format,” but refused to “unilaterally restructure the claim or the standards for joint infringement to remedy . . . ill-conceived claims.” *BMC Res., Inc. v. Paymentech, L.P.*,

^{4/} 442 F.3d at 1344-45. *BMC Resources* held, however, that On Demand made no “analysis of the issues presented relating to divided infringement,” and therefore “did not change the traditional standard requiring a single party to perform all steps of a claimed method,” and “did not change [the Federal Circuit’s] precedent with regard to joint infringement.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1380.

498 F.3d at 1381. Desenberg’s argument that the patent’s independent claim “mentions only TWO parties, the ‘user’ and a ‘provider’” (Dkt. No. 26: Desenberg Opp. Br. at 3, 5-6), does not remove this action from BMC Resources’ holding which would require Desenberg to allege that Google performs both the “user” and “provider” steps in the claim, which Desenberg has not alleged, and by the very terms of his patent, cannot realistically allege.^{5/}

The Federal Circuit noted that “[a] party cannot avoid infringement, however, simply by contracting out steps of a patented process to another entity. In those cases, the party in control would be liable for direct infringement. It would be unfair indeed for the mastermind in such situations to escape liability.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1381. In *Muniauction, Inc. v. Thomson Corp.*, discussing *BMC Resources*, the Federal Circuit recognized a range of multi-party relationships that may or may not support liability for infringement by one party:

Accordingly, where the actions of multiple parties combine to perform every step of a claimed method, the claim is directly infringed only if one party exercises “control or direction” over the entire process such that every step is attributable to the controlling party, i.e., the “mastermind.” At the other end of this multi-party spectrum, mere “arms-length cooperation” will not give rise to direct infringement by any party.

Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318, 1329 (Fed. Cir. 2008), cert. denied, 129 S. Ct. 1585 (2009). This “control or direction” standard “may in some circumstances allow parties to enter into arms-length agreements to avoid infringement. Nonetheless, this concern does not outweigh concerns over expanding the rules governing direct infringement. . . . [and] can usually be offset by proper claim drafting. . . . [by] structur[ing] a claim to

capture infringement by a single party.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1381.

“Under *BMC Resources*, the control or direction standard is satisfied in situations where the law would traditionally hold the accused direct infringer vicariously liable for the acts committed by another party that are required to complete performance of a claimed method.”^{6/} *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d at 1330; see *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1379 (“[T]he law imposes vicarious liability on a party for the acts of another in circumstances showing that the liable party controlled the conduct of the acting party.”) In addition, *Muniauction* – where the patent at issue claimed an electronic method allowing municipal bond issuers to initiate and monitor bond auctions, and bidders to prepare, submit, and monitor bids – held that an alleged infringer that merely “controls access to its system and instructs bidders on its use is not sufficient to incur liability for direct infringement.” *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d at 1322, 1330; see, e.g., *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 614 F. Supp. 2d at 121 (“*Muniauction* establishes that direction or control requires something more than merely a contractual agreement to pay for a defendant’s services and instructions or directions on how to utilize those services.”); *Emtel, Inc. v. Lipidlabs, Inc.*, 583 F. Supp. 2d 811, 831 (S.D. Tex. 2008) (“*BMC Resources* and *Muniauction* teach that . . . [p]roviding data to another party, as in *BMC Resources*, does not support an inference of adequate ‘direction or control.’

^{6/} At least one district court has held that “[w]hile a showing of vicarious liability is sufficient to find direction or control, it is not a necessary requirement.” *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 614 F. Supp. 2d 90, 120 (D. Mass. 2009).

Controlling access to a system and providing instructions on using that system – ‘teaching, instructing or facilitating of the other party’s participation’ in the patented system – as in *Muniauction*, does not show adequate ‘direction or control.’”) (citations omitted); *Global Patent Holdings, LLC v. Panthers BRHC LLC*, 586 F. Supp. 2d 1331, 1335 (S.D. Fla. 2008) (“[I]t appears that the level of ‘direction or control’ the Federal Circuit intended was not mere guidance or instruction in how to conduct some of the steps of the method patent. Instead, the court indicates that the third party must perform the steps of the patented process by virtue of a contractual obligation or other relationship that gives rise to vicarious liability in order for a court to find ‘direction or control.’”), *aff’d*, 318 Fed. Appx. 908, 909 (Fed. Cir. 2009).

Google argues that its interactions with users and AdWords advertisers constitute arms-length transactions, and that *Desenberg* has not alleged that Google acts as a “mastermind” directing or controlling the actions or participation of users. (Dkt. No. 14: Google Br. at 10-11.) This Court agrees. *Desenberg* has not alleged that those who participate in Google AdWords do so at the behest of Google, even under an expansive interpretation of “direction or control,” and although this Court sympathizes with the limitations that *Desenberg* faces in proceeding *pro se*, he has failed to properly allege that Google exercises even a modicum of control over Google AdWords users to satisfy the Federal Circuit’s joint infringement standard.⁷ *Desenberg*’s direct infringement claim therefore should be DISMISSED. See also, e.g., *Friday Group v. Ticketmaster*, No. 08 CV 01203, 2008 WL 5233078 at *3 (E.D. Mo. Dec. 12, 2008) (Granting motion to dismiss patent infringement claim where “[p]laintiff’s complaint . . . does not allege that any single defendant performed all of the steps of the method or that any defendant was the ‘mastermind’ behind the operation. Absent the allegation that one of

these defendants was the one that directed or controlled the method, Plaintiff fails to state a claim for direct infringement.”) (citation omitted).

Desenberg’s claim of contributory infringement also fails. “Indirect infringement requires, as a predicate, a finding that some party amongst the accused actors has committed the entire act of direct infringement.” *BMC Res., Inc. v. Paymentech, L.P.*, 498 F.3d at 1379 (citing *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1272 (Fed. Cir. 2004)); see also, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341, 81 S. Ct. 599, 602 (1961) (“[T]here can be no contributory infringement in the absence of a direct infringement.”); *ACCO Brands, Inc. v. ABA Locks Mfrs. Co.*, 501 F.3d 1307, 1312 (Fed. Cir. 2007) (“In order to prevail on an inducement claim, the patentee must establish ‘first that there has been direct infringement . . .”). Because Desenberg’s complaint does not allege that Google or any other entity has committed the entire act of direct infringement, Google’s motion to dismiss Desenberg’s direct infringement claims also should be GRANTED.

CONCLUSION

For the reasons stated above, Google’s motion to dismiss (Dkt. No. 13) should be GRANTED and Desenberg’s complaint should be DISMISSED.

FILING OF OBJECTIONS TO THIS REPORT AND RECOMMENDATION

Pursuant to 28 U.S.C. § 636(b)(1) and Rule 72(b) of the

^{7/} Desenberg makes no allegations regarding direction or control in his complaint, and makes only fleeting and conclusory statements in his opposition brief that “AdWords is [not] involved with [M]ere “arms-length cooperation.”” (Desenberg Opp. Br. at 8, 13.)

Federal Rules of Civil Procedure, the parties shall have ten (10) days from service of this Report to file written objections. See also Fed. R. Civ. P. 6. Such objections (and any responses to objections) shall be filed with the Clerk of the Court, with courtesy copies delivered to the chambers of the Honorable George B. Daniels, 500 Pearl Street, Room 630, and to my chambers, 500 Pearl Street, Room 1370. Any requests for an extension of time for filing objections must be directed to Judge Daniels (with a courtesy copy to my chambers). Failure to file objections will result in a waiver of those objections for purposes of appeal. *Thomas v. Arn*, 474 U.S. 140, 106 S. Ct. 466 (1985); *IUE AFL-CIO Pension Fund v. Herrmann*, 9 F.3d 1049, 1054 (2d Cir. 1993), cert. denied, 513 U.S. 822, 115 S. Ct. 86 (1994); *Roldan v. Racette*, 984 F.2d 85, 89 (2d Cir. 1993); *Frank v. Johnson*, 968 F.2d 298, 300 (2d Cir.), cert. denied, 506 U.S. 1038, 113 S. Ct. 825 (1992); *Small v. Sec'y of Health & Human Servs.*, 892 F. 2d 15, 16(2d Cir. 1989); *Wesolek v. Canadair Ltd.*, 838 F.2d 55-59 (2d Cir. 1988); *McCarthy v. Manson*, 714 F.2d 234, 237-38 *2d Cir. 1983); 28 U.S.C. § 636(b)(1); Fed. R. Civ. P. 72, 6(a), 6(d).

Dated: New York, New York
July 30, 2009

Respectfully submitted,

Andrew J. Peck
United States Magistrate Judge

Copies to: Roger Marx Desenberg
(Regular & Certified Mail)
Edward J. DeFranco, Esq.
Judge George B. Daniels

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ROGER MARX DESEMBERG,

Plaintiff

-against- Case No. 08 Civ. 10121 (GBD) (AJP)

Google, Inc.,

Defendant

Date Filed: 01/11/2010

ORDER

GEORGE B. DANIELS, District Judge:

Pro Se Plaintiff Roger Marx Desenberg (“Desenberg” or “Plaintiff”) brought this action against Google, Inc (“Google” or “Defendant”) alleging that Defendant’s “AdWords” system directly and indirectly infringed Defendant’s patent, U.S. Patent No. 7,139,732. Defendant’s moved to dismiss Plaintiff’s complaint pursuant Fed. R. Civ. P. 12(b)(6). This Court referred the matter to Magistrate Judge Andrew J. Peck for a Report and Recommendation. Magistrate Judge Peck issued a Report and Recommendation (“Report”) recommending dismissal of Plaintiff’s complaint for a failure to state a claim for either direct or indirect patent infringement. This Court adopts the Report’s recommendation that Defendant’s motion to dismiss be granted.

The Court may accept, reject or modify, in whole or in part, the findings and recommendations set forth within the Report. 28 U.S.C. § 636(b)(1). When there are objections to

the Report, the Court must make a de novo determination of those portions of the Report to which objections are made. *Id.*; see also *Rivera v. Barnhart*, 432 F. Supp. 2d 271, 273, (S.D.N.Y. 2006). The district judge may also receive further evidence or recommit the matter to the magistrate judge with instructions. See Fed. R. Civ. P. 72(b); 28 U.S.C. & 636(b)(1)(c). It is not required, however, that the Court conduct a de novo hearing on the matter. See *United States v. Raddatz*, 447 U.S. 667,676 (1980). Rather, it is sufficient that the Court “arrive at its own, independent conclusions” regarding those portions to which objections were made. *Nelson v. Smith*, 618 F.Supp. 1186, 1189-90 (S.D.N.Y. 1985) (quoting *Hernandez v Estelle*, 711 F.2d 619, 620 (5th Cir. 1983)). When no objections to a Report are made, the Court may adopt the Report if “there is no clear error on the face of the record.” *Adee Motor Cars, LLC v Amato*, 388 F. Supp. 2d 250, 253 (S.D.N.Y. 2005) (citation omitted).

In his report, Magistrate Judge Peck advised the parties that failure to file timely objections to the Report would constitute a waiver of those objections. See 28 U.S.C. § 636(b)(1); Fed. R. Civ. P. 72(b). Plaintiff timely filed objections to the Report arguing that he satisfied his pleading standard. This Court has examined the objections and finds them to be without merit. Magistrate Judge Peck correctly determined that Plaintiff failed to state a claim for either direct or indirect infringement. Accordingly, the Court adopts the Report in its entirety.

Dated: New York, New York
 January 11, 2010

SO ORDERED:

GEORGE B. DANIELS
United States District Judge

OBJECTIONS TO THE REPORT &
RECOMMENDATION, DATED JULY 30, 2009

In his Report and Recommendation (hereinafter “R & R”), the Magistrate recommends that my complaint be dismissed for failure to state a claim. His Honor’s decision is based on two grounds. He finds that I failed to allege one or another of two elements essential to my claim - specifically, “that any single defendant performed all of the steps of the [patented] method or that any defendant was the ‘mastermind’ behind the operation.” 2009 U.S. Dist. LEXIS 66122, * 24 (S.D.N.Y. July 30, 2009)(AJP)(word in brackets added for clarity). Second, he finds that, given the patent’s terms, I “cannot realistically” make either allegation because, were I to do so, the resulting causes of action would be implausible. R & R at * 20, 20 n.5.

The R & R is in error on both counts. It misconstrues my patent, misconstrues my pro se complaint, fails to give the PTO the deference it is due in patent matters, misapplies precedents from both the Supreme Court and Federal Circuit, and ignores the plain language of the Patent Act. Not only would there be nothing implausible in my making either of the allegations the R & R finds lacking, I believe in substance both have been made. I further believe that the Court is not entitled to make a plausibility determination with respect to my direct claims, and that, in any event, the particular patent-law standard the Court employed to judge plausibility is no longer valid.

Since these errors affect the entirety of the analysis set forth in the R & R, I object to all portions of the Report and respectfully ask the Court to reject His Honor’s recommendation of dismissal.

Basic Principles Governing Determination Of The Motion

A complaint is only required to contain a “short and plain statement” of a claim, showing that the pleader is entitled to relief. While “bald assertions and conclusions of law are insufficient” to satisfy that requirement, the pleading standard is unequivocally “a liberal one.” *Cooper v. Parksy*, 140 F.3d 433, 440 (2d Cir. 1998). This is most especially true where the plaintiff is pro se. *Estelle v. Gamble*, 429 U.S. 97, 106 (1976). “Specific facts are not necessary”. *Erickson v. Pardus*, 551 U.S. 80, 93 (2007), citing *Bell Atlantic v. Twombly*, 550 U.S. at 544 (2007). Statements in the complaint “need only ‘give the defendant fair notice of what the . . . claim is and the grounds upon which it rests.’” *Id.*

A court’s task in ruling on a 12(b)(6) motion is a very limited one. Its function is merely to assess the legal sufficiency of the complaint, not to weigh the evidence. Accordingly, its review is limited to the facts as asserted in the complaint, documents attached to the complaint and/or incorporated in the complaint by reference. *McCarthy v. Dun & Bradstreet Corp.*, 482 F.3d 184, 191 (2d Cir. 2007). It is required to accept the factual statements in them as true, to read the plaintiff’s pleading liberally, and to draw all reasonable inferences in plaintiff’s favor. *Id.* See also *Pardus*, 551 U.S. at 94 (citing *Twombly* and a long line of precedents).

¹Admittedly, I may not have used the precise formulation the Court was looking for, but I have made the allegations I was required to make in substance. (See discussion post at Point I (B) and II (C), III and IV (B) and (C)).

The issue the court must decide “is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims. Recovery may appear remote and unlikely on the face of the pleading, but that is not the test for dismissal.” *Bernheim v. Litt*, 79 F.3d 318, 321 (2d Cir. 1996) (internal quotations, citations omitted). Accord, *Twombly*, 550 U.S. at 556 (citing *Neitzke v. Williams*, 490 U.S. 319, 327 (1989) (“Rule 12(b)(6) does not countenance ... dismissals based on a judge’s disbelief of a complaint’s factual allegations”) and *Scheuer v. Rhodes*, 416 U.S. 232, 236 (1974) (a well-pleaded complaint may proceed even if it appears “that a recovery is very remote and unlikely”). The only test is whether plaintiff has stated one or more legally sufficient claims, once his factual averments are taken as true.

Unless it is clear that it would be futile to afford a claimant another opportunity, the plaintiff should be permitted to amend. This is especially true where the plaintiff is pro se.

“A document filed pro se is “to be liberally construed,” *Estelle*, 429 U.S., at 106, 97 S. Ct. 285, 50 L. Ed. 2d 251, and “a pro se complaint, however inartfully pleaded, must be held to less stringent standards than formal pleadings drafted by lawyers,” *ibid.* (internal quotation marks omitted). Cf. Fed. Rule Civ. Proc. 8(f) (“All pleadings shall be so construed as to do substantial justice”).

Pardus, 551 U.S. at 93 (post-*Twombly*).

In making the Recommendation he did in this case, the Magistrate stood these time-worn principles on their head. He resolved ambiguities and drew inferences in defendant’s favor, rather than in my favor, and rejected as ‘implausible’ very fundamental facts His Honor was required to take “as true.”

I argue below that the R & R erred in finding that I did not state any valid claims. I believe I stated valid claims for the following: both single and divided infringement based upon the defendant's "use" of my method (Points I and II), direct infringement based upon its selling, offering to sell and making my method and systems (Point III), and claims for indirect and contributory infringement (Point IV). I understand that my complaint may not have been artfully crafted; I do not believe that it was legally insufficient. However, if Your Honor finds the allegations to be deficient in any way, I respectfully ask permission to amend.

I. I Stated A Valid Claim For Direct Infringement
Based Upon Google's Use of The Patented Process

The Magistrate found that I failed to state a valid claim for direct infringement based upon Google's use of the patented process. He appears to have reached this conclusion because: (1) he found that the law requires that one person perform each and every step of a claimed process or method in order to be liable for direct infringement; (2) he found that I had failed to make this allegation; and (3) that I could not plausibly make it (4) because he mistakenly believed my patent claims a process that requires the participation of two or three actors.

² While I refer in this brief to my patent as a "method patent," it is more than that. It also covers patented "systems and computer products." Indeed, this may be one of those instances in which the "[a]pparatus and method claims ' . . . approach each other so nearly that it will be difficult to distinguish the process from the function of the apparatus.'" *Quanta Computer, Inc. v. LGE Electronics, Inc.*, ___ U.S. ___, 128 S.Ct. 2109, 2117-2118 (2008).

The Report is in error on each count. First, my patent does not require that different actors perform different steps of the claimed method. It claims a method in which one actor performs all elements. (Pt A.) Second, although I undoubtedly did so inartfully, in substance I made each of the allegations the Court found to be required. (Pt B.) Third, the Court was not entitled to judge the plausibility of the claims I asserted for direct infringement. Twombly does not apply. (Pt C.) Fourth, while it was once believed that a single person had to perform “all elements” of a process in order for it to be infringed, the thinking on that issue has dramatically changed. (See Point II (4))

A. The Report Misconstrues My Patent

It has been the rule for nearly a century and a half that courts are to construe claims so as to preserve the validity of a patent. See, e.g., *Turrell v. The Michigan Southern Railroad Co.*, 68 U.S. 491, 510 (1864); *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577 (Fed. Cir. 1984). The R & R to which these Objections are addressed did the opposite. Had the claims set forth in my patent been construed in accordance with their plain meaning, the validity of the patent would have been preserved.

³ It is well recognized that use of the term “steps” does not in and of itself connote that operations disclosed by a claim have to be taken in a particular order. A sequential limitation will only be found where it is intended by the patentee. See, e.g., *Performance Pricing, Inc. v. Google Inc.*, ___ F.3d ___, 2009 U.S. Dist. Lexis 71264, * 26-33 (E.D.Tex. 2009)(finding Federal Circuit decisions to be in accord). As was true in *Performance Pricing*, the claim language in my patent does not require any explicit, implicit or logical order. I use the term here for the sake of convenience only, and with that proviso in mind.

His Honor construed my patent as claiming a process that “requires a series of interactions, transmissions and communications between ‘users’ and ‘providers,’ similar to the multi-step patent process involving merchants and customers in *BMC Resources*.” R & R at * 20. Both the description and comparison are off the mark.

BMC Resources v. Paymentech, Inc., 498 F.3d 1373 (Fed. Cir. 2007), concerned a patent for a method of processing debit transactions without a PIN number. The court construed the claims of the patent as requiring “the combined action of several participants”: e.g., a customer, merchant (or payee’s agent), remote payment network (such as an ATM network), and a card-issuing financial institution. *Id.* Each was required to perform distinct steps of the debit process claimed by the patent. For example, under the terms of the patent, a customer, using a standard touch-tone telephone, would “begin” the claimed process by placing a call to a merchant’s payment agent “to initiate a spontaneous payment transaction.” 498 F.3d at 1376. The agent called would collect payment information from the customer and, utilizing a different technology, “access[] a remote payment network” associated with an institution at which the customer was alleged to have credit or an account. *Id.* The accessed network would then “determin[e] . . . whether sufficient available credit or funds exist[ed]” to cover the payment amount. *Id.* at 1376, 1377. Based on its investigation, it would then either “authoriz[e]” or “decline” the transaction. *Id.* at 1377. If it approved the transaction, it would actually “charg[e] . . . the payment amount against the [customer’s] account” and “add” it to an account for the payee’s benefit. *Id.* In either event, it would “inform” the person calling it of its decision and actions, with that person passing the information back upstream to the original customer. If the transaction were declined, the payee’s agent would “terminate” the payment transaction; otherwise, it would “inform” the customer that

“the transaction has been authorized.” Id.

Unlike here, in *BMC*, the “parties agree[d] that Paymentech does not perform every step of the method at issue in this case.” 498 F.3d at 1378. It could, accordingly, only be liable for infringement, the court concluded, on a theory of “joint” or “divided” infringement. Id. Under the applicable law at the time, to prevail on such a theory, the plaintiff had to allege and prove that the alleged infringer “controlled or directed” each step of the patented process. Id. at 1380. The Magistrate, District Court and Federal Circuit all concluded “that th[e] evidence . . . [plaintiff had presented] was insufficient to create a genuine issue of material fact as to whether Paymentech controls or directs the activity of the debit networks.” Id. at 1381. They specifically found that “BMC’s evidence that Paymentech provides data . . . to the debit networks, absent any evidence that Paymentech also provides instructions or directions regarding the use of those data, to be inadequate” to raise a triable issue. Id.

Significantly, however, the Federal Circuit went on to note that, with “proper claim drafting,” a patentee could “structure a claim to capture infringement by a single party” even in the case of a process that contemplated the participation of several persons:

In this case, for example, *BMC* could have drafted its claims to focus on one entity. The steps of the claim might have featured references to a single party’s supplying or receiving each element of the claimed process.

498 F.3d at 1378. *BMC*’s mistake was that it “chose instead to have four different parties perform different acts within one claim.” Id.

The patent here did not make that mistake. On the contrary, it focuses on and was drafted from the perspective

of one and only one entity – the “LOE”, i.e., the entity that matches service providers (“SP1-n”) with pro-spective clients (“C1-n”), utilizing data received from them, and provides them with leads. The LOE is the middleman in this process, if you will, and the only one who performs the steps claimed by the patented process.

Thus, while it may be true, as the Magistrate suggests, that the effect of my patent is to “facilitate” initial contact between consumers and service providers, by providing them with leads, *id* at * 20, there is a critical difference between what the patented method might “facilitate” and the elements or steps of which it is composed. As an examination of the claims will confirm, it is only composed of operations undertaken by the LOE. (See Dkt. No. 1: Compl. & Ex. ___ (Patent). It is, thus, the LOE and the LOE alone that practices the patented method.

The independent claim (claim #1) is clear in this regard. Setting aside the claim preamble, which simply provides over-all context, the operations the claims describe are limited to those performed by the LOE. This is even obvious from the description of the method contained in the R & R. There, the Magistrate describes the claimed method as follows:

The method comprises a series of steps including, among other things:

transmission of a lead comprising contact information that enables communication between the user and the provider; . . . comparing the respective maximum lead prices to determine a lowest respective maximum lead price; identifying the provider associated with the lowest one of the respective maximum lead prices; . . . receiving from a user or provider a request for contact information . . . enabling communication

between the user and at least one of the first provider and second provider; . . . [and] providing . . . at least one lead to the user or provider for project work.”

R & R at * 5 (S.D.N.Y. July 30, 2009)(quoting DeFranco Aff. Ex. A, ‘732 patent (hereinafter “Exh. A”) at col. 16-17). Every single one of these acts is performed by the LOE. Not one of them is performed by a client or service provider.

The dependent claims and specification are to precisely the same effect. Thus, they describe the LOE as

(i) “receiving” information from a consumer or service provider in the form of provider profiles or “PPI’s,” see Exh A, claim 15;

(ii) “formatting” these profiles so as to enable them to be compared, Exh. A, claim 16;

(iii) “comparing” the profiles it receives and “defining [CHECK WORD] a set of providers based on that comparison, Exh. A, claim 8;

(iv) “matching” one or more service provider profiles with a request received from a consumer, Exh. A, claim 9;

(v) “providing” the consumer with a number of leads, Exh. A, claim 10;

(vi) “adjusting” the number of leads it provides, based upon a number of factors, Exh. A, claim 11;

(vii) “charging” one or more providers an amount corresponding with a “transaction lead price,” Exh. A, claims 12, 13, 14;

(viii) “providing” or establishing a “transaction lead price increment value,” Exh. , claim 18; and

(ix) “ranking” providers based upon the maximum lead prices associated with them, Exh. A, claim 18.

While C’s and SP’s obviously provide the raw materials (i.e., the data or “PPI’s”) the method utilizes, they do not perform any of its operations. On the contrary, it is clear on the face of the patent that “the method” claimed only begins after PPIs are “received.”

The Magistrate came to the opposite conclusion, seemingly based on two things: a few sentences from the specifications and Figure 1 of the patent’s drawing sheets. R & R at * 3-4. The two sentences the Magistrate focuses on read as follows:

The same was true in *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318, 1328 (Fed. Cir. 2008) (“the parties do not dispute that no single party performs every step of the asserted claims”).

Although *Muniauction* involved a method for auctioning municipal bonds rather than a PIN-less debit bill payment system, for all intents and purposes, the patents in *Muniauction* and *BMC* were identical. They each were drafted in such a manner as to require that different persons perform different steps in a specific sequence. They were not written from a single perspective and did not “capture” the actions of only one person. Thus, the very first step required by the *Muniauction* claims involved “inputting data associated with at least one bid . . . into said bidder’s computer” 532 F.3d at 1322 (quoting the ‘099 patent). The court noted that this step “is completed by the bidder . . . ,” while other steps of the patented method were to be completed by the auctioneer or bond-issuer. *Id.* at 1328-29. (In fact, at least three steps - the “inputting,” “submitting” and “communicating” steps - were to be performed by the bidder.) The issue thus became “whether the actions of at least the bidder and the auctioneer may be combined under the law so as to give rise to a finding of direct infringement by the auctioneer.” *Id.* at 1329. The *Muniauction* court held that the bidders’ actions could not be attributed to the auctioneer since it did not direct or control the bidder’s actions. It followed that the defendant did not perform all steps of the claimed method.

“Service providers complete project profiles identifying projects they wish to work on, and clients complete project profiles identifying projects they would like to pay service providers to complete. . . . Both the clients and service providers may then purchase lead options to identify their desire for obtaining a matching user.”

Id. Notably, there is no comparable language in the claims.

When these two sentences are read in the context of the specifications as a whole and the paragraph in which they appear, their meaning becomes clear. Once again, I quote from the R & R:

The systems, methods and computer program products according to the present invention facilitate real-time service transactions between two or more users, including at least one client and at least one service provider. Service providers complete project profiles identifying projects they wish to work on, and clients complete project profiles identifying projects they would like to pay service providers to complete. The project profiles includ[e] identifying parameters such as the type of service or project, start date, completion date, skills required for completion, and the like. Both the clients and service providers may then purchase lead options to identify their desire for obtaining a matching user. The lead options can be a sum of money a user wishes to pay for a lead. The present invention then determines matching clients and services providers based upon the project profiles, and identifies to one or more lead option submitting users the immediately available users that match the project profile submitted by the user.

R & R at * 3-4 (emphasis added). The first sentence describes the use to which the invention can be put and the transactions it is intended to make easier by enabling those who might have an interest in transacting to find one

another. The next sentences – which include the sentences upon which the Magistrate focused - describe actions that are not captured by the patent claims. They describe actions that are taken in anticipation of the patented method’s being practiced and that provide the raw materials upon which the method operates. It is only with the following sentence, which reads – “The present invention then determines matching clients and service providers ...” -- that the description of the actual invention begins.

The fact that clients and service providers do not practice the patent when they “complete” and submit project profiles – and that these acts are not comprehended by the patented method – is confirmed by the next paragraph in the specifications. There, the specification describes the method claimed by the patent as including: “registering a first user profile, . . . receiving first project profile information from the first user, . . . registering a second user profile, . . . receiving second project profile information from the second user, . . . [and] matching the first user and second user based at least in part upon the first project profile information and the second project profile information.” (Ex. A at _____. (emphasis added). Once again, these are all actions taken by the LOE.

Figure 1 is not to the contrary. Once again, it simply depicts the patented method in context. Thus, it shows the parties that provide raw data to the LOE and who are potentially matched by the invention. It does not purport to and cannot add additional “steps” to the patented method or alter the metes and bounds of the claims. *United States v. Adams*, 383 U.S. 39, 48-49 (1966); *Johnson Worldwide Assocs., Inc. v. Zebco Corp.*, 175 F.3d 985, 989 (Fed. Cir. 1999); *Philip v. Mayer*, 635 F.2d 1056, 1061 (2d Cir. 1980)(while it is both common and appropriate for a court to examine specifications and drawings “for the purpose of understanding and interpreting the claims of the patent,”

neither can be utilized “to expand the patent monopoly”). Rather, “[a] court’s analytical focus must begin and remain centered on the language of the claims themselves, for it is that language that the patentee chose to use to particularly point out and distinctly claim the subject matter which the patentee regards as his invention.” *Interactive Gift Express, Inc. v. CompuServe, Inc.*, 256 F.3d 1323, 1331 (Fed. Cir. 2001); *SRI Int’l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121 n. 14 (Fed. Cir. 1985)(en banc)(same).

In sum, the patent in this case discloses a method that is comprised of operations performed by one party. The R & R misconstrued the claims when it interpreted them as requiring different persons to perform different steps. In the final analysis, rather than construe my claims, the R & R rewrote them.

B. The Report Misconstrues My Complaint

I made the allegation the R & R suggests was missing from my complaint - that defendant performs every element of the claimed method - both implicitly and explicitly. I made it implicitly because I recited the words of section 271(a) of the Patent Act in my complaint, see Complaint at ¶¶ 26-28, and the Federal Circuit says that the necessary allegation is implicit in the language I used. *BMC Res., Inc.*, 498 F.3d at 1380 (noting that the requirement that an infringer perform each element of a claimed method or product “derives from the statute itself”). I also made the allegation explicitly in two places. I made it in the Complaint itself at ¶ 26 and I made it in my papers in opposition to the defendant’s motion. See Complt, ¶ 26 (where I alleged “Defendant Google has used, sold or offered to sell . . . an Internet system and/or service that infringes each of the elements of one or more claims of Patent 732 . . .”)(emphasis added). See also R & R at * 20, n. 5 (wherein the R & R acknowledges my explicitly

stating that “[d]efendant performs every step of the claimed method”).

So, it is not that I failed to make the allegation. I did. The more fundamental problem would appear to be that the Magistrate finds the allegation to be implausible. R & R at * 20, n. 5. As I demonstrate next, however, His Honor was not entitled to judge the plausibility of my claims for direct infringement.

C. The Twombly-Iqbal “Plausibility” Standard Does Not Apply.

In *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), a group of telephone and internet subscribers charged Bell Atlantic with having violated section 1 of the Sherman Act. They accused local exchange carriers of parallel billing and contracting practices with the intent of stifling competition. While assuming the basic assertion of parallel conduct to be true, the Court required that additional facts be asserted from which unlawful intent could be inferred:

Because § 1 (15 U.S.C.S. § 1) of the Sherman Act does not prohibit all unreasonable restraints of trade, but only restraints effected by a contract, combination, or conspiracy, the crucial question is whether challenged anticompetitive conduct stems from independent decision or from an agreement, tacit or express.

550 U.S. at 553. Plaintiffs attempted to satisfy this requirement by “flatly plead[ing] that the defendants ‘ha[d] entered into a contract, combination or conspiracy to prevent competitive entry . . . and . . . agreed not to compete. . . .’” *Id.* at 551 (internal quotation marks omitted). As the Supreme Court subsequently noted, the only fact they asserted as the basis for making this allegation was the defendants’ parallel conduct. *Ashcroft v. Iqbal*, 129 S. Ct. 1937, 1950 (2009) (quoting the following from the Twombly complaint: “the defendants’ ‘parallel course of conduct . . .

to prevent competition’ and inflate prices was indicative of the unlawful agreement”). In other words, the assertions were entirely circular.

While acknowledging that parallel conduct was “consistent with” the existence of an unlawful agreement, the Court observed that it was also “compatible with, . . . indeed . . . more likely explained by, lawful, unchoreographed free-market behavior.” 129 S.Ct. at 1950. If defendants’ motivation was the latter rather than the former, their behavior was entirely lawful. Thus, all the “well-pleaded facts” permitted the court to infer was the “mere possibility of misconduct.” *Id.* In order to “nudge” its claim “across the line” from the merely “conceivable” to legally sufficient, plaintiff needed to allege additional facts from which a court could infer the existence of an unlawful conspiracy or agreement. *Id.*

5 The patent claims in this case are unlike those in *BMC* and *Muniauction*. Indeed, they would appear to have been specifically drafted so as to avoid the problems the *BMC* Court found and in accordance with its instructions. Thus, my patent only claims the “registering” or “receipt” of PPI’s and not their “inputting.” That distinction is critical.

6 “LOE” stands for Lead Option Engine.

7 A claim preamble that simply states the general purpose or context of an invention is not limiting. E.g, *Infosint, S.A. v. H. Lundbeck A/S*, 603 F. Supp. 2d 748, 753-54 (SDNY 2009)(a claim preamble is only limiting “if it recites essential structure or steps ... ‘[I]f the body of the claim ‘describes a structurally complete invention such that deletion of the preamble phrase does not affect the structure or steps of the claimed invention,’ the preamble is generally not limiting”).

8 Although His Honor adopted the construction that the defendant advocated in this case, he did not adopt its grounds. The defendant urged him to base his construction - that different parties have to perform different steps of the method - on the wherein clause in claim 1. His Honor correctly rejected the wherein clause as a basis for decision. The wherein clause does not disclose a step that is part of the method being claimed. It describes a result that arises from it.

The decision in *Iqbal*, *supra*, is to the same effect. There, plaintiff accused high level officials of “invidious discrimination” against post-September-11 detainees in contravention of the First and Fifth Amendments. According to the complaint, they effected that discrimination by adopting a policy of holding detainees, classified as of “high interest,” under unduly restrictive conditions until they were cleared by the FBI.

Just as the Court in *Twombly* assumed it to be true that the defendants had engaged in parallel conduct, the Court in *Iqbal* assumed it to be true that the defendants adopted the very restrictive policy attributed to them. It noted, however, that there were two alternative explanations for their behavior and, depending upon which explanation obtained, their actions would be lawful or unlawful. If they “purposefully adopted a policy of classifying post-September-11 detainees as ‘of high interest’ because of their race, religion, or national origin,” their actions would be unlawful. 129 S.Ct. at 1952. Alternatively, if they acted for “a neutral, investigative reason,” *id.* at 1949, such as a desire “to keep suspected terrorists in the most secure conditions available until the suspects could be cleared of terrorist activity,” *id.* at 1952, their actions would obviously be lawful.

Because the Court found that plaintiff’s complaint did “not contain any factual allegation sufficient to plausibly suggest petitioners’ discriminatory state of mind,” the complaint was subject to dismissal. *Id.* “Where the claim is invidious discrimination in contravention of the First and Fifth Amendments,” the Court explained, “our decisions make clear that the plaintiff must plead and prove that the defendant acted with discriminatory purpose.” *Id.* at 1948.

With one possible exception, the *Twombly/Iqbal*

“plausibility standard” has no application here. To state a claim for direct infringement, a plaintiff must assert two things: 1) that he holds a valid patent; and 2) that the defendant has committed one or another of five acts proscribed by the Patent Act. I have met these requirements. I alleged: 1) that I was issued a patent for my invention, entitled “Systems, methods, and computer program products facilitating real-time transactions through the purchase of lead options,” on November 21, 2006, and 2) that the defendant has committed four of the five acts proscribed by the statute. Specifically, I allege that Google has made, used, sold and offered to sell my invention.

There is absolutely no ambiguity about this assertion and no further question to be determined. There is no question of intent to be determined because direct infringement is a strict liability offense. See, e.g., *DSW, Inc. v. Shoe Pavillion, Inc.*, 537 F.3d 1342, 1348 (Fed. Cir. 2008). Thus, this is not a case in which a defendant is alleged to have engaged in behavior which is lawful, if the defendant acted with one intent, and unlawful, if he acted with another. There is therefore no occasion and can be no requirement to allege additional facts to demonstrate a particular intent.

Applying the *Twombly/Iqbal* standard notwithstanding the absence of such a requirement would permit a court to reject the most basic allegation in a complaint and subvert one of the longest-standing and most venerated rules: that, at this stage of a judicial proceeding, the factual allegations of a complaint must be taken as true. Not only is there no indication that *Twombly/Iqbal* was intended to change the law in this regard, the Supreme Court has disavowed any such intent. *Pardus*, 551 U.S. at 94.

There is yet a second reason *Twombly* does not apply

to require that additional facts be pleaded in this case: The allegations in my complaint track the language in Form 18, which is appended to the Federal Rules of Civil Procedure. The Appendix contains a variety of model complaints for use in commencing litigation. Form 18 is the model for use in commencing a patent infringement action. Its allegations are “extremely barebones.” *CBT Flint Partners, LLC v. Goodmail Sys., Inc.*, 529 F. Supp. 2d 1376, 1380 (N.D.Ga. 2007). All Form 18 requires is:

- (1) a statement of jurisdiction,
- (2) a statement that plaintiff owns the patent,
- (3) a statement that the infringer has been infringing the patent by, e.g., “making, selling, and using” the patented method or device;
- (4) a statement that the party has given the defendant notice of its infringement; and
- (5) a demand for an injunction and/or damages.

Fed.R.Civ.P. Appdx., Form 18. I have clearly satisfied these requirements.

(Complt, ¶¶ 3, 19, 25, 26-28, 21, 25, 31, 32).

Since the allegations in my complaint are not appreciably different from the allegations in Form 18, they must suffice to state a claim. *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1356-1358 (Fed. Cir. 2008) (a complaint pleaded in conformity with the model Form is sufficient to avoid a Rule 12(b)(6) dismissal); Fed.R.Civ.P. Rule 84 (“The forms in the Appendix suffice under these rules and illustrate the simplicity and brevity that these rules contemplate”).

9 The Supreme Court characterized the basic allegation of parallel conduct as a “well-pleaded, nonconclusory factual allegation . . .”. 129 S.Ct. at 1950.

In any event, the allegations in my complaint satisfy Twombly's plausibility requirement once my patent is correctly construed.

II. I Have Stated Valid Claims For Joint or Divided Infringement

In Point I, I demonstrated that my patent was misconstrued and that my legal claims satisfy the BMC rule. In this Point, I do the opposite. I assume, for the sake of argument, that the patent I was issued has been correctly construed – even though I cannot possibly conceive of its being given a construction other than the one described in Point I. I go on to demonstrate that, even assuming the correctness of the Magistrate's construction, I have stated valid claims because BMC no longer states valid law. (Pt A (1 - 3)). Indeed, I suggest that, in *Quanta*, the Supreme Court embraced principles that are incompatible with BMC and that establish a much more appropriate framework for judging joint or divided infringement. (Pt A (4)). Finally, I demonstrate that I have stated valid infringement claims whether the standard that is applied is the one suggested by *Quanta* or the one articulated in BMC. (Pts B and C).

¹⁰ The only one of my claims that it could be argued has to satisfy the standard is my claim for indirect infringement. Its allegations clearly do. (See Point IV (C)).

¹¹ The determination of infringement requires a two-step process. The first step involves construing the patent's claims and is a question of law. The second step involves determining whether the accused device or method infringes the claims-as-construed and is a question of fact. *Bayer A.G. v. Elan Pharm. Research Corp.*, 212 F.3d 1241, 1247 (Fed. Cir. 2000).

¹³ McZeal referred to Form 16. After renumbering, the Form is now Form 18.

A. The BMC Rule Cannot Be Properly Applied So As To Invalidate A Patent

While framed in terms of failure to state a claim for infringement, in truth the R & R is an invalidity determination. It has effectively held that my patent is invalid on the ground that interactive processes do not constitute patentable subject matter. It appears to have employed the following (mistaken) logic to arrive at this conclusion:

First, it accepted the defendant's assertion that for a method patent to be infringed, a single actor must either:

- be capable of performing, and perform, all of its elements, or
- direct or control any elements he contracts out.

Second, it defined an interactive process as one that requires or involves the arms-length participation of more than one person.

It then reasoned from the preceding two premises that an interactive process does not qualify as patentable subject matter.

There are problems with each aspect of the syllogism. There is nothing in the Patent Act that either states that interactive processes are not patentable or distinguishes between different types of methods or processes. (Pt A (1)). If there is any ambiguity on the issue, it is for the agency charged with issuing patents and administering the Act to determine what constitutes patentable subject matter. (Pt A (2)). The statute requires that a specific procedure be followed before a patent can be declared invalid. It was not followed in this case. (Pt A (3)). Finally, the viability of the major premise upon which the R & R relied has been seriously called into question by a recent Supreme Court

decision. (Pt A (4)).

1. The Patent Act Simply Does Not
Address The Question Of Whether Interactive
Processes Are Or Are Not Patentable.

Section 1 of the Patent Act, 35 U.S.C. § 101, defines an “invention” as “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof . . . “. In turn, 35 U.S.C. § 100 defines the term “process” as meaning a “process, art or method,” which can include “a new use of a known process, machine, manufacture, composition of matter, or material . . .”. There is no provision anywhere in the Act, beyond the one just mentioned, that distinguishes between one type of process and another. There is certainly nothing in the Act that says that a process is either patentable or not based upon the number of persons who might theoretically have some input into it.

By ruling as he has in this case, the Magistrate has effectively held that all interactive computer programs are unpatentable. There is no surer way to render the Patent Act irrelevant to the digital age in which we live and, perhaps, no better way to ensure the law’s obsolescence. Neither Congress, the PTO nor the Act requires this result. And, while momentarily, the Federal Circuit might have appeared to require it, the Circuit did not give the PTO the deference it was due when it decided *BMC* and *Muniauction*.

2. Provided It Acts Within Reason, It Is
For The PTO, Not The Courts, To Decide What
Constitutes Patentable Subject Matter.

In 2005, the Supreme Court made it unequivocally

clear that where a statute does not expressly answer a question regarding its scope or application, it is up to the agency entrusted with administering the statute to determine how it should be interpreted. *National Cable & Telecommunications Ass'n v. Brand X Internet Servs.*, 545 U.S. 967 (2005). See also *Cuomo v. The Clearing House Ass'n, LLC*, ___ U.S. ___, 129 S. Ct. 2710 (2009)(contrary holding on the facts); *United States v. Eurodif S.A.*, ___ U.S. ___, 129 S. Ct. 878 (2009); *Chevron U.S.A. Inc. v. Nat'l Res. Defense Council, Inc.*, 467 U.S. 837, 844-845 (1984). It reasoned that any ambiguities that are left in a statute “within an administrative agency’s jurisdiction to administer are delegations of authority to the agency to fill the statutory gap ... “. *Nat'l Cable*, 545 U.S. at 980.

My patent does not claim an interactive process, of course. It only captures the actions of one party, the LOE. (See Point I.) As previously stated, however, for purposes of this section of the brief, I am assuming that the R & R correctly construed my patent. It construed my patent as though it claimed an interactive process.

To date, the Federal Circuit has only deferred to the PTO’s interpretation of statutory provisions concerning “the conduct of proceedings in the Office,” and interpretations of its own rules. See, e.g., *In re Swanson and Guire*, 540 F.3d 1368, 1375 (Fed. Cir. 2008). It has given the Office’s other interpretations “no deference”. *Id.* In doing so, it would appear to have relied on two authorities that are inapposite: *Ballard v. Comm’r of Internal Revenue*, 544 U.S. 40, 125 S. Ct. 1270, 1288-89 (2005), and *Bowles v. Seminole Rock & Sand Co.*, 325 U.S. 410, 414 (1945). In each, the question was whether an agency’s interpretation of its own rules should be given deference, not whether an agency is entitled to interpret a statute so as to “fill in statutory gaps.” The latter question is clearly governed by *National Cable*, *Cuomo* and *Eurodif*. The Federal Circuit has not addressed these decisions.

A court in the position of deciding whether to uphold or overturn such an interpretation is required to undertake a two-step analysis. First, it asks “whether the statute’s plain terms directly address the precise question at issue . . .”. *Id.* at 986. Second, “if the statute is ambiguous on the point, then the court defers to the agency’s interpretation--even if the agency’s reading differs from what the court believes is the best statutory interpretation--so long as the construction is a reasonable policy choice.” *Id.*

These principles have particular resonance for this case - where the P.T.O. has not only been given a general delegation of authority to administer the Act, but explicit authority to examine patent applications and issue patents, and the statute specifies that a presumption of validity attaches to each patent it issues. See 35 U.S.C. § 282.

3. Courts Can Only Invalidate A Patent Issued By The PTO In Accordance With The Procedures Set Forth In Section 282 Of The Act.

The R & R not only denies the P.T.O. the deference it is due, but turns the Patent Act on its head. Specifically, it invalidates the patent at a time, in a manner and on grounds that are inconsistent with the Act.

The statute declares that all patents are to be presumed valid and their invalidity determined on the grounds and in accordance with the procedures set forth in Section 282. Section 282 provides in pertinent part:

Such a construction would not only contradict 35 U.S.C. § 281 on its face, but raise serious constitutional questions. It would suggest that the government has effected a deprivation of due process and/or an unconstitutional “taking.”

A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. . . . The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

- (1) Noninfringement, absence of liability for infringement or unenforceability,
 - (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,
 - (3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this.
 - (4) Any other fact or act made a defense by this title.
- 35 U.S.C. § 282 (emphasis added).

By ruling in the manner and at the time that he has, His Honor has effectively deprived me of the statutory presumption to which I am entitled, improperly shifted the burden on the question of validity, and made a determination of invalidity without any of the requirements and safeguards suggested by section 282 being satisfied. Indeed, having already once been made to demonstrate that my methods, systems and computer-program products qualify as a patentable “invention,” I am now being made to demonstrate it again. That is not supposed to happen: “Clearly, the applicant does not start over to prosecute his application before the district court unfettered by what

happened in the PTO.” *Hyatt v. Doll*, ___ F.3d ___, 2009 U.S. App. LEXIS 17849, * 56 (Fed.Cir. 2009)(quoting *Fregeau v. Mossinghoff*, 776 F.2d 1034, 1038 (Fed. Cir. 1985)).

4. There Is Serious Question As To Whether BMC Even Remains Valid Law.

As I have already noted, BMC effectively stands for the proposition that there is no such thing as divided infringement. In it, the Federal Circuit declared that, where the actions of two people combine to practice a patent, there is one and only one circumstance in which either will be liable for infringement: where one “directs or controls” the other’s actions. 498 F.3d at 1378-1382. The United States Supreme Court recently debunked this notion. See *Quanta Computer, Inc. v. LG Electronics, Inc.*, ___ U.S. ___, 128 S. Ct. 2109 (2008). Although its focus was on “patent exhaustion,” it articulated principles that suggest that divided liability can be found in a case without any consideration of ‘direction or control.’ It suggests that a single actor can be found to have infringed if he has either practiced all of the inventive features of a patented method or sold a product that substantially embodies such features, without having been authorized to do so.

Quanta involved a cross-license agreement between LGE Electronics (“LGE”) and Intel covering a patent portfolio relating to computer products and systems. The license agreement authorized Intel to “make, use, sell (directly or indirectly), offer to sell, import or otherwise dispose of” Intel products that practiced LGE’s patents, but specified that no licenses were being extended to Intel’s customers. A separate agreement required Intel to notify those who purchased from it that the license from LGE to Intel did not authorize Intel customers to combine licensed Intel products with non-Intel products.

Despite receiving this notification, Quanta Computer, Inc. proceeded to build computers that combined Intel chipsets with standard non-Intel parts. LGE responded by suing Quanta for infringing its method and apparatus patents. Quanta defended on the ground that Intel's sales qualified as authorized sales within the meaning of the "first sale doctrine," thereby exhausting LGE's patent rights. The district court and Federal Circuit rejected the defense on two grounds, finding that the patent exhaustion doctrine does not apply to method claims and that Intel's sales were unauthorized.

The Supreme Court reversed. In so doing, it announced important principles. First, while it recognized "that a patented method may not be sold in the same way as an article or device," it confirmed that a patented method can be sold. 128 S. Ct. at 2117. Second, it opined that the sale of an article that embodies the "central," "essential" or "inventive" features of a method patent or "all but practices the method" qualifies as such a sale, or at least one example of such a sale. *Id.* at 2119-2121. Third, it concluded that, where such a sale is authorized, it triggers the "first sale" doctrine. *Id.* at 2121-2122. In other words, it exhausts the patentee's patent rights with respect to that sale of the method and shields downstream purchasers. *Id.*

It is not clear to me whether His Honor decided the defendant's motion as a Rule 12(b)(6) motion or converted it into a summary judgment motion. While I do not recall being given notice of a conversion, I must admit that it is possible I was given notice and did not understand what was I was being told or its significance. If the motion was converted, I respectfully object on the ground that, as a result, I have been denied discovery to which I am entitled.

What the Court did not say, but logically follows from what it said, is that, where such a sale has not been authorized, it is infringing and does not shield downstream users or purchasers. In that circumstance, the patentee's rights are not exhausted by the sale and both the person selling an incompletely-practiced method and the person purchasing such a method may be pursued as infringers – even in those instances in which they act at arms-length. Several conclusions follow: First and most significantly, perhaps, for purposes of our current discussion, it requires the conclusion that, under certain circumstances, someone can infringe a patented method by practicing less than all of its elements or operations. Second, it suggests that whether one of several actors will be found to have infringed will not depend, in most instances, upon whether he “directs or controls” others. Third, it suggests that what it will depend upon is whether he or she has

-“perform[ed] all of the operations which contribute any claimed element of novelty” to the patented method, 128 S.Ct. at 2119;

-practiced its “central,” “essential” or “inventive” features, id. at 2129-2120;

-“all but completely practice[d] the patent,” leaving only “common processes” to be carried out by others, id. at 2120; or

-made or sold a product or method that substantially embodies the “essential features of [the] patented invention,” id. at 2119.

The latter requirement will be met, the Court suggests, where a product has “no reasonable noninfringing use and include[s] all the inventive aspects of the patented methods,” id. at 2122. It will also be met where the only remaining step necessary to completely practice a claimed method “is the application of common processes or the addition of standard parts.” Id. at 2120.

In sum, Quanta implicitly recognizes the propriety of imposing joint or divided liability, in certain circumstances, on one of several actors for infringing a patented method. It also suggests several tests that might be employed in determining whether the standard for imposing such liability has been met.

B.I Have Stated Valid Claims Under The Standard Suggested by Quanta.

I have already demonstrated satisfaction of the requirement that I allege that the defendant performed all elements of my claimed method. (See Point I(B); R & R at *20, n. 5 (wherein His Honor acknowledged that I stated in my brief in opposition to defendant's motion that "defendant performs every step of the claimed method"). That allegation, alone, satisfies any pleading requirements associated with Quanta. This follows because any allegation that the defendant has performed the "inventive" features of my patented method is necessarily subsumed in the allegation that it has performed all elements. In other words, any allegations associated with the Quanta standard are lesser-included allegations.

C.I Have Stated Valid Claims Under The Standard Articulated In BMC.

To reiterate, in BMC, the Federal Circuit held that there was only one circumstance under which a single actor would be held to have infringed a method that requires the participation of multiple parties: where he exercises "control or direction" over the entire process such that every step is attributable to him. In such a circumstance, he can be held liable as the "mastermind." BMC, 498 F.3d at 1381; Muniauction, 532 F.3d at 1329. The R & R finds that I failed to allege that the defendant in this case exercised such "direction or control" over its users and service providers in their submission of "PPI's." It therefore finds

that my ‘infringing use’ claims should be dismissed. R & R at * 23-24. I respectfully object.

Since Form 18 only instructs a plaintiff to allege “use” and makes absolutely no mention of “direction or control,” the latter allegation should not be required. See *McZeal*, 501 F.3d at 1356-1357 (the only allegations that are required to be included in a patent infringement complaint to state a valid claim are those set forth in the Form appended to the Rules). If the Court nonetheless requires the allegation, the statement I made in my opposition papers should be deemed to satisfy the requirement. See R & R at * 25, n.7 (wherein the R & R acknowledges my stating at Opp.Bf. 8, 13, that “AdWords is [not] involved with ‘[M]ere “arms-length cooperation.”) That statement, while perhaps inelegantly expressed, is comparable to saying that Defendant ‘directs or controls’ its AdWord users’ performance.

At this point, I cannot be required to include further factual detail in my pleadings to support that allegation since I am first entitled to discovery on the issue. *McZeal*, 501 F.3d at 1358 (“the specifics of how . . . [the defendant’s] purportedly infringing device works is something to be determined through discovery”).

Put another way, the issue of “direction or control,” like the more general issue of infringement, is a question of fact that cannot be determined on a Rule 12(b)(6) motion. It can only be addressed after discovery. At that time, if there is a genuine dispute with respect to the issue, its determination is for the jury. At this juncture, its determination is not for the Court.

In sum, for each of the above independently sufficient reasons, I must be deemed to have stated valid claims for infringement based upon Google’s use of my patented method.

III. I Have Stated Valid Claims For Infringement Based Upon

Defendant's Making, Selling And Offering To Sell My Patented Process, System and Products.

Patent infringement occurs, under 35 U.S.C. § 271, when someone “without authority makes, uses, offers to sell, or sells any patented invention.” The R & R focused exclusively on the “use” component of this definition, to the total exclusion of the “make,” “offers to sell” and “sells” components. Even assuming, for the sake of argument, that I had failed to state valid claims under the “use” component of § 271, I have clearly stated valid claims under each of the other components of the definition.

While for a long time it was thought that a claim could not be stated for “selling” and/or “offering to sell” a patented method, the thinking on that issue has dramatically changed over the past few years. In both *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 550 F.3d 1325 (Fed. Cir. 2008), and *NTP, Inc. v. Research in Motion, Inc.*, 418 F.3d 1282 (Fed. Cir. 2005), the Federal Circuit was asked to decide whether the defendant directly infringed under the “sell” and/or “offer to sell” prongs of section 271(a). *Ricoh*, 550 F.2d at 1334; *NTP*, 418 F.3d at 1318. In each instance, the Federal Circuit concluded that it did not need to decide the question and left the question open. *Ricoh*, 550 F.2d at 1335 (“As did the court in *NTP*, we conclude that we need not definitively answer this question”); *NTP*, 418 F.3d at 1320-1321 (“We need not and do not hold that method claims may not be infringed under the “sells” and “offers to sell” prongs of section 271(a)”). The question was academic in each instance because the Court concluded that the product, method or article being sold, or offered for sale, was not the plaintiff's “invention.” *Ricoh*, 550 F.2d at 1335; *NTP*, 418 F.3d at 1321.

But, the Supreme Court now appears to have answered the question - at least in part - that the Federal Circuit left open, and to have answered the question affirmatively. Thus, in *Quanta*, it holds that selling an article or product that “substantially embodies” a protected method is tantamount, at least for some patent law purposes, to selling the method proper. *Quanta Computer, Inc.*, 128 S.Ct. at 2117 (“It is true that a patented method may not be sold in the same way as an article or device, but methods nonetheless may be ‘embodied’ in a product, the sale of which exhausts patent rights”). Although the *Quanta* Court had no occasion to expressly apply the principles it articulated to the “infringement” context, because it found Intel’s sale to be authorized, a logical reading of the Opinion strongly suggests that they are equally applicable in that context. In other words, I think it is fair to read the Opinion as supporting the proposition that a party that, without authorization, sells or offers to sell a patented process (or an article or product substantially embodying it) infringes the patent. I think it can also be said that, where a patent is a hybrid one - covering methods, products and systems - the unauthorized “making” of a product or system that substantially embodies its features likewise infringes.

Although the paragraphs in my complaint, in which I allege my “making,” “selling” and “offering to sell” claims, simply recite the language of the statute, see Compl’t at ¶¶ 26-28, both the Federal Circuit and Federal Rules suggest that my claims are legally sufficient. See *McZeal*, *supra*; Fed.R.Civ.P. 84; Fed.R.Civ.P. Appdx. Form 18. The R & R mistakenly ignored the claims and subsumed them in the dismissal.

IV. I Have Also Stated Valid Claims for Indirect Infringement

A. The R & R Erred In Concluding That Such Claims Could Not Be Stated As A Matter Of Law.

The R & R reasoned as follows: There can be no indirect or contributory infringement in the absence of direct infringement. See *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 465 U.S. 336, 341 (1961); *ACCO Brands, Inc. v. ABA Locks Mfr. Co.*, 501 F.3d 1307, 1312 (Fed. Cir. 2007); *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1272 (Fed. Cir. 2004). Given patent '732's terms, there can be no viable claim for direct infringement of its claims because no single actor could perform all its steps. See R & R at * 15-24, 25 ("Desenberg's complaint does not allege that Google or any other entity has committed the entire act of direct infringement ..."). The patent claims cannot be indirectly infringed, either. *Id.*

As we have already seen, however, the R & R's second premise is unsustainable. Direct infringement claims can be and have been properly stated. The R & R concluded otherwise because its analysis was shaped and informed by four errors. It mistakenly construed my patent as requiring that different parties perform different steps. (A proper construction of my patent claims would disclose a method performed by one party.) It mistakenly concluded that I could not allege "direction or control" by the defendant over all of the method's operations. (In fact, even if one were to accept the R & R's thesis that clients and service providers 'initiate' certain steps, the inescapable truth is that the defendant "controls" their execution or performance.) It applied the legal standard set forth in *BMC*, even though its soundness is in question. (The Supreme Court articulated principles in *Quanta* that are fundamentally incompatible with *BMC* and would appear to require a very different

standard. Under this new standard, a defendant infringes if it performs all of the “essential” or “inventive” features of a patented method, rather than “each and every” element or step.) Finally, it disregarded the fact that, in addition to my “infringing use” claims, I stated other claims for direct infringement. Namely, I alleged that, in addition to engaging in infringing use, the defendant directly infringed my patent by selling, offering to sell and making my claimed invention. (See Point III.)

Where the latter acts are unauthorized, as here, Quanta confirms that the “first sale” doctrine does not apply and the patentee’s patent rights are not exhausted. Stated another way, it confirms that the unauthorized sale of a method patent’s “essential” or “inventive” features renders downstream purchasers and users vulnerable to direct infringement claims. By necessary implication, it also suggests the opposite - that those upstream who sold or performed the essential features may be liable for having “induced” and/or “contributed” to that infringement. In other words, it suggests that, where there is some evidence of direct infringement, a claim for indirect infringement can be stated against an upstream purveyor. The downstream infringers need not be joined in the suit, nor is direct evidence of their infringement necessary. Circumstantial evidence suffices. *Symantec Corp. v. Computer Assocs. Int’l, Inc.*, 522 F.3d 1279, 1293 (Fed. Cir. 2008); *Liquid Dynamics Corp. v. Vaughan Co., Inc.*, 449 F.3d 1209, 1219 (Fed. Cir. 2006); *Abraxis Bioscience, Inc. v. Navinta, LLC*, __ F.3d __, 2009 U.S. Dist. Lexis 66958, * 38-40 (D.N.J. 2009).

The Quanta Court had no occasion to address the question whether methods may be sold in other ways as well. That is, it did not consider whether someone might infringe by selling performances of the method. That further question is also posed by this case.

In sum, the R & R erred in concluding that my indirect infringement claims were precluded as a matter of law.

B. I Have Met My Notice-Pleading Obligations

Indirect infringement generally takes two forms. I have stated a claim for each type: inducement, in violation of 35 U.S.C. § 271(b), and contributory infringement.

Specifically, I have alleged that

“[b]y making, using, selling, and/or offering for sale its Internet services, defendant Google has induced infringement . . . one or more claims of Patent 732 under 35 U.S.C. § 271 literally and/or under the doctrine of equivalents;”

“[b]y using, selling, and/or offering for sale its Internet services, defendant Google has . . . contributorily infringed . . . one or more claims of Patent 732 under 35 U.S.C. § 271 literally and/or under the doctrine of equivalents.”

Complt. at ¶¶ 27, 28.

Nothing more is required by the Federal Rules, by the Federal Circuit and/or by Twombly. *McZeal*, 501 F.3d at 1356-1358. This is so even though, arguably, on its face, Form 18 only provides a model for pleading direct infringement. “[T]here is no principled reason . . . for requiring more factual detail when the claim is one for contributory infringement as opposed to direct infringement.” *CB Flint Partners, LLC v. Goodmail Sys., Inc.*, 529 F. Supp. 2d 1376, 1380 (N.D.Ga. 2007). “The factual contentions in both the model and the Complaint are enough to put the Defendant on notice of the claim alleged and the grounds upon which it rests.” *Id.*

C. I Have, In Any Event, Satisfied The Twombly/ Iqbal Standard

The principal thing that distinguishes indirect infringement claims from direct infringement claims is that the former require an allegation as to the defendant's knowledge and/or intent. See, e.g., *Water Techs. Corp. v. Calco, Ltd.*, 850 F.2d 660, 668 (Fed. Cir. 1988) (“Although section 271(b) does not use the word ‘knowing,’ the case law and legislative history uniformly assert such a requirement”); *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 553 (Fed. Cir. 1990). Because this is so, it could be argued - as I noted in fnote [FILL IN]- that Twombly requires additional facts to be alleged to support that allegation.

I have more than satisfied this requirement by alleging specific facts from which knowledge and intent can be inferred. Specifically, I have alleged that:

- “On November 22, 2006, Google received documentation from ... [me regarding the patent and its issuance,] including a cease and desist letter and Google confirmed they received documentation from the Inventor.” (Cmplt, ¶ 21).

- “Google requested a W-9 form be completed and signed by the Inventor, and stated that before they would pay the Inventor's first invoice ... the Inventor must deliver the W-9 form to Google.” (Id.)

- “The Inventor completed the W-9 form and delivered the form to Google according to their instructions. Since, Google has never paid the Inventor anything in any form ...”, Id., but has continued and is continuing to infringe. (Id., ¶ 27-28).

These allegations are not only sufficient to satisfy my notice-pleading obligations, and any obligations under Twombly, but also to support my allegation of “willfulness.” (Cmplt at ¶ 29).

In sum, for each of the above independently sufficient reasons, I must be deemed to have stated valid claims for both direct and indirect infringement.

V. If The Court Finds Any Pleading Deficiencies, I Should Be Permitted To Amend

The Second Circuit has been unequivocally clear in stating that outright dismissals of pro se complaints are looked upon with disfavor. “Certainly the court should not dismiss without granting leave to amend at least once when a liberal reading of the complaint gives any indication that a valid claim might be stated.” *Gomez v. U.S.A.A. Fed’l Savings Bank*, 171 F.3d 794, 795 (2d Cir. 1999)(emphasis added), citing *Branum v. Clark*, 927 F.2d 698, 705 (2d Cir. 1991).

In an amended pleading, among other things, I would explicitly include the following averments:

(1) that defendant performed all steps of the patented process,

(2) alternatively, that it directed or controlled the performance of any step or steps undertaken by third-parties;

(3) that it performed all “central,” “essential” and/or “inventive” features of the patented method or process, and otherwise acted so as to bring itself with the Quanta standard, and

(4) set forth separate claims for induced and

contributory infringement.

Conclusion

The Magistrate's Recommendation and Report was in error. My complaint should not be dismissed. If the Court finds any pleading deficiencies, I should be permitted to amend. Such an amendment would not be futile.

Dated: New York, New York
September 17, 2009

Respectfully,

Roger M. Desenberg

Second Document from Plaintiff's
Newly Hired Attorney

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
ROGER MARX DESEMBERG, :
Plaintiff, : 08 Civ. 10121 GBD)(AJP)
- against - :
GOOGLE, INC., :
Defendant. :
----- X

PLAINTIFF'S MEMORANDUM IN REPLY
TO DEFENDANT'S RESPONSE
TO OBJECTIONS

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Dated: 10/08/09

TABLE OF CONTENTS

	Page
Table of Authorities	i
Introduction.....	1
ARGUMENT	2
I. The Arguments Defendant Makes In Its Response Are Predicated On Fundamental Errors	2
A. Defendant Has Misconstrued The Magistrate’s Report... 2	
B. Defendant Has Misconstrued My Patent Claims..... 4	
1. Defendant Has Attempted To Read Language Into My Claims That Does Not Belong in Them	4
2. Defendant Has Attempted To Read Words Out Of Two “Wherein Clauses” In An Effort To Transform Them Into “Steps”	5
3. The Wherein Clauses Cannot be Relied Upon To Alter The Metes & Bounds Of My Claims	5
a. Defendant Has Waived The Issue..... 6	
b. The Wherein Clauses In This Case Come Within The Rule Of Israel v. Cresswell	7
CONCLUSION	10

TABLE OF AUTHORITIES

Cases Page[s]

Abbott Labs v. Andrx Pharmaceuticals, Inc., 452 F.3d 1331 (Fed. Cir. 2006)	5
Alexander v. Evans, 1993 U.S. Dist. LEXIS 14560, 1993 WL 427409 (S.D.N.Y. Sept. 30, 1993).....	6
Ashcroft v. Iqbal, ___ U.S. ___, 129 S. Ct. 1937 (2009)	10
Bell Atlantic Corp. v. Twombly, 550 U.S. 544 (2007)	10
BMC Resources, Inc. v. Paymentech, L.P., 498 F.3d 1373 (Fed. Cir. 2007)	passim
Castillo v. Matesanz, 348 F.3d 1 (1st Cir. 2003), cert. den'd, 543 U.S. 822 (2004).....	6
Digital Licensing Technology, LLC v. Cingular Wireless, LLC, 2007 U.S. Dist. LEXIS 57492 (E.D. Tex. 2007)	8
Eltech Sys. v. PPG Indus. Inc., 710 F. Supp. 622 (W.D. La. 1988), aff'd 903 F.2d 805 (Fed. Cir. 1990)	8
Frontier Ins. Co. v. Blaty, 454 F.3d 590 (6th Cir. 2006),	6
Globetrotter Software, Inc. v. Elan Computer Group, Inc., 362 F.3d 1367 (Fed. Cir. 2004).....	5

Cases	Page[s]
Hoffer v. Microsoft Corp., 405 F.3d 1326 (Fed. Cir. 2005)	7
I.U.E. A.F.L.-C.I.O. Pension Fund v. Herrmann, 9 F.3d 1049 (2d Cir. 1993), cert. den'd, 513 U.S. 822 (1994).....	6
Israel v. Cresswell, 35 C.C.P.A. 890, 166 F.2d 153 (C.C.P.A. 1948),.....	7, 9
John B. Hull, Inc. v. Waterbury Petroleum Prods., Inc., 588 F.2d 24 (2d Cir. 1978), cert. den'd, 440 U.S. 960 (1979).....	6
Keating v. Sec'y of Health and Human Servs., 848 F.2d 271 (1st Cir. 1988)	6
King Pharmaceuticals v. Eon Labs, Inc., 593 F. Supp. 2d 501 (E.D.N.Y. 2009)	7
Lockheed Martin Corp. v. Space Systems/Loral Inc., 324 F.3d 1308 (Fed. Cir. 2003).....	7
Markman v. Westview Instruments, Inc., 52 F.3d 967 (Fed. Cir. 1995), aff'd, 517 U.S. 370 (1996).....	4
McCarthy v. Manson, 714 F.2d 234 (2d Cir. 1983).....	6
Minton v. N.A.S.D., Inc., 336 F.3d 1373 (Fed. Cir. 2003)	7
McZeal v. Sprint Nextel Corp., 501 F.3d 1354 (Fed. Cir. 2007)	2

Cases	Page[s]
Paddington Partners v. Bouchard, 34 F.3d 1132 (2d Cir. 1994)	6
Pan Am. World Airways, Inc. v. Int’l Bhd. of Teamsters, 894 F.2d 36(2d Cir. 1990)	6
Papyrus Technology Corp. v. N.Y.S.E., Inc., 581 F. Supp. 2d 502 (SDNY 2008)	8
Park Motor Mart, Inc. v. Ford Motor Co., 616 F.2d 603 (1st Cir. 1980)	6
Philips v. AWH Corp., 415 F.3d 1303 (Fed. Cir. 2005), cert. den’d, 126 S. Ct. 1332 (2006)	4
Praylow v. Martin, 761 F.2d 179 (4th Cir. 1985), cert. den’d, 474 U.S. 1009 (1985).....	6
Quanta Computer, Inc. v. LGE Electronics, Inc., __ U.S. __, 128 S.Ct. 2109 (2008)	2, 9
Regents of Univ. of California v. Micro Therapeutics, Inc., 2007 U.S. Dist. LEXIS 20511 (N.D.Cal. 2007), modified on other grds, 2007 U.S. Dist. LEXIS 43879 (N.D. Cal. 2007...7	
Ricoh Co., Ltd. v. Quanta Computer, Inc., 550 F.3d 1325 (Fed. Cir. 2008),cert. den’d, 2009 U.S. LEXIS 4748 (U.S., June 29, 2009)	2
Texas Instruments, Inc. v. U.S. Int’l Trade Comms’n, 988 F.2d 1165 (Fed. Cir. 1993)	7
Thomas v. Arn, 474 U.S. 140 (1985)	6
Article	
Qualters, “Federal Circuit Chief: Let us handle the fixes,” National Law Journal, October 05, 2009.....	2

On July 30, 2009, Magistrate Peck recommended that the District Court dismiss my patent infringement complaint in its entirety for failure to state a claim. I filed specific Objections to the Report & Recommendation, detailing the respects in which it had erred. Defendant has now countered by filing a further memorandum, further affidavit and further evidentiary submission, which it characterizes as its “Response.” Rather than respond to my arguments, however, these filings seek to avoid them. They do so in two ways. First, they distort my arguments so as to make it appear that I did not satisfy the “BMC rule.” Nothing could be further from the truth. I demonstrated complete compliance with the rule. I demonstrated that since my patent claims capture the activities of only one person (the Lead Option Engine), they fully satisfy BMC’s requirements. (See Obj. at 4-20). Second, subtly and without acknowledging that it is doing so, the defendant has attempted to alter the basis upon which the Magistrate ruled. Thus, it pretends that the Magistrate concluded that different persons must perform different steps of my claimed method based upon the language of two “wherein clauses.” (see Resp. at 6). In fact, His Honor did no such thing. He ruled to the same effect on other grounds. (See Point I (A), post.)

In addition, presumably in the hope that this Court will follow suit, defendant has almost entirely disregarded Points II, III and IV of my earlier brief.

While I do not in any respect retreat from any of the arguments contained in those points, I will not burden the Court by repeating them. I would simply refer the Court back to my earlier papers and to the following decisions in particular: *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109 (2008); *Ricoh Co., Ltd. v. Quanta Computer, Inc.*, 550 F.3d 1325 (Fed. Cir. 2008); and *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354 (Fed. Cir. 2007). Also, see

Qualters, “Federal Circuit chief: Let us handle the fixes,”
National Law Journal, October 05, 2009.

ARGUMENT

I. The Arguments Defendant Makes In Its Response Are Predicated On Fundamental Errors.

A. Defendant Has Misconstrued The Magistrate’s Report.

In its Response, the defendant pretends that the Magistrate construed my patent claims based upon the language contained in a wherein clause. He did not. He did not even mention the wherein clause anywhere in his Report & Recommendation.

Defendant nonetheless states the following:

Mr. Desenberg’s patent claims, by their plain language, require affirmative acts by no fewer than three parties. Claim 1 — the patent’s only independent claim — requires that “a service is performed by the user or the provider as a result of the transmission of the lead,” and that “performance of the service includes a service transaction fee paid by the user or the provider.” ‘732 Patent 16:54-58 (emphases added). These steps are required in addition to other steps by the “lead option engine.” ‘732 Patent 14:62. Thus, as Magistrate Peck concluded, the “structure[] in the elements or steps comprising the patent’s first claim. . . mak[e] multiple parties critical to the method’s design and implementation.”

(R&R at 12). Response at 6 (emphasis as in the Resp.).

While I assume it was not intended to be so, this paragraph is misleading. It begins by quoting – with added emphasis – two phrases from the “wherein clause” that

the defendant urged the Magistrate make the basis of his ruling. It fails to mention the fact that the phrases are from the wherein clause, but they are. Next, it characterizes the activities described in those phrases as “steps” that are part of the claimed method, rather than simply as activities that are facilitated by or result from the method. Towards this end, it states: “These steps are required in addition to other steps by the ‘lead option engine.’” *Id.* (emphasis added). Finally, it suggests that Magistrate Peck “concluded” that multiple parties are required to perform different steps of my method - based upon those phrases. *Id.*

Not only did the Magistrate not cite to or rely upon the wherein clause or either of those phrases in his R & R, he went to considerable lengths to delete the clauses from the claim language he quotes as being part of his basis for decision.

See R & R, 2009 U.S. Dist. LEXIS 66122, at * 5. There, he describes my patented method as being “comprise[d]” of “a series of steps” that are set forth in the patent’s claim language. He then goes on to quote the language of Claim 1, being very careful to eliminate the language of the wherein clause. *Id.*

His Honor acted entirely appropriately in doing so. As we will hereafter see, claims construction principles require that the wherein clauses in this case be disregarded. (See Point I (B)(2)).

B. Defendant Has Misconstrued My Patent Claims

It is hornbook law that a patent is to be construed in accordance with its claims. *Philips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 980 (Fed. Cir. 1995).

This defendant insists on my patent's being construed in accordance with everything but the operative claim language. Thus, it insists on the patent's being construed in accordance with background that appeared in the specifications (Resp. at 2); in accordance with a drawing (Resp. at 3); in accordance with a statement attributed to the examiner (Resp. at 5-6); in accordance with a "claim chart" (Resp. at 7-8); and, of course, as I have already noted, in accordance with two wherein clauses. (Resp. at 2-3, and 6).

1. Defendant Has Attempted To Read Language Into My Claims That Does Not Belong in Them

None of the evidence upon which the defendant seizes can be relied upon either to alter my claims or add steps to my claimed method. All they do is provide context; they do not describe the metes and bounds of my patent. (See Obj. at 6-14). This is true of the specifications, the drawings, the so-called 'claim charts' and prosecution history. Actually, there is no cause even to refer to such materials since there is no ambiguity in the claim language. See *Abbott Labs v. Andrx Pharmaceuticals, Inc.*, 452 F.3d 1331, 1336 (Fed. Cir. 2006); *Globetrotter Software, Inc. v. Elan Computer Group, Inc.*, 362 F.3d 1367, 1389-190 (Fed. Cir. 2004) ("in construing a patent's claims, a court looks first to their language;" if it finds the claim language to be ambiguous, it then looks to the specifications, etc).

2. Defendant Has Attempted To Read Words Out Of Two "Wherein Clauses" In An Effort To Transform Them Into "Steps."

On pages 2 and 3 of its Response, the defendant states the following: Claim 1 requires that the service provider actually provide a service for the user, or vice versa, following transmission of the lead. See '732 Patent 16:54-

56 (requiring that “a service is performed by the user or the provider as a result of the transmission of the lead”). Claim 1 further requires that the service be a paid service. See *id.* 16:57-58 (requiring that “the service includes a service transaction fee”) . . . (Resp. at 2, 3).

Although it purports, in each of its supporting parentheticals, to be quoting from my claims, in each instance it has omitted the opening words of the phrase it purports to be quoting. In both instances, the actual phrase begins with the word “wherein.” Thus, each of the phrases is a “wherein clause” rather than a claimed step.

3. The Wherein Clauses Cannot be Relied Upon To Alter The Metes & Bounds Of My Claims

Defendant cannot rely on the “wherein clauses” to alter my patent claims. There are two reasons for this: First, although the Magistrate did not accept defendant’s argument regarding the wherein clauses, the defendant did not file an objection. See R & R at *26 (specifying that “the parties shall have ten (10) days . . . to file written objections . . .”). Its objection was therefore waived. *Thomas v. Arn*, 474 U.S. 140 (1985); *I.U.E. A.F.L.-C.I.O. Pension Fund v. Herrmann*, 9 F.3d 1049, 1054 (2d Cir. 1993), cert. den’d, 513 U.S. 822 (1994).

¹ The R & R itself says as much. See R & R at * 26 (where it specifically provides notice to all parties that the “[f]ailure to file objections will result in a waiver of those objections for purposes of appeal.”)(emphasis added).

Second, its argument is mistaken in any event. The law is clear that the language of a “whereby” or “wherein” clause is to be ignored where it does not add anything to the patented method or invention.

2 The appellant in *Keating v. Sec’y of Health and Human Servs.*, 848 F.2d 271 (1st Cir. 1988), attempted the same thing defendant is attempting here: to argue that the fact that plaintiff objected to the R & R preserves all issues for appeal. In other words, it suggests that a nonobjecting party can piggyback on an objecting party’s filing. (Resp. at 5). The First Circuit was unequivocal in rejecting this suggestion. *Keating*, 848 F.2d at 275 (“[O]nly those issues fairly raised by the objections to the magistrate’s report are subject to review in the district court and those not preserved by such objection are precluded on appeal”). The decisions of other Circuits are in accord. They all hold that the only issues that can be considered by a District or Appellate Court are those that have been “specifically” objected to. See generally, *Frontier Ins. Co. v. Blaty*, 454 F.3d 590, 594-596 (6th Cir. 2006); *Castillo v. Matesanz*, 348 F.3d 1, 4 n. 1 (1st Cir. 2003); *Praylow v. Martin*, 761 F.2d 179, 180 n.1 (4th Cir. 1985)(party which failed to file an objection to a particular point in magistrate’s finding waived appeal on that point); *McCarthy v. Manson*, 714 F.2d 234, 237-38 (2d Cir. 1983)(failure to object results in collateral relief being barred); *Park Motor Mart, Inc. v. Ford Motor Co.*, 616 F.2d 603, 605 (1st Cir. 1980); *John B. Hull, Inc. v. Waterbury Petroleum Prods., Inc.*, 588 F.2d 24, 29-30 (2d Cir. 1978), cert. den’d, 440 U.S. 960 (1979).

In addition to attempting an end-run around the rule that one can only preserve an issue by timely filing a specific objection, the defendant has attempted a second end-run. In objecting to an R & R before the District Court, a party has no right to present evidence or testimony it could have but did not present to the Magistrate. *Paddington Partners v. Bouchard*, 34 F.3d 1132, 1137-38 (2d Cir. 1994); *Pan Am. World Airways, Inc. v. Int’l Bhd. of Teamsters*, 894 F.2d 36, 40 n.3 (2d Cir. 1990); *Alexander v. Evans*, 88-CV-5309, 1993 U.S. Dist. LEXIS 14560, 1993 WL 427409, at *18 n.8 (S.D.N.Y. Sept. 30, 1993). Two things follow: First, that a party that did not object has even less right, if any, to present such evidence. And, second, there is no right when the motion ruled upon was a motion to dismiss.

Minton v. N.A.S.D., Inc., 336 F.3d 1373 (Fed. Cir. 2003) (“A whereby clause in a method claim is not given weight when it simply expresses the intended result of a process step positively recited”). See also, e.g., Lockheed Martin Corp. v. Space Systems/Loral Inc., 324 F.3d 1308, 1319 (Fed. Cir. 2003)(where the words following the term “whereby” state a result, they are not considered to be a claim limitation because they add nothing to the patentability or substance of the claim); Texas Instruments, Inc. v. U.S. Int’l Trade Comms’n, 988 F.2d 1165, 1171-1172 (Fed. Cir. 1993)(since the whereby clause only expressed intended results, the Commission was correct in giving the clause “no weight in its infringement analysis”); Israel v. Cresswell, 35 C.C.P.A. 890, 166 F.2d 153, 155-156 (CCPA 1948); King Pharmaceuticals v. Eon Labs, Inc., 593 F. Supp. 2d 501, 512 (EDNY 2009)(finding that a wherein clause, which expressed the result that could be obtained by administering a patient a drug, did not state a condition material to patentability and thus was not a limitation); Regents of University of California v. Micro Therapeutics, Inc., 2007 U.S. Dist. LEXIS 20511, * 54 (N.D.Cal. 2007)(finding that a “so that clause” in an apparatus claim is equivalent to a “whereby clause” in a method claim and does not impose a limitation on the apparatus). Accord, Hoffer v. Microsoft Corp., 405 F.3d 1326, 1329 (Fed. Cir. 2005) (stating that “it is correct that a ‘whereby’ clause generally states the result of the patented process”).

In my earlier brief, I noted that the R & R correctly disregarded the language of the “wherein clause” when construing my patent claims. In its response, the defendant chides me for not having cited any authority in support of that proposition and implicitly suggests there is none. (Resp. at 8). As the above citations amply prove, the defendant is mistaken.

It is only when a whereby clause “recites a capability that . . . [is] ‘an integral part of the invention’” that it will be considered an actual limitation. Digital Technology Licensing, supra at * 11.4 Here, it would be absurd to suggest that the wherein clauses are a patentable element of my invention. After all, the interactions that take place between service-providers and service-seekers after the LOE’s transmission of a lead are simply not the stuff of inventions.

Accordingly, it categorically asserts, without foundation, at page 8 of its Response that certain claim charts “admit that . . . [the wherein clauses in this case] were required by the Patent Examiner to overcome cited prior art.” (Resp. at 8). The claim charts to which defendant is referring do no such thing.

4 Defendant would appear to be attempting to shoehorn itself into the narrow class of cases in which a whereby clause is regarded “as an essential feature of the invention if it is used to distinguish the invention over the prior art . . .”. *Eltech Sys. v. PPG Indus. Inc.*, 710 F.Supp. 622, 633 (W.D.La. 1988), *aff’d* 903 F.2d 805 (Fed. Cir. 1990).

In any event, as I understand the law, it my understanding and averments and not those of the patent examiner that count. See, e.g., *Digital Licensing Tech., LLC v. Cingular Wireless, LLC*, 2007 U.S. Dist. LEXIS 57492, * 14, 12-17 (E.D.Tex. 2007)(where the applicants consistently argued during prosecution of their patent application that an accurate reproduction of the analog signal was what distinguished their invention from the prior art, a whereby clause requiring such reproduction would be deemed a limitation on their claims); *Papyrus Tech. Corp. v. N.Y.S.E., Inc.*, 581 F. Supp. 2d 502, 539-541(SDNY 2008)(where plaintiff repeatedly claimed that what distinguished its invention from the prior art was the fact that the execution of a cross-trade was consummated upon a transmission to a remote computer, a whereby clause providing for such a transmission would be construed as a limitation). I have certainly never understood the wherein clauses in my patent to have played any role vis-à-vis prior art.

They not only don't mention prior art at all in this connection, they in no way indicate that the patent examiner in this case inserted the wherein clauses in my claims in order to distinguish my invention from earlier ones.

They have been the fabric of everyday life for centuries. Put another way, the service transactions and transaction fees referred to in the wherein clause are no more a part of my invention than the "grinding" and "finishing processes" were part of Univis' invention, or activities undertaken in "connecting a microprocessor or chipset to buses or memory" were part of Intel's invention. *Quanta Computer, Inc. v. LG Electronics, Inc.*, 128 S.Ct. 2109, 2119 - 2121 (2008). In each instance, the Court recognized that "[t]he essential or inventive feature" of the patent was embodied in the initial processes or product. The "finishing process" in each instance - grinding and polishing in the case of Univis, and assembly and connection in the case of Quanta - was one that involved the performance of routine functions or addition of standard parts, and not "creative or inventive decisions." *Id.* at 2119 - 2120.

The only conclusion to which one can come in this case is that the wherein clauses in my patent were drafted so as to conform to the practice approved in *Israel v. Cresswell*, 166 F.2d 153 (CCPA 1948). There, the Court said:

In this case, as is presumed to be true in all cases in which the claims have a whereby clause, the clause states the result. The result, of course, is not patentable and when stated it adds nothing to the patentability of a claim. It does not detract from a claim, however, to express the result in proper phraseology and it is not objectionable. *Id.* at , 155-156 (emphasis added). Here, having used "the proper phraseology" - i.e., having used a linguistic formulation that has long been recognized as signifying that the words following

it do not constitute a limitation or additional “step”
- the PTO and applicant were entitled to have that
decision honored.

* * *

To sum up: As I demonstrated in Point I of my earlier brief, my patent claims satisfy BMC’s requirements. In other words, they were so drafted as to capture the activities of only one party, the Lead Option Engine. As a consequence, they do not require that users or service providers perform any of the steps that are claimed.

It further follows that I have stated a valid claim for direct “use” infringement, which is both viable and plausible. It is in complete conformity with Form 18 and McZeal. It satisfies BMC.

It even satisfies Iqbal and Twombly.⁵ I have also stated other valid direct infringement claims and valid claims for contributory and indirect infringement. (Obj. at Points III and IV).

CONCLUSION: Since it is apparent that an amendment would not be futile in this case, the Court should reject the Magistrate’s Recommendation, deny defendant’s motion to dismiss and permit me to amend.

Dated: New York, New York
 October 8, 2009

Roger M. Desenberg
Plaintiff

⁵ I note this notwithstanding the fact that Iqbal and Twombly do not apply. (Obj. at 16-20).

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IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

ROGER MARX DESEMBERG,
Plaintiff,

v. CIVIL ACTION: 08 CIV 10121
NOTICE OF APPEAL

GOOGLE, INC.,
Defendant.

February 2, 2010

PLAINTIFF'S NOTICE OF APPEAL

Notice is hereby given that ROGER MARX DESEMBERG in the above named case hereby appeal to the United States Court of Appeals for the Federal Circuit from the DISMISSAL from Judge Daniels of the Southern District of New York who entered this action on January 11, 2010.

Under penalties of perjury, the Inventor, Roger Marx Desenberg, hereby certifies and swears and affirms that

(i) Inventor has the authority to file this pleading;
and

(ii) the information provided herein is accurate; and
(iii) all the information contained herein is believed by the Inventor to be true and correct, and

(ii) wherein if there is an error in the information above, that such error is insignificant.

Dated _____

Plaintiff/Inventor Roger Marx Desenberg

By:

Roger Marx Desenberg (pro-se filing)
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1. Have you ever had another case in this court?

No.

2. Did the trial court incorrectly decide or fail to take into account any facts?

If so, what facts? (refer to paragraph 7)

Failed to apply the laws for preliminary injunction,

Failed to apply the laws for irreparable harm

Failed to apply the Twombly standard correctly.

Failed to apply that if a company's entire existence and revenue is predicated on the use of an infringing technology

Failed to apply my constitutional right of exclusion, Article 1, Section 8:

Failed to apply my constitutional right to represent myself

Failed to apply halting changing status quo.

For a preliminary injunction, the following four factor test can be used:

(i) Is there likelihood on the merits? According to the facts provided, which are to be taken as true, is the Plaintiff likely to win this case?

Never before the Internet was infringement on a technology so easy to determine. Before the Internet, determining infringement involved discovery and submitting documents and perhaps systems and other things. With the Internet, any Judge, officer of the Court, or any layman can access the USPTO web site, access claim 1 of the Plaintiff's patent, log into the Defendant's systems, and compare the Defendant's systems to claim 1 of Plaintiff's patent to determine infringement. Never in US Patent case history, has infringement been so easy and quick to determine, and so accessible. What used to take weeks and months in traditional paradigms, with today's Internet, infringement can be determined by anyone with access to a computer with an Internet connection, 24 hours a day, seven days a week.

The only issue is ordering the Defendant to make available for testing the Defendant's version of their AdWords and AdSense systems that were used

prior to the filing of this patent infringement case.

In this respect it can be reasonably argued that never before in any case in US patent infringement history, has there been a quicker path to determine likelihood on the merits. This process to determine infringement only takes a few minutes.

(ii) Is the Plaintiff suffering irreparable harm?

It can be reasonably argued the Plaintiff has suffered more commercial irreparable harm than any Plaintiff in US patent infringement case history: Plaintiff has been unable to effectively compete in the Internet industry during its initial phases of development which is directly due to the Defendant's infringement of Plaintiff's patent. The lost opportunity is calculated to be worth billions of dollars.

(iii) Never before in US Patent case history has there been such a huge imbalance of hardships between the Plaintiff and the Defendant.

(iv) Considering the large amount of anti-trust violating commercial behavior that would be removed from a preliminary injunction where the Plaintiff resells database keys to the Defendant, the public interest would be affected beneficially more than any preliminary injunction in US patent case history.

In sum, this case has the strongest grounds for a preliminary injunction and relief of irreparable harm than any other patent infringement case in US history.

3. Did the trial court apply the wrong law?

If so, what law should be applied?

Failed to apply the laws for preliminary injunction,

Failed to apply the laws for irreparable harm

Failed to apply the Twombly standard correctly.

Failed to apply that if a company's entire existence and revenue is

predicated on the use of an infringing technology

Failed to apply my constitutional right of exclusion, Article 1, Section 8:

Failed to apply my constitutional right to represent myself

Failed to apply changing status quo.

The Twombly standard was applied incorrectly.

The standard required to satisfactorily state a claim was applied incorrectly.

CONSTITUTIONAL QUESTIONS

1) Pro Se Plaintiff is Pro Se, not by choice, but because of the Defendant's infringement, and has a right to be treated fairly in the district courts. SDNY has reacted that since the Pro Se plaintiff has not hired an attorney to represent him completely, that the Pro Se Plaintiff does not have a right to litigation. Judge Peck wrote on his order about requiring an attorney, and Pro Se Plaintiff did hire an attorney to artfully write the needed answers to the Defendant's motion to dismiss, but the SDNY ignored these arguments because the Plaintiff didn't have the funds to hire the attorney to represent him for the remainder of the case. The Plaintiff only had enough funds to partially pay for the arguments provided. It is clear that the Plaintiff did not write such arguments, as they are artfully crafted by an attorney, and has the experience and expertise to litigate this case and now guides the Plaintiff so he will not make large procedural and legal errors during the remainder of the litigation. Since Plaintiff does not have enough funds to hire the attorney to represent him the SDNY clearly is not permitting the Pro Se Plaintiff to litigate because he is not an attorney and is not abiding by the requirement that the Court not hold Pro Se Plaintiff to the same standards as an attorney.

4. Did the trial court fail to consider important grounds for relief?

If so, what grounds?

Past patent law and policy has dictated that a preliminary injunction is

the preferred method of providing relief to the Plaintiff. But since the Plaintiff's invention generates so much revenue, in the amount of \$15 billion per year for the Defendant, and the Court, or anyone else, has a hard time believing the truth, that it is the Plaintiff's patented technology that is generating the revenue, and not the Defendant's search engine, nor their other technologies, nor their sales force, granting such preliminary injunction may be difficult for the Court.

If this is the case, if the Court recognizes that irreparable harm should be granted some kind of relief, and that a preliminary injunction is too difficult a decision for the Court to decide at this time based on the evidence, the Plaintiff maintains that some kind of relief should still be granted. The philosophy and idea that because the Plaintiff's invention generates a huge sum of money, and that the Defendant has been enjoying such revenue from their infringement for so long, a period of ten years, that the Defendant should be able to keep on infringing without paying any immediate relief, is unconstitutional and not reasonable, and hence if the Court is more comfortable deciding on another form of relief as specified above, or a different kind of relief that is easier for the Court to decide, the Court should in fact grant SOME kind of relief immediately. The Defendant has not produced any prior art, and the Defendant does not possess any patent with an earlier date than that of the Plaintiff.

Google is not like Microsoft or IBM. IBM and Microsoft each earns money on thousands of different patented inventions and services. Google earns all of its money by infringing on one technology. This one technology has provided them funding to enter in many of the Internet markets such as YouTube and the copying of books and creating geographical mapping systems. With the money Google obtained by infringing on my copyrighted and patented technology, Google was able to win in the Video web site marketplace in 2005 by buying the most popular video web site for \$500 million. Google obtained the \$500 million from revenue generated from Patent 732 technology. Google then purchase YouTube.

That is commercial irreparable harm. In 2004, about ten months before

YouTube sold, Plaintiff sold my office building, and put in a paltry \$125,000 into developing a video distribution site, because Plaintiff forecasted the timing was correct. But without my money from Plaintiff's first invention, Plaintiff could not compete effectively and win against Google, who had all of Plaintiff's money. That's irreparable harm. YouTube is now a name known around the world as the first popular global video distribution site. No one has every heard of VideoStation7, Plaintiff's unfinished website.

IRREPARABLE HARM

Considering that this case is extraordinary, never before in the history of the United States, has an inventor invented a completely discrete system that generated revenue in an amount of 0.2% of the GDP, and controls 3.5% of the GDP in commercial transactions, and had such invention infringed by a competitor whose only large source of revenue is from such invention;

and where the four factor of irreparable harm are clearly met;

it is appropriate to consider relief for the Plaintiff/inventor using a paradigm that is not an all or nothing paradigm like the preliminary injunction;

and instead use a paradigm of relief which could be a percentage of revenue, or a forced non-infringed sale <use better words>, or simply a one time cash amount, that would remove irreparable harm.

From the Defendant's point of view, to deny them 99% of all of their revenue without a complete trial, with all its appeals, seems unfair.

From the Plaintiff's point of view, to deny some kind of relief immediatley, after the four factors have been met, seems unfair and especially unfair since the Plaintiff has been seeking to execute exclusivity rights since 1999, over ten years ago. Hence in this case, to remove the irrepreable harm, it seems reasonable that the court should consider a one time fee to be paid to Plaintiff, or a percentage of the monthly invoices.

There is no case in the history of the US which deserve relief more than this one.

Thought it may take considerable genius and intellect to invent the Maximum Price system that generates over \$30 billion of revenue per year, and helps the facilitation of over \$500 billion of commercial transactions, ascertaining infringement is a straightforward process that most Internet users, and judges and juries can complete in a few hours from the privacy of any computer connected to the Internet, twenty four hours a day, and seven days a week.. And certainly it doesn't take more than 4 to 8 hours, to completely study, to the utmost detail, if it is likely that the Defendant infringes.

If Plaintiff is not given relief of some kind due to the obvious and clear irreparable harm, given there is clear likelihood on the merits, then the Courts will in fact be leveraging the Federal Civil Procedures to deny Plaintiff's my rights for another long period of time, after Plaintiff has already waited for 11 years. (see Exhibit Leveraging Federal Civil Procedures)

Hence, given that Plaintiff's patented technology is completely discrete and not cumulative, considering it was copyrighted and patented, and considering the Defendant never generated any windfall revenue until they infringed in the fall of 2000, and considering no one else in the world claims to have invented Google AdWords, including all the engineers at Google, and that the inventor of such system has never been mentioned in their book "Google Speaks" or in any other literature, it is reasonable for Plaintiff to ask, and receive some kind of relief immediately.

It is of Plaintiff's opinion that Google has been very careful not to claim they invented the system because copyright infringement can be a criminal offense.

Without immediate relief my right to the pursuit of happiness is being denied.

----- start from section 1

Likelihood of success

Failed to acknowledge Defendant did not present any patent for the

technology they use to run their entire business.

Failed to recognize that in comparing the Defendant's AdWords system to the Plaintiff's Claim 1 of Patent 732 and compared to Plaintiff's original invention, there are several factors that are exactly the same:

Maximum Price

Lead / Ad contact information

Lead Limit

Real Time price being calculated in the same exact

way "one penny more...." Defendant

"one penny more"... Plaintiff

COMMERCIAL IRREPARABLE HARM

Right to hearings, proceedings regarding relief based on the fact everything Plaintiff says is to be taken as true

I claimed I had experienced commercial irreparable harm.

Because of the Court's refusal to investigate my claims of irreparable harm and status quo changes, I was never afforded the opportunity to show the Court that I have approximately 200 domain name, and several of which have been used as web sites to contain sophisticated web technology that COULD have been successful given enough marketing resources and other resources that I would have had, if the willful infringement had not occurred, this included sites in various web technologies, including, but not limited to: a video distribution web site, a classified ad web site architecture, a new kind of search engine, a micro payment micro investing and micro donating system to list a few. And there was no inquiry into substantiating whether or not I was in fact due relief from irreparable harm as I had claimed when

In fact, it is reasonable to argue that I have suffered the most irreparable harm in US Patent Infringement case history, because when the Internet changed economies, I was not able to participate competitively in many kinds of new web sites that were flourishing in the dawn of a new era, the Internet era. And

now many competing web sites are household names, while I missed out on those opportunities, like YouTube - I had a video distribution site that no one knows because of the irreparable harm, Air Bed and Breakfast - I had predicted the huge Internet rental real estate market that would flourish where people would rent their homes and vacation houses easily on the Internet, and I predicted this years ago, and in fact reserved a domain name, RentMarket7.com in <2004????>. Now it's too late to become the first well known rent your home while you are away web site. Now it's too late to be one of the first well known video distribution web sites. It's too late to become the first well known web site in several markets, but there are still a few markets and web sites, which have yet to be deployed by competitors, and if I can get the relief due me in this case, I will have an opportunity to be competitive in these new flourishing Internet markets.

Incorrect in their conclusion I had Failed to state a claim

Failed to recognize there is no ambiguity in the statements that state a claim.

Where other cases have been dismissed for failing to state a claim there is almost always ambiguity, or incorrect facts, or incompleteness. But in the complaint there is no ambiguity here, and nothing is missing:

- (i) Defendant's exact web pages that infringe are identified.
- (ii) Exact amount of damages are specified
- (iii) Nature of complaint, patent infringement, is specified

There are no grounds for "failing to state a claim".

The Court failed to recognize that 99% of the Defendant's revenue is from the willful infringement of Plaintiff's invention which is unlike the revenue stream of other large technology companies like Microsoft and IBM which have revenue from thousands of different patented technologies: Google's only windfall revenue stream is from one discrete patented technology: Patent 732

Technology.

Failed to recognize that Defendant had the resources to develop mapping systems, such as maps.google.com, Google Earth, Google Video, Google's Gmail system, and everything else they do, and have only been able to do so by infringing on Plaintiff's patent. It follows, that it is obvious that in the event the Plaintiff was able to earn revenue from his invention that the Plaintiff would have been able to compete in the many new Internet businesses that are flourishing every year. And in fact, where the These facts were not included, because the Court refused to recognize the four factors were met, and that the likelihood of infringement is so strong, that further investigation for relief was warranted, but denied by the Court.

5. Are there other reasons why the trial court's decision was wrong?

If so, what reasons?

My patent and invention was never compared to any Google patents, nor their AdWords or AdSense throughout the litigation of this case, which is the reason the case was filed..

Google, after nine years, NEVER changed their software, and only changed it and removed the word "Maximum", after Plaintiff filed the patent infringement suit. That's obviously because they want to hide infringement. Plaintiff attempted to have status quo NOT change during the pendency of the case, and the SDNY said no.

In this Patent 732 infringement case, the exact web pages, and the exact functions and software systems were identified without having to rely on discovery. There is no ambiguity about what and where the Defendant infringes on Patent 732. Patent infringement cases do not get dismissed on account for failure to state a claim unless there is ambiguity or something critical is missing or incorrect. Hence, for this case dismissing on the grounds of failure to state a claim for this case is clearly unreasonable: there is no ambiguity and all factors for competently stating a claim have been fulfilled and facts are correct and

have not been proven false. Damages and a plain statement of the nature of the complaint is clearly stated: there is patent infringement, in AdWords, on the specified web pages provided, and the damages are at minimum is \$10 billion.

Inventors and geniuses are prone to see the truth and speak the truth. This is the same characteristic that helps inventors invent new things and see “outside the box” and see things no one else sees. I have the right to participate in this trial Pro Se, and to represent myself, and to provide the truth to matters. I have the right, as a Pro Se litigant, to not be held to the same standards as attorneys. I have the right to be human, and be emotional, especially considering what I have experienced and the tremendous amount of dollars involved, and the fact this infringement case has left me broke and unable to focus on anything until this case has been fully decided with all of its appeals, and that this infringement matter has been occurring for over ten years.

The Court is violating my constitutional rights to dismiss the case based on the assumption the Court does not want to “deal with me” because I am a Pro Se litigant, and especially so, because being a Pro Se litigant is not my choice, but the direct result of the Defendant’s continued infringement of Patent 732 technology without any kind of relief.

The law says if, because of infringement, and therefore Plaintiff cannot be in a financial position to properly litigate, and Plaintiff loses the case, that the harm of losing the case would be irreparable, and therefore preliminary relief should be granted, yet this law was ignored.

The focus in such a situation should be on fairness, and not on other things.

The Court failed to recognize or investigate the real situation about public interest - without a regulator in this industry, there is rampant “AT-VCB” (Anti-Trust Violating Commercial Behavior), and the American public is hurt by such AT-VCB, and the Defendant has been identified in many publications of such AT-VCB including “The Economist” a magazine, a copy of such article is enclosed in the case documents.

Plaintiff's intentions from 1999, and will be, until the patent expires, is to leverage the patent to regulate the marketplace, and prevent fraud, and further, this example can show almost all Internet patents should be leveraged.

Patent 732 technology is the stuff inventions and discoveries are made of, and the Court has ignored this fact.

6. What action do you want the court to take in this case?

1) Investigate the Likelihood of winning the case on the merits either by

(i) accepting the facts in the Complaint as being true or

(ii) ordering the Defendant to deploy its older versions of the infringing software that was used between November 21, 2006, the date Patent 732 issued, and November 21, 2008, the date the complaint was filed, to enable the Court and Plaintiff to test those versions and comment, where Plaintiff shall ensure the versions are the same that were in use during that time; and

enable the Court to compare Defendant's old versions with Claim 1 of Patent 732 to determine likelihood of Plaintiff's chances of having this case decided in Plaintiff's favor.

2) Investigate if relief is due, and order or recommend what kind and how much.

3) Investigate the issue of Status Quo - will Defendant be allowed to change status quo at any time for any reason during the course of the litigation?

4) Reverse Dismissal

(i) verify the Complaint has satisfactorily stated a claim; and

(ii) verify that Claim 1 of Patent 732 are valid and well

drafted.

Due to this case being extraordinary, and the only one of its kind in history of patent infringement Plaintiff requests this appeals court either:

(i) order the Defendant to provide a definitive amount of relief to the

Plaintiff; or at least

(ii) provide guidance to the SDNY of how to proceed to determine an amount of relief to be provided to Plaintiff.

7. Do you want to argue before the court in person?

If yes, what are the reasons why argument will aid the court?

Finding, seeing, and feeling the truth is often evident when speaking and listening and feeling the presence of a person in a room. I feel if I speak in front of the 2nd District I can answer their questions, and present the truth in a way that the Court will be able to quickly determine if I am telling the truth and the whole truth.

END OF QUESTIONS SET

BEGINNING OF EXHIBITS

EXHIBIT 1
DISCRETE VS CUMULATIVE

Google's search engine ran fine before they infringed on Plaintiff's copyrighted software and patented technology.

By patented technology is not cumulative but a discrete stand alone technology that does not need to run along side a search engine. My first implementation is not used with a search engine, but is a lead/ad generation system wherein the user requests leads and ads that can be run alone or interfaced to any web site. Google, not making any windfall revenue, interfaced my invented technology to their search engine to generate such windfall revenue.

The world could still use Google's search engine without using my patented technology. Google's revenue would drop by 99%, but their search engine would still work. And Google could use other advertising technologies instead of infringing on my technology. They could use banner advertising, and other types of advertising. Patent 732 technology is not required, technically or otherwise, for Google's search engine to operate. AdWords and AdSense are completely discrete systems. Google has licensed the AdWords systems to other websites, selling the copyrighted and patented technology as their own.

The patented technology protected by patent 732 is a complete stand alone system, and is not cumulative in any way with Google's search engine. Google's search engine takes the keywords entered and sends that data to two discrete systems. Not three discrete systems, and not one discrete system, but exactly two discrete systems. The first system is their search engine, and the second system is Maximum Price Real Time Pricing Lead/Ad Generation system, my patented and uniquely invented technology.

HARD TO BELIEVE

The only thing Google did to earn their windfall revenue was to add

Patent 732 technology to their high traffic systems. That's the amazing thing about Patent 732 technology. Add it to any high traffic web site, and it generates windfall revenues. Google did not provide any salesmen to close their sales, they only provided the infringing technology.

Google did not provide any real estate property to close sales, they only provided the infringing technology.

Google did not provide any delivery trucks to close sales, they only provided the infringing technology.

Google did not provide any manufacturing to close sales, they only provided the infringing technology.

Google did not provide any employees to speak to customers to close sales, they only provided the infringing technology.

Google did not provide anything found in traditional businesses to close sales, they only provided the infringing technology.

Plaintiff's invention is DISCRETE, and not cumulative.

Plaintiff's technology is not required to work with a search engine, it can work on any website.

And in fact the way Google interfaces Patent 732 technology with their search engine causes a great deal of anti-trust violating commercial behavior. Plaintiff's original implementation was not used or interfaced with a search engine. A search engine is NOT required to be used with the Invention. This is extremely critical to understand.

Plaintiff said, "I invented a completely discrete invention, the Maximum Price Real Time Pricing Lead Option Generation engine in 1999. I finished developing the first implementation of the system in July of 1999, and I predicted then, that this system would earn billions because it is the answer and best solution in creating a trusted global service and labor marketplace on the Internet if its regulated and controlled by a qualified expert, such as me.

END OF EXHIBIT 1

EXHIBIT 2

BACKGROUND EMOTIONS AND STORY

During 1997 and 1998 all the marketing in the world could not get Yahoo's deceptive search engine to keep being used. They had the entire world. Yahoo's search engine WAS number one. But they deprecated it by replacing what people wanted to find with vendors paying for ads. The system eventually failed. It didn't fail because the sales people were not selling, like in traditional business, because there are no sales people! There is just the technology. Even with their muscle and millions of dollars of money, people were being turned off by their system. Google stepped in and removed all of the advertising from the search results, kept data on what kinds of searching people wanted, and prevented "surprise pornography" by maintaining and connecting to lists of sites that were pornography by surprise. Thus Internet users found what they were looking for, somewhat. Really, all Google did was get search back to how it was working before Yahoo and pornographers abused the Yahoo search to the point of not working at all. Yahoo stopped working because they did mixed in paid advertising directly to their search results. The only other additional thing Google did to improve on Yahoo's search, was keep data on what people clicked on, and used that in their search listings. And of course, since they didn't have advertising or lead strategy, they were not making windfall profits. They obtained an audience, but they were not generating windfall revenue. At the time, banner advertising was being used, but they had a difficult time incorporating that into their site. Which ad would come up when? How would the pricing work? With bids? People could not bid in real time for ads, the ads had to be delivered instantly. Google wanted more revenue.

At the time I decided to enter the web race. I wanted to create

something that generated revenue, yet offered a very needed service with high value to the Internet. I decided to go after the service market. Like painters, attorneys, construction workers, anything that was a service. I wanted to create a site that was a marketplace for services. If a customer wanted a service, or labor, they could go to my marketplace and find the service. At the time, there were no other sites that was a marketplace for services that worked. Several startups decided to do the same thing in 1999.

The domain name I chose on January 5, 1999 was called ProjectWork.com, which I ordered through Network Solutions on that day. A couple of weeks later the domain name was registered to me. In deciding to do services, unlike some software engineers, I didn't want to create a new paradigm of how people found a service. I wanted to create a system where people used the Internet as a tool to find services in the same traditional way they have been for years. All of my competitors failed to create a system that worked. Elance.com, for example, obtained over \$20 million in investment, but their system failed. What most of the competitors did was take listings of project profiles from customers, and vendors would offer an estimated price or fixed price to do the work, online. The competitors were trying to control the entire process of choosing the service. And then the competitors web sites architecture was designed to charge a fee that was a percentage of the job. Or they would have a subscription for customers and vendors. The problem was, this was not how business had been done for thousands of years concerning services. A customer did not choose a service based on price alone, like a product. If a customer is going to purchase a Spalding Basketball Model XYZ, and the cost is \$20 from one vendor and \$18 from another, usually the customer will choose the less expensive one. But when it comes to remodeling the kitchen, if one vendor quotes a price of \$2000, and another quotes \$4500, and another quotes \$5500, and another quotes \$6000, the customer will probably NOT choose the least expensive one, because a service IS NOT A COMMODITY like a product. There is a large difference in quality, and speed to completion, and the possibility of over charges. Clearly I didn't

want my marketplace suggesting that customers choose a service based on estimated cost of the project.

So I studied how choosing a vendor of services was accomplished. The process has not changes in hundreds of years:

- 1) Customer contacts several vendors, perhaps three to five
- 2) customer obtains quotes and communicates with each vendor

3) based on the combination of (i) quality (ii) speed to completion and (iii) cost, the customer would choose a vendor. RARELY would customers choose the least expensive vendor, as usually the least expensive would produce poor quality, or mis-quote, or was not trusted. Most of the time, customers would choose a vendor that was not the most expensive nor the least expensive, but somewhere in between. But luxury customers who wanted the best would choose the most expensive, and sometimes customers who had very little money to spend would choose the least expensive. In my opinion, at the time, and now, a successful marketplace would not choose the vendor for the customer. The customer would make their own choice.

In my thought experiment I imagined 100 painters who wanted to paint houses. And there was one customer. And the customer didn't want to communicate to all 100 painters - the customer didn't have enough time. And vendors, likewise, would be not be interested in providing quotes to a customer who already a lot of quotes from many other painters. So the number of painters who were to communicate with the customer had to be limited. Traditionally, a customer would speak with three to seven painters. And from there, the customer would listen to their sales pitch, perhaps get references, and an estimate for the work, and then finally choose a provider. Which of the hundred painters should be presented? And how many service providers should be provided? I did extensive mathematical calculations, since I studied math and computer science and economics at Emory U, I had the background, to decide how many vendors should be displayed per service contract based on several criteria. Depending on the work, sometimes the limit should be 3, and other times 10. The way most

computer systems worked at the time was through bidding, like an auction.

So applying a bid strategy to select vendors to display as a lead to a customer, with the bid system each one of the painters would bid for a lead. And if a painter was busy with enough work, they would bid zero or not even want the lead. And the painters that needed the work would bid more. And, according to the bid system, each painter would be emailed the highest bids, and then they would bid again, and again, until a time was reached, and then the highest three or five bidders would obtain the lead. Sounds good on paper, but for my thought experiment this system would not work at all. Painters would have to bid 5 to 10 to maybe 30 times for one lead! Painters don't have time for that! They want several leads, not just one, and they don't have the time to do all this bidding. Bidding, obviously, didn't work. To obtain 10 leads would require bidding, perhaps 100 times! I already didn't like the auction process to pay for common items, it took too long, and it was more of a game, than ecommerce. So in my thought experiment, I tried to come up with a question or two I could ask each painter, and then leave them alone for the week, and then my system would come with leads, and a price for each one that was fair. Thus each price for a lead had to reflect the "real value" of the lead otherwise customers would not return again for more business to buy more leads. I tried several scenarios.

(i) I could ask each painter how much would they like to pay for lead to a small paint job, a medium sized paint job, and large paint job.

(ii) I could ask each painter, how much would you like to spend for 10 leads?

(iii) How much do you think a lead is worth?

(iv) Or I could do calculations and try to come up with a price based on how much money they were paying for leads already, and compare their advertising costs in the Yellow pages or other advertising.

(iv) Then finally, I came up the solution, which I didn't know was the solution at first: What is the maximum price you are willing to pay for a lead? And then I would say, you won't pay that price all the time, and you may never

pay that price, you might always pay lower, because you will pay a market price, even though I didn't know how I would figure out a market price, yet.

So two questions:

(i) what is the maximum price per lead? and

(ii) how many leads do you want? or what is your budget for leads.

There are three questions there, but only one of the last two is needed. Asking how many leads a person wants, or what their budget is, is the same question mathematically. Either way it limits their exposure and they won't pay more than they agreed to.

So in my thought experiment I asked them what is the maximum price are they willing to pay, and what is their maximum exposure? Then I would enter this information into my computer, and somehow I still had to figure out what a "fair market value" is.

In commerce, if prices don't reflect real values, markets fail.

For example, I owned a Mercedes Benz, a very nice 190E with all the options. And it was ten years old, but only had 50,000 miles on it. Not much. A brand new 190E, very similar to my car in condition, and performance, because my 190E was perfect, was priced at \$35,000. The "blue book" value on my car was \$2500. It didn't make any sense. A low end two year old Ford with 30,000 miles on it, which new was \$18,000 was priced at \$10,000 in the blue book. The prices didn't make sense. No one would actually believe that the Ford was worth four of the Mercedes. Prices on cars don't make sense today. This is partially why people don't buy cars. Cars are priced unrealistically. Whether this is a symptom or a cause is not relevant for my purposes here. The point is, in failed markets, prices don't reflect real values.

Same with the recent real estate fiasco. Houses and residences were valued way beyond their real values. The real estate market eventually failed.

Thus I knew, for my marketplace to work, I had to come up with a fair market price for the leads. Initially I thought that most painters, and it would be the same for most industries, that the most they would want to pay for a set of

leads would be about 10% of the cost of a paint job. So if a painter paid \$10,000 for a set of leads, and obtained a \$100,000 paint job, they would continue to do business. And I figured in some circumstances it might be as high as 15%. But this was the maximum a painter should pay. On average the painter might pay 7%. And I knew then, that evil programmers could force the painters to pay an even higher price, where eventually all the profit on the paint job went to the lead marketplace, with nothing left for the painter. So I knew then, there would probably have to be some kind of regulation. But I still needed a fair market value for the lead. So in my thought experiment I created an example, and I had one painter's maximum price was \$10, another \$9, then \$8, \$7, \$6, and the rest were \$5 and under. So I had:

\$10 / \$9 / \$8 / \$7 / \$6 / and the rest were under \$5.

Then, for this specified sized project, I calculated based on several criteria, that the most leads a customer would want is five leads, and the same for the vendors. The vendors would be interested a lot less at the point where more than five leads were being given to a single customer. I did economic and statistical analysis on the example. The respective lead value would begin to drop at an accelerated pace after five leads for this sized paint job. So in this scenario it was easy to determine who would get the lead: the five painters with the five highest maximum prices. But how much would each one pay for the lead? There are an infinite number of formulas, and I needed a good formula for the first version. I wanted the formula to be simple, yet produce a fair market value. I deduced that all of the five vendors were getting the same lead, and thus were all getting approximately the same value. The leads would be listed, and it seemed reasonable that the vendor with the \$10 max price would be listed first on the computer screen, and the vendor with the \$6 max price would be listed last. So possibly the vendor with the \$10 max price might pay a little more than the others, and possibly the vendor with the \$6 max price would pay the least. I needed a "strike price" to start with. I thought about taking the median price of all the 100 vendors. I thought about adding the lowest max price who obtained

a lead with the highest max price, and divide by two $(\$10 + \$6) / 2 = \$8$. But that would be more than the max price of the the \$6 one and the \$7 one. That didn't work. So to keep things simple, I settled on the \$6 price. All the vendors obtaining the lead had agreed to pay at least \$6. And then, to give value to the order being listed, I decided to add 1 cent to the strike price of \$6. So the prices paid for the lead would be \$6.00, \$6.01, \$6.02, \$6.03, \$6.04.

And then in my thought experiment, using this process, a vendor who spoke to me one time and agreed to pay a maximum price of \$10 might pay \$6.04 for one lead, and then \$6.52 for another, and \$5.53 for another, \$9.40 for another! Amazing! I had a marketplace with a real time pricing mechanism! And the painter only had to enter in ONE maximum price, without repeated bidding!

I knew that there could be an infinite number of formulas to create the strike price, so in the claims if the lead price is between zero and the maximum price, the system or method infringes.

Even though patents were new to me then, I had some intuition that I didn't want to claim too much and be too broad, so I limited my claims to services. But in fact, the Defendant earns about 80% or more of their revenue from the service sector.

I called my invention the Lead Option Engine, because I thought the contract was similar to a stock option. And I called the process the Maximum Price System with a Real Time Pricing Mechanism.

None of my competitors came up with an invention like this. Only me. I was excited enough about my new invention to invest everything I had into it, all of my money, time, effort, labor, everything. I thought this was it, and I was right.

Security \$2k in bank vs \$100k lead.

Like the fed reserve. <SEARCH FOR THIS!!!>

After working on this service and labor marketplace for several weeks,

I realized the entire marketplace centered around the lead. After the leads were communicated, vendors and customers could do communicate and do business on their own. From there I was planning on adding escrow services and project management, and background checks, and provide these services by partnering with third parties. But none of those things are inventions. The invention was the Maximum Price Lead Generation System that used a Real Time Pricing mechanism. I had the design completed in March, and it still took another four months of hard work and 18 hour days to finish building ProjectWork.com. And extensive database architecture was built, and lots of code.

Google made some changes to my original invention which causes anti-trust violating commercial behavior “AT_CVCB”:

Removed registration requirement from customers

Interfaced and pump search keywords into lead generation system without asking or adequately identifying if a lead was being sought, thereby requiring vendors to pay for worthless leads.

They only had some vendors pay for leads, which is part of their “pay per click”, which promotes more AT-VGB.

Google actually made the invention worse, less efficient, enabling AV-VCB, but the technology still worked better than anything else on the Internet. Vendors kept coming back because of the real time price mechanism. And in fact the Defendant’s description of their system is exactly the same as Patent 732 technology in most respects, including the extra penny. See complaint.

Funny how no one at Google claims to have invented it, only me. No one else. In their book, Google Speaks, there is no mention of who invented this amazing system.

Do you believe I invented it now?

Do you believe that the reasons Google made so much money is NOT because of thier search engine, its because of my patented technology?

Next Question: If the patented technology is so amazing, how come the inventor was unable to generate revenue from it over the past 10 years?

If he was not able to generate any revenue from this invention does that show the inventor is incapable of doing Internet business?

Even though this question is not to be considered on legal grounds, because it doesn't matter according to patent law, this question will certainly be thought about by some people, including some judges, when trying to decide what is "fair and just" in deciding how to handle this case.

It's a fair question. Why have I not been able to produce any income from this invention over ten years? And does that show that Google is needed to earn money from this invention? And does that mean that in fact the invention is not so discrete, but more cumulative than the inventor claims? These are fair questions.

And here are the answers:

I am probably the only person in the US that has the expertise to regulate this process, and I am definitely the only person in the US that has the legal rights to regulate this process and to regulate the Defendant's AT-VCB through the leverage of my patent rights..

Here is the irony:

In 1999 when the Internet bubble was being created, there was a large number of venture capitalists and a large number of information technology professionals who were trying to capitalize on the public's excitement about the Internet by creating a web site that generated revenue, without regard to profits, and without regard to building a profitable business. Their goal was to generate revenue, even if the web site based business could never actually create profits, and show the revenue on paper, and then to execute an initial public offering to the public, sell shares, earn money from the offering, and then watch the company fail, because profits were never planned or impossible.

Unfortunately I wasn't "chosen" by any of the VC I had contacted, probably due to the fact my plans included a real business, using my Lead Option Engine, the patented technology that Google now infringes on. My business plan called for earning real profits in three years. What I didn't know

was that my amazing technology would actually earn real profits in months and not years. And I was not interested in generated revenues, false hopes, and doing an initial public offering to add to the bubble. This attitude didn't impress investors. Then the 2000 tech crash occurred, and investment slowed into Internet technology.

To make an invention, especially creating one in the Internet economic and emarketplace space that will work in the long term, it takes creating a system with a solid foundation, one with integrity, a system that people will trust. At the time, because the Internet was so new in 1999, it was much more simple to create a system that was a "flash in the pan" to attract users, to generate some revenue, than to actually create an emarketplace that would generate billions. It is interesting to think about the type of character of an inventor that would develop something that actually works in the long term in the new Internet Economy. I claim that such an inventor must have integrity and character beyond that of average inventors, and that such an inventor would have to have had the mindset of trying to create a solution to a real problem, and a solution to fill a real demand. Where other programmers were focused on creating a system to "make them rich", I was focused on creating a system that would really work in the long term that would really supply a needed demand, and do so for the American people and the world; I was focused on creating a system for the customers and the vendors: I was not focused on creating something that capitalized on people's excitement about the Internet to create a get rich quick scheme.

And of course, this is how great inventions are usually invented: trying to create something useful for humanity. The irony is that the get rich quick inventors rarely, if ever, invent and patent something really worthy. The inventors who are not focused on themselves, but rather are focused on helping humanity, or furthering science and knowledge, these are the inventors who create the most worthy and noble and most successful inventions.

But this kind of character is not the kind of character the venture

capitalist were interested in at the time in 1999. They wanted get rich quick schemes. So it is not surprising that the inventor who created the single highest revenue producing invention on the Internet was not “chosen” by the VC groups and their attorneys.

RULES AND LAWS AND POLICY GOVERNING INVENTIONS IN THE US

If the rules and laws were that anyone can copy and infringe inventions, and those with the most investment were allowed to overpower inventors through gathering more investment than inventors, then it would be OK that Google is infringing on my patent and my copyrighted software.

But I am not a “small inventor” compared to Sergey and Larry, the Google boys. Both me, and them, at the same time, were presenting our business plans to investors. Both my company and Google, at the same time in early 1999, had about 10 employees and about \$100k in the bank. They invented a free search engine. I invented the money maker. They were in California, and I was in Atlanta, and they obtained the big investment of \$25 million, and I didn't. I was meant to be the next great Internet CEO, and would have been back then in 2002, if my attorneys had worked in my best interests without willful negligence. But I got caught in the tech crash of 2000 when investment into Tech halted, and then by 9/11, and then I had to wait seven years for the patent to issue.

If Google would have used banner advertising, or bid advertising (they use the word “bid” in their software now, and started doing this after I filed this patent infringement case, but really, its still a maximum price), or another kind of advertising or different lead generation technology, they never would have earned so much money. The secret to their money is my technology. There are plenty of good free search engines out there. Why don't they make billions? Because of the Maximum Price lead generation system which cost me 11 years of my life, my family savings of a few million dollars, and a lot of heartache, and almost my sanity. It is time for my suffering to end. It is not time to make

my suffering last because of the unconstitutional leveraging of Federal Civil Procedures which is violating my exclusion rights not being executed in a reasonable amount of time when in fact it only requires a week or a few hours to determine likelihood on the merits by comparing my patent claims with Google AdWords and with my invention at ProjectWork. The Court, delaying such investigation, for the reasons of leveraging and “following” Federal Civil Procedures is an flagrant violation of my constitutional rights.

The biggest reason I am in the position I am in is not because Google “copied” my invention, breaking criminal copyright laws and infringing on my patented technology. The biggest reason is that for whatever reason, fraud, or just bad application processing, the system made me wait 7 years before the issue of the patent and that Court proceedings are inadequate and inappropriate preventing “looking behind the curtain” which only takes a few minutes.

Google didn’t use commercial savvy to compete and win against me and my startup, they used infringement of my invention and the fact my patent rights were not yet issued. If my patent would have issued in 2002 to 2003, and my case would have been settled years ago. In some countries... as other countries allow litigation after 30 days of applying for the patent, instead of having to wait for the patent to issue. (such as france)

INVENTION IS AMAZING

I am making the claim that my invention is an amazing invention, and in fact Google never would have generated billions of dollars of revenue with another advertising or another lead generation system. One could argue that my lead/ad generation system is only marginally better than other lead/ad generation systems, and if Google were to have used another system that did not infringe, they still would have generated billions of revenue because they attracted so many customers. I argue that is not true for several reasons including:

- 1) Yahoo attracted many customers, yet their search engine of 1998 failed,

so this proves that having a lot of users does not guarantee success

2) If my system was only marginally better than others, THEN WHY WOULD GOOGLE RISK THEIR ENTIRE REVENUE BY USING IT? WOULDN'T THEY JUST USE A DIFFERENT SYSTEM to avoid the risk of infringement?

Yet Google decided to use the amazing Maximum Price system even though they know it infringes on my technology. They obviously know they are infringing on my technology because they do not have a patent on the system. Google not having a patent on the Maximum Price Lead Generation system proves Google knows and has known for a long time, they are infringing on another technology not owned by them.

One could argue that Google gathered the audience through their search engine, and therefore they are entitled to the revenue they generated. I argue that is not true.

My original business strategy was to build the system and distribute the system through a reseller or license network. Google operates Patent 732 technology with no license, and with no patent. I was leaving the costs of marketing and gathering audiences to use my system to potential partners and resellers. I focused my investment of time, research and development, and investment, into building the technology to generate the revenue, while my business strategy called for other companies to use their marketing powers and other resources to gather audiences and Internet users to participate. Hence, Google, whose greed knows no bounds, used the technology, knowing they did not invent the system, and willfully infringed on my copyrighted and patented technology, and refused to even pay 7%. Not only do they generate billions, Google refuses to pay for the use of technology they didn't invent, and have no patent for, and so in this regard, Google does not deserve any revenue from my technology. Yet, still, even though I have a legal right to exclude the Defendant completely from using the system, I am still willing to collect the 7% plus triple damages through my reseller strategy, wherein they are excluded from

originating leads, but allowed to resell the leads, which in effect, will still enable them to earn 93% of the revenue generated from my discrete invention. But I have my patent now, it's time for the Court to "look behind the curtain".

It appears that I am a "small inventor" fighting a huge corporation, but in fact that view is very skewed. IBM, and Microsoft and other large corporations generate their revenue from hundreds of patented inventions and technologies. Google generates 99% of its revenue from one single patented technology and software system. 99% of all of their revenue comes from my patented technology.

I am a CEO whose entire company has been copied and stolen, not only because Google infringes, but mostly because the attorneys I hired were not working in my best interests and clearly willfully committed negligence in delaying the issue of my patent.

----END OF EXHIBIT 2

EXHIBIT 3

EXTRA EXTRA ORDINARY RELIEF - NOT THE AMOUNT, BUT HOW IT SHOULD BE DONE

Since this case is extraordinary the kind and terms of relief to the obvious and clear irreparable harm that exists that may be appropriate in this case may be different than all other cases to date. Plaintiff requests the Court of the 2nd Federal Circuit to grant such relief or to direct and provide guidelines to the SDNY in what kind and how much relief shall be granted.

Past patent law and policy has dictated that a preliminary injunction is the preferred method of providing relief to the Plaintiff. But since the Plaintiff's invention generates so much revenue, in the amount of \$15 billion per year for the Defendant, and the Court, or anyone else, has a hard time believing

the truth, that it is the Plaintiff's patented technology that is generating the revenue, and not the Defendant's search engine, granting such preliminary injunction may be too difficult for the Court. If this is the case, if the Court recognizes that irreparable harm should be granted some kind of relief, and that a preliminary injunction is too difficult a decision for the Court to decide at this time, the Plaintiff maintains that some kind of relief should still be granted. The philosophy and idea that because the Plaintiff's invention generates a huge sum of money, and that the Defendant has been enjoying such revenue from their infringement for so long, a period of ten years, that the Defendant should be able to keep on infringing without paying any immediate relief, is unconstitutional and not reasonable, and hence if the Court is more comfortable deciding on another form of relief as specified above, or a different kind of relief that is easier for the Court to decide, the Court should in fact grant SOME kind of relief immediately. The Defendant has not produced any prior art, and the Defendant does not possess any patent with an earlier date than that of the Plaintiff.

Court has a duty to think in percentages in not dollars. Because the dollars are large, all thinking and writing should be done on percentages, otherwise the Plaintiff is not being treated fairly. It's the single most extraordinary case of its kind that exemplifies the magnitude of intellectual property value in modern times. Thus, when deciding relief, please say %0.001 of revenue, or %5 percent of revenue or %7 percent of revenue.

I am NOT ASKING for GOOGLE to pay me for systems that DO NOT INFRINGE.

But of course, the Defendant claims 99% of their revenue is from their infringing systems, and methods, AdWords, and AdSense, which are completely DISCRETE systems that have nothing to do with the paid vendors. The Google Search Engine operated for three years and had gained HUGE popularity and SUCCESS. But they could not create windfall revenue.

So being the most successful search engine, they obviously know everything on the web. It's there business to know. They should know to create

good value for their customers.

That decided to infringe as a business strategy, with me being their first culprit, and then the books, and our privacy, and everything else we have thrown together in a big heap, that at first seemed great, but it's cracks of lack of secure foundation has grown to huge levels of anti-trust violations, no one knows quite what to do, except me.

The FULL Preliminary Injunction that I recommended, will REMOVE a SIGNIFICANT AMOUNT OF THE \$3 BILLION A YEAR of Anti-Trust Violating Commercial Behavior that effects an estimated \$50 billion of commercial transactions. And the Defendant will STILL EARN 93% percent of the revenue from my invention until the case goes back to District Court, back to Appeals court - because both sides will appeal, and the case will sit, naturally in the Supreme Court for who will have control over my invention. It will be a long, long time before final settlement. I am due relief now.

Public Interest is suffering immensely without the Preliminary Injunction.

The the Defendant who has infringed on my patent for 3 years, and my copyrights for 11 years, and they WILL STILL EARN 93% according to my recommended preliminary injunction.

Here is how a preliminary injunction can work well for all involved:

- 1) Plaintiff gives out database keys using bank secure database software
- 2) Defendant must have keys to operate
- 3) Defendant pays fees for keys and distributes them with each lead

Defendant will resell my keys and is ordered by the Court to not sell any leads without keys.

By the Defendant's own admission, 99% of their revenue is derived from the Plaintiff's 100% discrete patented technology, the Maximum Price Real Time Pricing mechansim.

Just because my invention makes so much money, is this a valid reason to not provide me some kind of immediate relief? It will be another three years before the US Supreme Court decides how I will be allowed to regulate my invention, so critical to the US economy. My plan, is a 7% fee, to guarantee a trusted marketplace.

END EXHIBIT 3

EXHIBIT 4

STATUS QUO CHANGES -
CAN'T CHANGE THE PAST, WHAT ABOUT THE REMAINDER OF THE
CASE?

SHALL DEFENDANT BE ALLOWED TO
TEMPORARILY DEPLOY A DIFFERENT,
PERHAPS NON-INFRINGEMENT VERSION OF ADWORDS
THAT APPEARS TO INFRINGE LESS, AND
EVEN MAKE LESS REVENUE, TO HIDE INFRINGEMENT,
AND THEN INSERT THE ORIGINAL SYSTEM AFTER THE TRIAL AND
DISCOVERY?

Patent 732's Claim 1 contains 15 phrases describing functions, and in fact for the system to work, an infringer, in one way or another, must perform all 15 to infringe, and they must perform all 15 for the system to work, because in fact, if any one of the functions are not being done, the system will fail. Defendant does each and every one of the 15 functions described in Claim 1 of Patent 732. And in fact, even their new system does so. But it can be expected at

the time of discovery, without a status quo order from the Court, the Defendant will undoubtedly remove one of these functions, even if it renders the invention much less useful, and even if the Defendant's revenue falls considerably of such change, during the inquiry. And then after the inquiry and court proceeding, undoubtedly their plans would be to revert to the original system that infringed. Judge Daniels denial to recognize (i) status quo changes of and (ii) that I am due some kind of irreparable harm relief, and (iii) his refusal to log into both systems to investigate likelihood on the merits or decide based on documents provided with the complaint, supports the Defendant's plans to hide infringement during the litigation process and makes the environment set for unfair discovery and an unfair trial.

END OF EXHIBIT 4

EXHIBIT 5

WHEN IS A LEAD MORE VALUABLE THAN ALL OF A PERSON'S CASH
IN BANKS:

LEAD VALUE: PAINTER SCENARIO

Fed reserve history and the LOE future

Painter scenario \$2k in bank vs lead for \$100k

The classic scenario used to describe the necessity of using a human security architecture very similar to our Federal Reserve banking system is, again, the average small home Painter Scenario.

Service Provider: Painting contractor number No. 678 who specialized in painting homes, and doing minor upgrades and repairs. The secrets to reading this header portion of a Lead Detail Report, is understanding that at advanced stages, this lead can be resold for an amount of \$2300 until 12pm that day,

guaranteed.

Painter 153 in this scenario has \$2000 in the bank. And Painter 153 also has a lead he can resell for \$2300, right now, for real cash, in real time, because there is an offer out there. The wholesale system is like stock options, except its a lead option. So at advanced stages a lead, if it gets to you on time, can be worth more than all the money an average painter may have in his bank account. Now here is the bottom line:

If banks require banking certified databases and bank certified hosting, and lots of security, like Bank of America. Think about all the computer systems, and security systems and servers one of the large American banks must have to link up its online banking system and its computers that hold “the money”. There is a lot of security, I have worked in such banks, hired as a software development architect to develop new softwares and information systems. Think about all the security in credit cards. Now think about if we had such a system, but instead of many banks, there is just ONE BIG BANK. And there is no Federal Reserve.

So I knew that criminals would be able to steal leads MUCH more easily than Bank money, and so the system would not work unless it was surrounded by the same kinds of security systems that banks have in place. It’s plain obvious. It’s what I predicted in 1999, and the data has proven my theories. Now it’s time for me to regulate the industry and open up the whole sale markets.

That’s what my invention created due to the real time pricing mechanism I invented. Google is like one big bank, without a Federal Reserve. There are two other banks that have customers, but they don’t really understand what is going on, they just resell the use of the Maximum Price system to their customers. And I am the single most capable person to be the regulator of this system.

It is my legal right to exclude any entity that infringes on my patent rights from

using my invention in ways that corrupt my brand and corrupt my invention.

2nd Circuit Court Judges:

- 1) To adhere to the Constitutional Law
- 2) To help the US Economy
- 3) To adhere to patent law

grant me my rights in the preliminary term. Under my Preliminary Injunction plan, the Defendant will purchase database keys from a bank certified database system, and these keys will be tagged to each lead the Defendant Resells.

The interface is merely an accounting that can be done on any spreadsheet, and doesn't require any interfacing, just reporting.

Implementing this system during the preliminary term is the best choice for relief.

Possible Outcomes of granting a preliminary injunction:

1) The Plaintiff loses the case, then the Defendant takes all the money back, and everything that was invested with those funds, the Plaintiff is left with nothing.

2) The Plaintiff wins the case, the public interest was served during the preliminary term, the Plaintiff delivered several new web site businesses on the Internet and some made significant improvements to the Internet.

The Defendant earns enough money to survive, and under the preliminary injunction plan, they will receive 93% of the revenue they already receive by their infringement. 93% of billions of dollars is a great revenue stream for the Defendant. The Defendant will continue to prosper immensely during the pendency of the litigation.

In the long term, after the establishment of a regulating authority that regulates the Lead Market, like the SEC regulates the stock market and the Federal Reserve regulates the Banking centers, this center regulation authority architecture will set certain rates and limits akin to the Lead Markets. Banking authorities set interest rates and reserve rates, the SEC does what they do, the Lead Markets have their own set of rates such as saturation rates.

With such a strong set of four factors to determine a preliminary injunction, and the huge potential of public interest being served, the preliminary injunction meets the needs of all parties including the Defendant.

In the event a preliminary injunction is not granted Plaintiff respectfully requests for immediate relief for at least the irreparable harm of not being able to litigate fairly,;

and in either case Plaintiff respectfully requests the Court to take in consideration, when deciding the amount of relief, the immense potential of commercial irreparable harm Plaintiff has suffered by not being able to compete effectively in Internet business due to the direct infringement by the Defendant.

Very few people can understand the implications of the way google produces fraud and violates anti-trust laws through the mis-use of the patented technology. In all probability the case will go on another three years, assuming the 2nd Circuit agrees with our assessment of the situation.

EXHIBIT 6
UNFAIR LEVERAGE AND USE OF FEDERAL COURT PROCEDURES
IGNORING CONSTITUTIONAL RIGHTS

Unconstitutional use of Federal Civil Procedures violates Plaintiff's constitutional rights to exclude others from the invention.

Suggested replacement for Federal Civil Procedures for patent cases:

Decide if Internet patent in question appears:

- a) real patent, real invention, real case, no ambiguity
- b) not real, seems patent troll mentality
- c) not sure

In cases of a) and b) - order Defendant to make available appropriate versions and conduct an investigation - check patent claims against alleged infringer's system, and check patent claims against Plaintiff's invention.

If Plaintiff does not have invention, but merely patent claims - handle differently than if Plaintiff has created actual invention. Compare patent using discrete/cumulative measure, if very discrete take appropriate action, if cumulative, take appropriate action. Use discrete rule - can patented technology be used as stand alone system? Not the same as saying can it be used with other things, because ANY combination of software can be combined to appear cumulative. Relevant question is to determine if patented technology can be used alone.

Order Defendant to produce appropriate versions, and if they don't, and it is found in discovery they hid versions, they pay large punitive damages later for not adhering to Judge's order.

Then Determine likelihood on Merits and the four factors.

Determine if preliminary relief is due, either irreparable harm or preliminary injunction type,

Then move on with case into discovery.

Because four years plus 4 years is not what the constitution intended when they said inventors have rights to exclude others. To only have the right to

exclude others after the infringers have dominated the marketplace violates and denies constitutional rights.

The path now on, will take 15 years, or longer to exclude the first infringer.

1) look up the patent online

see the description of max price in the provisional and nonprovisional app, and see the final claims describe exactly the invention

2) go to the plaintiff's invention completed in 1999

log in, and test,

3) log into Defendant's system, and test

The entire procedure can be completed at anytime of the day or night, without ANY discovery, and an opinion can be completed in an hour or two. Now, for the first time after nine years, Defendant removed the word "maximum" from its systems, and replaced it with the word bid. But even if it is called bid, it is in effect a maximum price of some kind, even if the actual maximum price in calculations is more or less than the "bid". Higher bids will have higher maximum prices. Hence, because Judge Daniels refused to recognize the status quo change Defendant had made, it is a little more difficult to ascertain infringement based on the Defendant's new software which was released with one intention and one intention only: to hide infringement.

So the sensible and reasonable activity to ascertain infringement that could be completed in a few hours by the Courts, has been refused to be done, for reasons unknown to me. And instead the Court has decided to hide itself behind the unfair and unconstitutional leveraging of the Federal Civil Procedures to violate my exclusion rights by delaying the decision.

END OF EXHIBIT 6

NOTE: This disposition is nonprecedential.

United States Court of Appeals
for the Federal Circuit

ROGER MARX DESEMBERG,

Plaintiff-Appellant,

v.

GOOGLE, INC.,

Defendant-Appellee.

2010-1212

Appeal from the United States District Court for the
Southern District of New York in Case No. 08-CV-10121,
Judge George B. Daniels.

Decided: August 31, 2010

ROGER MARX DESEMBERG, of New York, New York,
pro se.

CHARLES K. VERHOEVEN, Quinn Emanuel Urqu-
hart & Sullivan, LLP, of San Francisco, California, for
defendant-appellee. With him on the brief was EDWARD
J. DEFRANCO, of New York, New York.

Before NEWMAN, MAYER, AND PROST, Circuit Judges. NEWMAN, Circuit Judge.

Roger Marx Desenberg, acting pro se, sued Google, Inc. for infringement of United States Patent 7,139,732 (“the ’732 patent”). The United States District Court for the Southern District of New York dismissed the complaint under Federal Rule 12(b)(6) for failure to state a claim upon which relief can be granted.¹ Mr. Desenberg appeals the dismissal and the denial of preliminary injunctive and monetary relief, and argues that his constitutional rights have been violated. We affirm the district court’s rulings, and discern no constitutional violation.

DISCUSSION

The invention described in the ’732 patent is a method wherein a communications network is used to provide leads to users and providers of services, whereby services are performed for a transaction fee, as set forth in the patent. Claim 1 is as follows:

1. A method for a user using a communication network to search for and identify at least one matching provider of project work, the method comprising;
transmission of a lead comprising contact information that enables communication between the user and the provider, wherein the transaction lead price is the amount of money paid for the lead, and further wherein a service is performed by the user or the provider as a result of the

¹ Desenberg v. Google, Inc., No. 08-CV-10121, 2010 WL 100841 (S.D.N.Y. Jan. 14, 2010) (dismissal); Desenberg v. Google, Inc., No. 08-CV-10121, 2009 WL 2337122 (S.D.N.Y. July 30, 2009) (Magistrate’s Report).

transmission of the lead and wherein the performance of the service includes a service transaction fee paid by

the user or the provider;
storing in a database at least first provider information and second provider information, the at least first provider information and the at least second provider representing at least respective maximum lead prices, each of the respective maximum lead prices representing the maximum amount that each of at least a first provider and a second provider is willing to pay for a lead, wherein each of the at least first and second providers provide at least one service with which the lead is associated;
comparing the respective maximum lead prices to determine a lowest respective maximum lead price;
identifying the provider associated with the lowest one of the respective maximum lead prices;
receiving at least one lead limit that represents a maximum quantity of leads to be provided;
receiving from a user or provider a request for contact information, the contact information enabling communication between the user and at least one of the first provider and the second provider;
selecting at least one provider based on each respective provider's maximum lead price and the lead limit;
calculating a respective transaction lead price for each of the at least one selected provider, wherein the respective transaction lead price equals at most each respective selected provider's maximum lead price;
and
providing the at least one lead to the user or provider for project work.

The district court held that Mr. Desenberg's complaint did not state a claim on which infringement could be found, the court finding that the defendant Google does not itself perform all of the steps of the claim. The district court explained that claim 1 "clearly require[s] the participation of multiple parties," in that the claim "requires a series of

interactions, transmissions and communications between ‘users’ and ‘providers,’ similar to the multi-step patent process involving merchants and customers in *BMC Resources [v. Paymentech, L.P., 498 F.3d 1373 (Fed. Cir. 2007)]*.” Magistrate’s Report at *6. The court in *BMC Resources* held that direct infringement could not be found unless the defendant performed, or directed or controlled the performance, of all of the steps of the claimed method. The court in *BMC Resources* also held that indirect infringement, such as inducement or contributory infringement, “requires, as a predicate, a finding that some party amongst the accused actors has committed the entire act of direct infringement.” 498 F.3d at 1379.

Applying this precedent, the district court held that a claim for direct infringement “would require Desenberg to allege that Google performs both the ‘user’ and ‘provider’ steps in the claim, which Desenberg has not alleged, and by the very terms of his patent, cannot realistically allege.” Magistrate’s Report at *6. The court observed that Mr. Desenberg “has not alleged that those who participate in Google AdWords do so at the behest of Google, even under an expansive interpretation of ‘direction or control,’” citing *BMC Resources, supra*, and *Muniauction, Inc. v. Thomson Corp., 532 F.3d 1318 (Fed. Cir. 2008)*. The court held that the complaint did not state the premises of a claim for either direct or indirect infringement by Google.

Mr. Desenberg argues that it suffices that Google provides the communications network whereby the claimed method is practiced. He argues that he stated a cognizable claim for infringement by stating in his complaint that Google has “used, sold or offered to sell . . . an Internet system and/or service that infringes each of the elements of one or more claims of Patent 732.” Complaint ¶26. He states that the district court erred in construing his claims, arguing that there is a critical distinction between multiple

parties performing separate steps of a claimed method, and multiple parties performing actions that are merely mentioned in the claim in a “wherein” clause. While Mr. Desenberg agrees that claim 1 requires that a user or provider perform a service and that a transaction fee is paid, he states that this is the result of Google’s transmission of the lead, and not separate steps that must be performed. He argues that claim 1 does not require “steps” to be performed by anyone other than Google. He also states that at trial he would provide testimony by users and providers who performed any actions whose proof is required.

The district court, considering these arguments, correctly concluded that the claim required performance of all of the steps in order for infringement to lie. See, e.g., *BMC Resources*, 498 F.3d at 1380–81 (all of the steps of a method claim must be performed by the infringer, either directly or under his direction and control); *Muniacution*, 532 F.3d at 1329. The district court properly rejected Mr. Desenberg’s argument that “the wherein clauses cannot be relied upon to alter the metes & bounds of my claims.” Pl.’s Mem. In Reply to Def.’s Resp. to Objections 5 (Oct. 8, 2009) (capitalization altered). Mr. Desenberg argued that “[t]he law is clear that the language of a ‘whereby’ or a ‘wherein’ clause is to be ignored where it does not add anything to the patented method or invention,” *id.* at 7, and that “it would be absurd to suggest that the wherein clauses [of the ’732 patent] are a patentable element,” *id.* at 8. However, the patent examiner had required, as a condition of patentability, that claim 1 of the ’732 patent include the limitation “wherein a service is performed by the user or the provider as a result of the transmission of the lead.” See U.S. Patent Appl. No. 09/621,663, Interview Summary (Feb. 15, 2006); see also Ex. M to Complaint (“This was forced in by the examiner, this is not part of our invention . . .”). The district court treated the patent examiner’s “wherein” clauses as a part of the claimed method, and concluded that Google could

not be a direct infringer because Google did not perform, or direct or control the performance of, all steps of the claimed method. The court also held that Google could not be an indirect infringer because there was no direct infringer, as required by precedent. See, e.g., *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 341 (1961) (“[I]t is settled that there can be no contributory infringement in the absence of a direct infringement.”); *BMC Resources*, 498 F.3d at 1379 (citing *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1272 (Fed. Cir. 2004)).

Precedent is in accord with the district court’s analysis. The dismissal under Rule 12(b)(6) is affirmed.

We discern no constitutional violation in the district court’s denial of the requested preliminary relief, or in the court’s suggestion to Mr. Desenberg that he retain an attorney to represent him. Mr. Desenberg states that he has been advised and assisted by an attorney, but that full representation is not within his means. Although we are well aware of the cost of patent litigation, review shows that Mr. Desenberg was not treated unsympathetically, and that his position was fully and fairly reviewed.

AFFIRMED

END OF APPENDIX VOLUME 1

Desenberg v Google

January 5, 1999 Concieved to Commit to the Inventions
Birth

April 1999 - Requested patent protection as soon as possible from knowledable and experienced patent attorney.

July 22, 1999

ProectWork Version 1.0 is Completed,
and is still live waiting to be used.

Provisional Application describing the maximum price as
the maximum amount of willingness

The patented invention, the maximum price lead generation system, is branded with the registered trademark, "Lead Option Engine" with the USPTO.

Filed November 21, 2008

Writ of Certiorari to US Supreme Court

FINISH!!!!

