17-2042

In The
United States Court Of Appeals
For The Federal Circuit

PARALLEL NETWORKS LICENSING, LLC,

Plaintiff-Appellant,

v.

INTERNATIONAL BUSINESS MACHINES CORPORATION,

Defendant-Appellee.

Appeal from United States District Court for the District of Delaware,
Case No. 1:13-cv-02072-KAJ-SRF, Judge Kent A. Jordan

CORRECTED PETITION FOR PANEL REHEARING BY PLAINTIFF-APPELLANT PARALLEL NETWORKS LICENSING, LLC

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June 12, 2018

CERTIFICATE OF INTEREST

Counsel for Plaintiff-Appellant Parallel Networks Licensing, LLC certifies the following:

1. Full name of Party Represented by me:

   Parallel Networks Licensing, LLC

2. Name of Real Party in interest represented by me is:

   None

3. Parent corporations and publicly held companies that own 10% or more of stock in the party:

   None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this Court **(and who have not or will not enter an appearance in this case)** are:

   McKool Smith, P.C.: Douglas A. Cawley, Christopher T. Bovenkamp, John B. Campbell, Leah B. Buratti, Eric S. Hansen, Avery R. Williams, Justin W. Allen (no longer with the firm), Angela M. Vorpahl (no longer with the firm), Kevin P. Hess, Jennifer Trillsch (no longer with the firm), and Todd Bellaire (no longer with the firm)

   Young Conaway Stargatt & Taylor, LLP: Adam W. Poff, Pilar G. Kraman, Monté Squire (no longer with the firm)

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal. *See* Fed. Cir. R. 47.4(a)(5) and 47.5(b).

There have been no previous appeals in this case. Case Numbers 16-2515, 16-2517, 16-2518, 16-2519, 16-2642, 16-2644, 16-2645, and 16-2646, *Microsoft Corp. & Int'l Bus. Mach. Corp. v. Parallel Networks Licensing*, currently pending in this Court, may directly affect or be directly affected by this Court's decision in the pending appeal.

Date: June 12, 2018

/s/ Douglas A. Cawley
Douglas A. Cawley

cc: All Counsel of Record

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POINTS OF LAW OR FACT OVERLOOKED OR MISAPPREHENDED BY THE PANEL

The Panel overlooked or misapprehended the following material facts: (1) contrary to the representations of IBM at the hearing, the Accused Product, as sold, includes all the instructions necessary to dynamically generate a web page; and (2) contrary to the representations of IBM at the hearing, resolution of Parallel Networks' direct infringement claims does not resolve Parallel Networks' indirect infringement claims.

ARGUMENT IN SUPPORT OF PANEL REHEARING

I. Background

In 2013, Parallel Networks sued IBM for infringement of the '554 and '335 patents in the District of Delaware. Appx1000. Parallel Networks accused IBM of direct, induced, and contributory infringement of the patents-in-suit. Appx1004-1015; Appx12617.

Parallel Networks based its direct infringement theory on IBM's manufacture, sale, and distribution of WebSphere Application Server ("WAS"). Appx1004-1015; Appx12617. WAS is a software product sold by IBM. Appx13254-13255.

Parallel Networks based its inducement theory on IBM's sale and distribution of WAS to IBM's customers, and IBM's instruction and encourage of its customer's infringing use of WAS. Appx1004-1006; Appx1010-1012; Appx12905-12938.

Parallel Networks based its contributory infringement theory on IBM's sale and distribution of specific features, code, and components within WAS to IBM's customers. Appx12938-12939.

IBM moved for summary judgment of non-infringement, and in 2017, the district court issued a memorandum opinion and order partially granting IBM's motion. The district court found for IBM with regard to Parallel Networks' direct infringement theory against the WAS software, as sold, and Parallel Networks' inducement and contributory infringement cases. Appx1-30. The district court denied IBM's summary judgment of non-infringement as to IBM's own use of WAS for IBM's website. Appx1-30.

The district court granted IBM's motion for summary judgment of non-infringement as to Parallel Networks' direct, inducement, and contributory infringement theories on independent and different grounds. Appx1-30. The district court ruled that IBM did not directly

infringement the machine-readable medium (MRM) claims when it sold WAS because Parallel Networks "failed to demonstrate that the accused products, as sold, satisfy the 'plurality of page servers' limitation." Appx9. For inducement, the district court ruled that IBM did not induce infringement because Parallel Networks "ha[d] not identified a statement in any of the documents that recommends an infringing configuration." Appx16. And, for contributory infringement, the district court determined that IBM is not liable because Parallel Networks "failed to show that the accused products are not 'suitable for noninfringing use.'" Appx17.

On April 30, 2018, the Panel heard oral argument of the parties. On May 11, 2018, the Court affirmed the district court's grant of summary judgment under Fed. Cir. R. 36.

This petition for panel rehearing followed.

II. The Panel Overlooked or Misapprehended the Operation of the Accused Product

In disposing of Parallel Networks' appeal under Fed. Cir. R. 36, the Panel overlooked or misapprehended non-controverted, basic features of WAS. At oral argument, Parallel Networks identified for the Panel where each element of the representative MRM claim is found in

WAS. April 30, 2018 Oral Argument ("Oral Argument") at 9:36-11:49 (identifying a request, web server, intelligent request routing, page servers, and databases). The discussion of the Accused Product, however, became confused when the Panel asked: "So what I'm looking at are this Web1a, Web1b. You're saying that those web pages are the page servers?" Oral Argument at 12:27-12:38. Parallel Networks explained that Web1a and Web1b (as depicted at Appx13172) are not web pages, but page servers. Oral Argument at 12:38-12:51. The Panel then asked: "So a web page and a page server are the same thing?" Oral Argument at 12:51-12:55. Again, Parallel Networks explained that a web page and page server are not the same. Oral Argument at 12:55-13:08 ("The web page is what would be produced by the page server and could be viewed in a web browser").

The Panel, however, continued to misapprehend the difference between a server and a web page. For example, the Panel indicated its understanding that a web page is "asked by the user for specific content." Oral Argument at 13:59-14:04; *see also* 18:02-18:11 ('I don't see where there's a web page that's contacting a plurality of page servers"). Web pages are not asked for content and web pages do not

contact page servers—web pages are the content dynamically generated by WAS. Brief at 5-10 (describing web pages along with web and page server-related technology).

The Panel's misapprehension of the WAS technology led to an incorrect conclusion that WAS does not include, as sold, instructions for dynamically generating web pages. IBM exploited and furthered the Panel's misapprehension of the technology through incorrect, sweeping statements about the functionality and purpose of WAS. First, in response to a question from the Panel asking for an explanation of the diagram at Appx13172, IBM claimed that "[t]he WAS product that IBM sells is not a web page generation product." Oral Argument at 18:46-18:51; *see also* 23:15-23:19 ("The WAS system is not web page generating software"); 27:24-27:29 ("WAS is not a web generating software package"); 29:50-29:55 ("[N]obody has ever used WAS to generate a web page"). This is simply incorrect. Appx13163 ("You can use [WAS] to build, deploy, and manage dynamic websites and other more complex solutions productively and effectively"). There is no dispute that WAS includes, as sold, default applications for dynamically generating web pages. *See* Reply Brief at 15 ("Dr. Jones identified WAS

default applications, which 'provide[] a number of servlets' including the HitCount, Snoop, and HelloHTML servlets"); Appx12744-12746; *see also* Reply Brief at 29-30 (describing and showing a dynamic web page generated by WAS software using system (Appx13171) discussed by Parallel Networks at oral argument); Appx13181. And, the district court denied IBM's summary judgment of non-infringement with regard to IBM's own use of WAS for the dynamic generation of IBM's web pages for its website:

> The asserted claims include three sets of limitations - ones relating to routing a web request, ones relating to processing a web request, and ones relating to generating a web page. There is evidence in the record upon which a reasonable jury could rely to conclude that IBM's website satisfies each such limitation.

Appx11.

Continuing at oral argument, IBM went even further and claimed to the Panel that "you have to buy third party software that generates web pages." Oral Argument at 26:00-26:06; *see also* 28:33-28:38 ("Just to be clear, they have to purchase third party software"). IBM further claimed that "there's no evidence in the record to allow you to conclude that WAS as it stands alone can, can generate a web page." Oral

Argument at 26:13-26:21. These claims are false and inconsistent with representations made by IBM to the district court.

IBM's statements to the Panel about WAS' web page-generation capabilities are troubling (and alone make this appeal deserving of rehearing) in that IBM made the opposite representation to the district court. During oral argument of IBM's motion for summary judgment, IBM made the clear statement that WAS includes functionality in the software that can be configured to act as a page server. Appx15226 ("There is functionality in the software that can be configured to act as a page server, we are not denying that"). As context to the statement made to the district court, the parties agreed to construe "page server" to mean "page-generating software that generates a dynamic Web page." Appx2783. In other words, IBM admitted to the district court that WAS includes, in the WAS software, functionality that can be configured to be page-generating software that generates a dynamic Web page. IBM's statements to the Panel stand in direct contradiction to its statements to the district court.

The Panel's misapprehension of the WAS technology (compounded by the statements of IBM) resulted in an incorrect conclusion that WAS

did not include, as sold, instructions for dynamically generating web pages. Parallel Networks requests rehearing on this basis.

III. The Panel Overlooked or Misapprehended the Independent Nature of the Appealed Issues

The Court's disposition of Parallel Networks' case is also based on a misapprehension about the relationship between the three theories of infringement on appeal. Each of Parallel Networks' theories on appeal involve different issues such that resolution of one does not resolve any other. Even if the Panel found Parallel Networks' case for direct infringement of the MRM claims without merit, Parallel Networks indirect infringement theories should be unaffected. IBM led the Panel to believe, however, that resolution of the MRM direct infringement claim resolved all of the claims on appeal.

During argument, the Panel asked Parallel Networks: "Is inducement directly related to the holding on direct infringement? That's the basis for it, that there was no direct infringement, hence, no inducement?" Oral Argument at 1:51-2:05. Parallel Networks explained that the inducement issue is not related to the direct infringement issue on appeal. Oral Argument at 2:05 *et seq*. Then, during IBM's oral argument, the Panel asked whether "[IBM's] argument applies both to

the . . . method claim and the medium claim." Oral Argument at 21:55-22:02. IBM mistakenly responded "Absolutely, your Honor"—but the appealed issues on the MRM claims are independent and separate from the issues for the appealed indirect infringement issues, and there is no argument to the contrary. Brief at 17-19 ("Summary of Argument"). Re-hearing should be granted to address PNL's indirect infringement claims.

IV. Conclusion

As discussed above, the Panel overlooked or misapprehended the following material facts: (1) contrary to the representations of IBM at the hearing, the Accused Product, as sold, includes all the instructions necessary to dynamically generate a web page; and (2) contrary to the representations of IBM at the hearing, resolution of Parallel Network's direct infringement claims does not resolve Parallel Network's indirect infringement claims. Parallel Networks requests rehearing for these reasons.

Respectfully submitted.

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing petition was served on this 12th day of June, 2018 by operation of the Court's CM/ECF system per Fed. R. App. P. 25.

Dated: June 12, 2018

/s/ Douglas A. Cawley
Douglas A. Cawley

CERTIFICATE OF COMPLIANCE

I certify that the foregoing Corrected Petition for Panel Rehearing,

1. Complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B). This brief contains 1,612 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(a)(7)(B)(iii) and Fed. Cir. R. 32(b). Microsoft Word was used to calculate the word count.

2. Complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6). This brief has been prepared in a proportionally-spaced typeface using Microsoft Word in 14-point Century Schoolbook type style.

Dated: June 12, 2018

/s/ Douglas A. Cawley
Douglas A. Cawley

ADDENDUM

NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

PARALLEL NETWORKS LICENSING, LLC,
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Defendant-Appellee

2017-2042

Appeal from the United States District Court for the District of Delaware in No. 1:13-cv-02072-KAJ-SRF, Circuit Judge Kent A. Jordan.

JUDGMENT

DOUGLAS AARON CAWLEY, McKool Smith, PC, Dallas, TX, argued for plaintiff-appellant. Also represented by CHRISTOPHER THOR BOVENKAMP, ERIC SORENSEN HANSEN; LEAH BURATTI, JOHN BRUCE CAMPBELL, Austin, TX.

JOHN M. DESMARAIS, Desmarais LLP, New York, NY, argued for defendant-appellee. Also represented by JON TODD HOHENTHANER, JEFFREY SCOTT SEDDON, II.

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (NEWMAN, LOURIE, and REYNA, *Circuit Judges*).

AFFIRMED. *See* Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

May 11, 2018
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court