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ATTORNEYS FOR PLAINTIFF  
ADASA INC.

**IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF OREGON**

**Eugene Division**

**ADASA INC.,**

Plaintiff,

v.

**AVERY DENNISON CORPORATION,**

Defendant.

Case No.: 6:17-CV-01685-MK

**PLAINTIFF'S RESPONSE IN  
OPPOSITION TO DEFENDANT'S  
MOTION FOR SUMMARY JUDGMENT  
OF INVALIDITY AND CROSS-MOTION  
FOR PARTIAL SUMMARY JUDGMENT  
OF NO INVALIDITY**

**JURY TRIAL DEMANDED**

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Pursuant to the Court's November 4, 2019 Order (Dkt. No. 119), Plaintiff ADASA Inc. ("ADASA") hereby files its combined response to Defendant Avery Dennison Corporation's ("Avery") limited motion for summary judgment on invalidity and its own cross-motion for summary judgment on Avery's invalidity defense and the priority date of the patent-in-suit.

## **I. INTRODUCTION**

On the front cover of the '967 Patent, ADASA claims a priority date for its invention of May 21, 2008. Under black letter patent law, ADASA is entitled to this date unless Avery provides clear and convincing evidence to the contrary, complete with legally sufficient proof in the form of sworn testimony from an expert in RFID technology and supporting evidence from the '967 Patent's history.

Not only has Avery failed to put forth *a single piece of such evidence*, but ADASA has now provided both a sworn interrogatory answer that traces every single claim element of the '967 Patent from May 21, 2008 through the filing of the patent-in-suit, while also providing the sworn affidavit of Dr. Daniel Engels Ph.D., an expert in RFID technology, which supports ADASA's priority date. Those two pieces of competent and thorough evidence end any dispute over ADASA's priority date simply and completely.

Avery ignores this definitive evidence and instead uses cryptic and misleading attorney argument in an attempt to save its invalidity defense. Rather than acknowledging ADASA's proper priority date, Avery mischaracterizes ADASA's invention as being limited to one particular example of one version of the invention – dubbed by ADASA's inventor as "Ad Hoc Mode" – which was used well after the May 2008 filing date and for one specific customer under a non-disclosure agreement. Additionally, Avery does not even argue that the majority of the elements of the '967 Patent are missing in the 2008 application and instead limits its arguments to only two

specific elements of the ‘967 claims. However, because ADASA is moving for summary judgment as a cross-motion, it will put forth complete and legally required summary judgment evidence on every element to support its claims.

Avery’s arguments are not only legally insufficient but cannot trump the plain language of the patent’s claims and history. Given the complete lack of evidence proffered by Avery in support of its motion aimed at negating ADASA’s priority date – let alone by the mandated clear and convincing standard – this issue is not only simple but can be put to rest summarily. ADASA is entitled to its May 21, 2008 priority date, Avery’s motion must be denied, and ADASA’s request for a cross-motion of summary judgment granted.

## II. LEGAL AUTHORITY<sup>1</sup>

As a patent is presumed valid by law, the burden of establishing an invalidity defense to a claim of infringement of any of a patent’s claims is borne by the party challenging the established validity and by clear and convincing evidence. *See Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2242 (2011); 35 U.S.C. § 282. If the challenging party cannot meet this burden of persuasion, the patent remains valid and an invalidity defense defeated. *Id.*

Generally, when an inventor applies for a patent, that inventor is entitled to a “priority” date – i.e. a date when he is first given credit for inventing his invention – based on the date he or she files a patent application, subject to a few exceptions. *See* 35 U.S.C. § 100(i); 35 U.S.C. § 120. One of those exceptions is when the inventor files a first patent application where he describes the entire invention, and then uses that application to file additional related patent applications but then add or tweak portions describing the invention. In such a case, the invention “priority” date is the date of the earliest application in a line of those additional patent applications to which

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<sup>1</sup> “A cross-motion for summary judgment requires the court to apply the same standard as it does for an individual summary judgment motion.” *Circle K Stores, Inc. v. Zillman*, 827 F. Supp. 2d 1251, 1257 (D. Or. 2011).

priority is properly claimed under 35 U.S.C. § 120.<sup>2</sup> The filing date of the earliest application to which priority is claimed and which provides support for the asserted claims is known as the “effective filing date” of the following patents, which is also referred to as the “priority date” on which the patent was deemed to have been filed. 35 U.S.C. § 100(i).

For a subsequent patent to obtain the benefit of priority of an earlier patent application in that string, the claims in the patent must be supported by the written description of the earlier patent application under 35 U.S.C. § 112, first paragraph.<sup>3</sup> 35 U.S.C. § 120; *see also Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1253 (Fed. Cir. 2004). The adequacy of written description under 35 U.S.C. § 112 is a question of fact, and but is amenable to summary judgment in cases where no reasonable fact finder could return a verdict for the non-moving party. *PowerOasis, Inc. v. T-Mobile USA, Inc.*, 522 F.3d 1299, 1307 (Fed. Cir. 2008).

The written description in a parent application is legally sufficient to establish priority when it “reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharms., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (en banc); *Ralston Purina Co. v. Far-Mar-Co., Inc.*, 772 F.2d 1570, 1575 (Fed. Cir. 1985). The disclosure as originally filed does not have to provide word-for-word support for the claimed subject matter at issue. *See Fujikawa v. Wattanasin*, 93 F. 3d 1559, 1570 (Fed. Cir. 1996). Rather, “the test requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must

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<sup>2</sup> 35 U.S.C. § 120 provides in relevant part: “An application for patent for an invention disclosed in the manner provided by section 112(a) ... in an application previously filed in the United States ... which names an inventor or joint inventor in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application.” (omitting certain criteria not addressed here).

<sup>3</sup> Avery’s motion only challenges the sufficiency of the written description contained in the ‘768 application for the invention claimed in ‘967 Patent pursuant to 35 U.S.C. § 112. Avery’s motion, however, does not challenge whether invention is enabled by the ‘768 Application pursuant to 35 U.S.C. § 112, therefore it is presumed that the invention is sufficiently enabled. *Chiron Corp. v. Abbott Labs.*, No. C-93-4380 MHP, 1996 U.S. Dist. LEXIS 4802, at \*11 (N.D. Cal. Mar. 25, 1996); *Amgen Inc. v. Hoechst Marion Roussel*, 314 F.3d 1313, 1339 (Fed. Cir. 2003).

describe an invention understandable to a skilled artisan and show that the inventor actually invented the invention claimed.” *Id.* “Placed in that context, it is unnecessary to spell out every detail of the invention in the specification; only enough to be included to convince a person of skill in the art that the inventor possessed the invention.” *LizardTech, Inc. v. Earth Res. Mapping, Inc.*, 424 F.3d 1336,1345 (Fed. Cir. 2005). “The written description requirement is satisfied by the patentee’s disclosure of ‘such descriptive means as words, structures, figures, diagrams, formulas, etc., that fully set forth the claimed invention.’” *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 285 F.3d 1013, 1021 (Fed. Cir. 2002) (quoting *Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1572 (Fed. Cir. 1997).

### III. ARGUMENTS AND AUTHORITIES

ADASA is entitled to its cross-motion for summary judgment based on the May 21, 2008 date claimed on the face of the ‘967 Patent. Avery challenges this date by stating that two of the ‘967 Patent’s claim elements are not properly and fully disclosed in the earlier patent application. In its motion for summary judgment, Avery also launches a second attack on top of challenging that date, stating that ADASA’s invention should be limited to a specific embodiment of the invention called “Ad Hoc Mode” and that “Ad Hoc Mode” was improperly commercialized and sold more than a year before ADASA filed a patent application in 2010. Neither argument is supported by any legally sufficient evidence whatsoever<sup>4</sup> and under the proper legal analysis, ADASA’s ‘967 Patent is entitled to the claimed May 2008 priority date.

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<sup>4</sup> No doubt, upon realizing that it has not provided the Court with any legitimate evidence in its motion for summary judgment, Avery will try and respond to ADASA’s cross-motion with additional evidence. The Court should see this attempt for what it would be – a last-ditch and inappropriate attempt to bolster its flimsy argument in order to create a fact issue to avoid the correct finding in ADASA’s favor.

**A. The Effective Filing Date of the Asserted Claims of the ‘967 Patent is the May 21, 2008 Filing Date of the ‘768 Application**

The parties do not dispute that if ADASA is entitled to its claimed May 21, 2008 priority date, Avery’s motion for summary judgment must be denied in its entirety and ADASA’s granted. Therefore, ADASA will first address the evidence<sup>5</sup> that establishes its claimed priority date, and then demonstrate Avery’s misapplication of the facts and law which lead to the futility of its motion.

The ‘967 Patent claims priority through a chain of patent applications back to U.S. Patent Application No. 12/124,768 (“the 2008 Application”), which was filed on May 21, 2008.<sup>6</sup> See Exhs. A and B. To be entitled to summary judgment, ADASA must establish as a matter of law that the invention of the ‘967 Patent and any of the underlying asserted patent claims in this case were sufficiently disclosed in the 2008 Application and then that same disclosure tracked through all of the applications leading up to the ‘967 Patent. 35 U.S.C. § 120; *see also Chiron Corp. v. Genentech, Inc.*, 363 F.3d 1247, 1253 (Fed. Cir. 2004).<sup>7,8</sup> To do so, the Court must review the

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<sup>5</sup> ADASA’s legally sufficient evidence on this issue includes: (1) the patent applications and language of those applications themselves; (2) the sworn testimony of Dr. Daniel Engels, Ph.D., an unquestioned expert in the RFID space; and (3) the sworn testimony of Clarke McAllister, another expert in the RFID industry and the author and inventor of all of the relevant patent applications and the ‘967 Patent.

<sup>6</sup> The relevant chain of priority for the ‘967 Patent is as follows. The ‘967 Patent was filed on February 12, 2016, which claims priority as a continuation of U.S. Patent No. 9,272,805 filed on June 19, 2012, which is a continuation-in-part of US. Patent No. 8,228,198 filed on June 21, 2010, which is a continuation-in-part of the ‘768 Application filed on May 21, 2008. The ‘805 Patent and ‘198 Patent are referred to as the “Intervening Applications.” See Exh. A, Exh. C at ¶ 9, 15. Dr. Engels reviewed each of these applications as one skilled in the art and found support for each claim element of the ‘967 Patent on each step of the patent application path from start to finish. See Exh. C at ¶ 9, 15; Exh. C2.

<sup>7</sup> ADASA has previously demonstrated in its Amended Response to Avery’s Interrogatory No. 4, and the claim charts attached thereto, that the disclosure of the ‘768 Application contains written support for each and every limitation of the invention claimed in the Asserted Claims of the ‘967 Patent. Dkt. 123-4; Exh. D.

<sup>8</sup> Avery does not dispute that the intervening applications between the 2008 Application and the ‘967 Patent contain the same relevant disclosure as is found in the ‘967 Patent, nor does Avery challenge whether the disclosure of the ‘967 Patent or any of the intervening applications provide written support for the claims of the ‘967 Patent. However, for completeness for its cross-motion, Plaintiff has submitted a claim chart comparing the respective disclosures of each of these patents and applications, which ADASA’s technical expert, Dr. Engels, who is an unquestioned person of skill in the art of the technology at issue here has analyzed and opined that they are nearly substantially similar in each patent application and provide sufficient written description support for the Asserted Claims of the ‘967 Patent. Exh. C at ¶ 9-61; Exh. C2.

disclosure of the 2008 Application and compare it to the disclosure and claim language of the ‘967 Patent. As noted above, the Court can rely on the understanding of a person skilled in the art of the invention to determine whether or not there was a sufficient disclosure. *Fujikawa v. Wattanasin*, 93 F. 3d 1559, 1570 (Fed. Cir. 1996) (“the test requires an objective inquiry into the four corners of the specification from the perspective of a person of ordinary skill in the art. Based on that inquiry, the specification must describe an invention understandable to a skilled artisan and show that the inventor actually invented the invention claimed.”).

Claims 1 and 13 of the ‘967 Patent are reproduced below and have been annotated to identify each claim limitation for each of reference. The differences are italicized but are irrelevant to the analysis herein. Thus, the discussion will address claim 1, which is likewise completely applicable to claim 13. The elements are then addressed below in turn.

|            |                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                 |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Preamble:  | 1. An RFID transponder comprising:                                                                                                                                                       | 13. A RFID transponder comprising:                                                                                                                                                                                                                                                                                              |
| Element A: | a substrate;                                                                                                                                                                             | a substrate;                                                                                                                                                                                                                                                                                                                    |
| Element B: | an antenna structure formed on the substrate; and                                                                                                                                        | an antenna structure formed on the substrate; and                                                                                                                                                                                                                                                                               |
| Element C: | an RFID integrated circuit chip which is electrically coupled to the antenna structure,                                                                                                  | an RFID integrated circuit chip which is electrically coupled to the antenna structure,                                                                                                                                                                                                                                         |
| Element D: | wherein the RFID integrated circuit chip is encoded with a unique object number, the unique object number comprising an object class information space and a unique serial number space, | wherein the RFID integrated circuit chip is encoded with <i>a global trade item number including</i> a unique object number, the unique object number comprising an object class information space <i>including a block of at least 50 bits</i> and a unique serial number space <i>including a block of at least 38 bits</i> , |
| Element E: | wherein the unique serial number space is encoded with one serial number instance from an                                                                                                | wherein the unique serial number space <i>has</i> one serial number instance from an allocated                                                                                                                                                                                                                                  |

|            |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                        |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|            | allocated block of serial numbers, the allocated block being assigned a limited number of most significant bits, and                                                                                                                                                                                 | block of serial numbers, the allocated block being assigned a limited number of most significant bits, and                                                                             |
| Element F: | wherein the unique serial number space comprises the limited number of most significant bits uniquely corresponding to the limited number of most significant bits of the allocated block <i>and of remaining bits of lesser significance that together comprise the one serial number instance.</i> | wherein the unique serial number space comprises <i>at least 3</i> most significant bits uniquely corresponding to the limited number of most significant bits of the allocated block. |

**1. Avery Does Not Challenge That The Preamble Or Claim Elements A-C of the ‘967 Patent Are Present in the ‘768 Patent Application**

The preamble and elements A-C of the Asserted Claims of the ‘967 Patent are directed to a conventional “RFID transponder” having “a substrate, an antenna structure formed on the substrate, and an RFID integrated circuit chip which is electrically coupled to the antenna structure.” Avery has not challenged that any of these claim elements were not present in the ‘768 patent application, or any of the applications between that May 21, 2008 filing date and the filing of the ‘967 Patent. However, to be entitled to summary judgment on this priority date, ADASA must demonstrate as a matter of law that these elements are present. Therefore, the following charts illustrate the supporting written specification language in the ‘768 patent application that supports the ‘967 Patent claim language:

| Claim Element | ‘967, Claim 1                      | 2008 Application Written Specification                                                                                                                                                                                                                                                                                                         |
|---------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Preamble      | 1. An RFID transponder comprising: | <p>“The present invention relates to a system, including methods and devices, utilizing wireless sensor devices <b><i>and RFID (radio-frequency identification) transponders.</i></b>” [0002]</p> <p><b><i>“Radio-frequency identification (RFID) transponders,</i></b><br/>typically thin transceivers that include an integrated circuit</p> |

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p>chip having radio frequency circuits, control logic, memory and an antenna structure mounted on a supporting substrate, enable vast amounts of information to be encoded and stored and have unique identification. Commissioning, the process of encoding specific information (for example, data representing an object identifier, the date-code, batch, customer name, origin, destination, quantity, and items) associated with an object (for example, a shipping container), associates a specific object with a unique RFID transponder. The commissioned transponder responds to coded RF signals and, therefore, readily can be interrogated by external devices to reveal the data associated with the transponder.” [0004]</p> <p><b>“transponders are used interchangeably with the term tags”</b> [0042]</p> <p><b>“The systems, methods, and devices of the present invention utilize an RFID transponder or wireless sensors as a component.”</b> [0044]</p> |
|--|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Additionally, ADASA’s technical expert, Dr. Daniel Engels, has analyzed the disclosure of the 2008 Application and the claims of the ‘967 Patent. *See* Exh. C at ¶ 9-61. Dr. Engels is the one of the creators of the Electronic Product Code (“EPC”), which was a seminal RFID numbering system developed in the early 2000s and which is currently used for identifying and tracking retail items using RFID transponders. Exh. C at ¶ 4-8. Dr. Engels has over two decades in substantive RFID experience. *See* Exh. C1. Avery has not challenged that Dr. Engels is a person skilled in the art for the subject matter of the ‘967 Patent and is eminently qualified as a person of ordinary skill in the art. Exh. C at ¶ 4-11. Additionally, the inventor of the ‘967 Patent, Clarke McAllister, has also provided sworn testimony that he invented and adequately described all of the elements of the ‘967 Patent claims in the initial 2008 Application. Exh. E at ¶¶ 4-5.

As a whole, Dr. Engels has concluded that the 2008 Application, along with the other related patents and applications (e.g. Exhs. F and G), contains more than legally sufficient support for each limitation of the Asserted Claims the ‘967 Patent to be entitled to the May 21, 2008

priority date.<sup>9</sup> Exh. C at ¶ 11-61; Exh. C2, Exh. B, Exh. F, Exh. G. Specifically, for the preamble, Dr. Engels has provided expert testimony that all required elements of the preamble of the ‘967 Patent have been disclosed in the 2008 Application. Exh. C at ¶ 18-21; Exh. C2.

Likewise, elements A, B, and C as described above are not challenged by Avery or missing from the written description of the 2008 Application as proven by both the language itself and Dr. Engel’s sworn testimony:

| Claim Element | ‘967, Claim 1                                     | ‘768 Patent Application Written Specification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A             | a substrate;                                      | <p>“Radio-frequency identification (RFID) transponders, typically thin transceivers that include an integrated circuit chip having radio frequency circuits, control logic, memory and an antenna structure mounted <b>on a supporting substrate</b>, enable vast amounts of information to be encoded and stored and have unique identification.” [0004]</p> <p>“This document generally uses the term tag or RF Tag to refer to passive transponders, which do not include a battery, but include an antenna structure coupled to an RFID chip to form an inlay which is thin and flat and may be constructed on top of a layer of foam standoff, dielectric material, <b>or a folded substrate structure</b>. Passive transponders typically include a pressure-sensitive adhesive backing.” [0042]</p> <p>“FIG. 2 shows a possible RFID transponder 18. RFID transponders, essentially, comprise an RFID integrated circuit (IC) device (or “chip”) 20 bonded to an antenna apparatus 21C, <b>formed on a substrate</b> that is often plastic” [0071]</p> |
| B             | an antenna structure formed on the substrate; and | <p>“Radio-frequency identification (RFID) transponders, typically thin transceivers that include an integrated circuit chip having radio frequency circuits, control logic, memory <b>and an antenna structure mounted on a supporting substrate</b>, enable vast amounts of information to be encoded and stored and have unique identification.” [0004]</p> <p>“This document generally uses the term tag or RF Tag to refer to passive transponders, which do not include a battery, but <b>include an antenna structure coupled to an RFID chip</b> to form an inlay which is thin and flat and may be constructed on</p>                                                                                                                                                                                                                                                                                                                                                                                                                                 |

<sup>9</sup> Dr. Engels traces the written disclosure of the ‘768 Patent through each subsequent and legally required patent application culminating in the ‘967 asserted patent in this case. See Exh. C at ¶ 11-61; Exh. C2, Exh. F, Exh. G.

|   |                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                                                                         | <p>top of a layer of foam standoff, dielectric material, or a folded substrate structure.” [0042]</p> <p>“FIG. 2 shows a possible RFID transponder 18. RFID transponders, essentially, comprise an RFID integrated circuit (IC) device (or “chip”) 20 <b><i>bonded to an antenna apparatus 21C, formed on a substrate that is often plastic</i></b>” [0071]</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| C | an RFID integrated circuit chip which is electrically coupled to the antenna structure, | <p>“Radio-frequency identification (RFID) transponders, typically thin transceivers that <b><i>include an integrated circuit chip</i></b> having radio frequency circuits, control logic, memory <b><i>and an antenna structure mounted on a supporting substrate</i></b>, enable vast amounts of information to be encoded and stored and have unique identification.” [0004]</p> <p>“This document generally uses the term tag or RF Tag to refer to passive transponders, which do not include a battery, <b><i>but include an antenna structure coupled to an RFID chip to form an inlay</i></b> which is thin and flat and may be constructed on top of a layer of foam standoff, dielectric material, or a folded substrate structure.” [0042]</p> <p>“FIG. 2 shows a possible RFID transponder 18. <b><i>RFID transponders, essentially, comprise an RFID integrated circuit (IC) device (or “chip”) 20 bonded to an antenna apparatus 21C, formed on a substrate that is often plastic</i></b>” [0071]</p> |

For element A, which requires “a substrate,” that concept is explicitly disclosed in the references above, and Dr. Engels opined, that as one skilled in the art, he would understand that element A would be met by that language. Exh. C at ¶ 22-23; Exh. C2. For element B, which requires “an antenna structure formed on the substrate;” again those very words are highlighted in the plain language of the 2008 Application above and identified by Dr. Engels as being disclosed to meet element B. Exh. C at ¶ 24-25; Exh. C2. Finally, for element C, which requires “an RFID integrated circuit chip which is electrically coupled to the antenna structure,” that precise language is found in the 2008 Application and appropriately disclosed. Exh. C at ¶ 26-27; Exh. C2. All of the above language is also consistently tracked in the applications between the 2008 Application

and the ‘967 Patent, thus providing a legally sufficient chain from start to finish. *Transco Prods. v. Performance Contracting, Inc.*, 38 F.3d 551, 557 (Fed. Cir. 1994) (“an application is entitled to the benefit of the filing date of an earlier application as to common subject matter”).

**2. Written Support in the 2008 Application for Claim Elements D of the ‘967 Patent is Not Disputed, but is Helpful in Understanding the Scope of the Remaining Claim Elements**

Avery does not challenge that Element D of the ‘768 Patent Claim 1 is supported by the specification of the ‘768 Patent as shown below:

| Claim Element | ‘967, Claim 1                                                                                                                                                                                                          | 2008 Application Written Specification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| D             | wherein the RFID integrated circuit chip is encoded with a unique object number <sup>10</sup> , the unique object number comprising an object class information space and a unique serial number space <sup>11</sup> , | <p><b>“Generating a unique serial number is imperative</b>, and is required for EPCglobal RFID tagging implementations. Serialization requires a central issuing authority of numbers for manufacturers, products and items to <b>guarantee uniqueness and to avoid duplication of numbers.</b>” [0012]</p> <p>“GS1 is a leading global organization dedicated to the design and implementation of global standards and solutions to improve efficiency &amp; visibility of supply and demand chains. GS1 defines epcGlogal <b>SGTIN number</b> [unique object number] fields as having a company prefix, an item reference, a partition value, and a filter value that comprise the <b>object class information</b>. A <b>unique serial number</b> is then added to that information to create each unique instance within each object class.” [0050]</p> <p>“Preferred embodiments of encoder 15, 30, or 60 will encode all of the GS1 identity types. Such types include the ... Serialized Global Trade Identification Number (SGTIN).” [0054].</p> <p>“Preferred embodiments use the 96-bit EPC memory bank for specifying the block starting number, <b>including the company</b></p> |

<sup>10</sup> The Court construed the term “object class information space” as “data field within the memory of the RFID integrated circuit chip for information identifying the class of an object, such as a company prefix, item reference code, partition value, and/or filter value.” Dkt. No. 68. To identify the “class of an object,” the object class information space must at least include a company prefix and an item reference code.

<sup>11</sup> The Court construed the term “unique serial number space” as “data field within the memory of the RFID integrated circuit chip for information identifying a unique serial number.” Dkt. No. 68.

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p><b><i>prefix, item reference, partition value, filter value, and base serial number.</i></b>” [0052]</p> <p>“In the system 10 of FIG. 1, the mobile encoder 15 carries a supply of un-commissioned, blank, or securely encodable RFID transponders 15J, 25, 43, or 61E. Once the desired data is accumulated by mobile encoder 15 it <b><i>advances the transponder commissioning process by encoding an RFID transponder using transponder transport means</i></b> 15C and transponder encoding means 15H and any one of several preferred encoding algorithms to program an RFID transponder or label 18 for the object 17. ... The commissioned transponder or label 18 is associated and applied to the target object by known means including a human operator or a machine transfer as will be further described in this disclosure.” [0069]</p> |
|--|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Element D of the ‘967 Patent requires that the RFID transponder has been commissioned<sup>12</sup> such that the memory of the “RFID integrated circuit chip” has been “encoded with unique object number.” The unique object number contains and includes two subparts: an “object class information space”<sup>13</sup> and a “unique serial number space.”<sup>14</sup> The object class information space contains the data structure of the RFID tag storing information identifying the class of an object, such as a “company prefix, item reference, partition value, and/or a filter value....” Exh C at ¶ 33; *see also* Exh. C at 28-37; Exh. C2 and Dkt. No. 68 at 3. The unique serial number space contains a serial number to identify the particular item of that object class. Exh. C at ¶ 33-37. Dr. Engels has identified the above sections of the 2008 Application as supporting this claim element and that track the requirements of this claim. Engels Decl. at ¶ 32-37; Exh. C2 at 6-8. Dr. Engels also

<sup>12</sup> “Commissioning, the process of encoding specific information (for example, data representing an object identifier, the date-code, batch, customer name, origin, destination, quantity, and items) associated with an object (for example, a shipping container), associates a specific object with a unique RFID transponder.” Exh. A at 23 (Col. 1, lines 45-50; Exh. B at 9 (Paragraph [0004])).

<sup>13</sup> “Object class information space” has been construed as a “data field within the memory of the RFID integrated circuit chip for information identifying the class of an object, such as a company prefix, item reference code, partition value, and/or filter value.” Dkt. 68 at 3.

<sup>14</sup> “Unique serial number space” has been construed as a “data field within the memory of the RFID integrated circuit for information identifying a unique serial number.” Dkt. 68 at 4-8.

identifies where all of this same information is found in the required patents and applications between the 2008 Application and the issued '967 Patent. Exh. C2 at ¶ 6-8.

Additionally, and while not required to demonstrate the sufficiency of ADASA's proof on this element, a brief understanding of the importance of Element D is helpful to the overall understanding of the remaining claims and the invention of ADASA's patent. For Element D, both the 2008 Application and the '967 Patent disclose:

GS1 is a leading global organization dedicated to the design and implementation of global standards and solutions to improve the efficiency & visibility of supply and demand changes. GS1 defines epcGlobal SGTIN number fields as having a company prefix, an item reference, a partition value, and a filter value that comprise the object class information. A unique serial number is then added to that information to create each unique instance within each object class."

Exh. B at 13 (Paragraph [0050]); Exh. A at 27 (Col. 9, lines 7-15). Dr. Engels, as a person of ordinary skill in the art ("POSITA"), opined that he understood from this disclosure and from knowledge of GS1's epcGlobal standards that the unique object number may be an Electronic Product Code ("EPC"). Exh. C at ¶ 34-35. An EPC is defined by a particular tag data standard, such as, for example, a SGTIN (Serialized Global Trade Item Number), which is a particular encoding scheme used to uniquely identify individual retail items. Exh. C at ¶ 34-35.<sup>15</sup> The SGTIN tag data standard was known at the time of the filing of the 2008 Application, and is the baseline to understand the novel aspects of the invention which are laid out in elements E and F. Exh. C at ¶ 34-37.

For an SGTIN, Dr. Engels opined that a POSITA would understand that the object class information would constitute information that would be contained in a GTIN (Global Trade Identification Number), which is typically the information contained within a barcode that is found

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<sup>15</sup> There are other tag data standards that could be used for the claimed invention, but we focus on SGTIN since it is mentioned specifically in the '968 Patent and '768 Application, and it is also the primary data standard utilized by Avery's infringing RFID tags. Exh. C at ¶ 34-35.

on a printed label on a retail item when purchased from a retailer. Exh. C at ¶ 34-37. This type of information contained with a GTIN is typically the information contained within a barcode that is found on a printed label on a retail item when purchased from a retailer. Exh. C at ¶ 34-37. This is the type of information described by the 2008 Application as one or more of a “company prefix (i.e. the brand owner), item reference (i.e. the object class), partition value, and a filter value” as identified above. Exh. C at ¶ 33-35; Exh. A at 24 (Col. 3, lines 42-49); 27 (Col. 9 lines 10-15 and 46-51); and 37 (Col. 30, lines 53-66).

Dr. Engels also opined that a POSITA (including himself) would also understand that while each GTIN uniquely identifies one object class, the GTIN does not uniquely identify each individual instance of the retail items within that object class. Exh. C at ¶ 36. Accordingly, a serial number is added to the object class information to create a unique number for each unique retail item within an object class. Exh. C at ¶ 36. This full unique number including a GTIN and a serial number is referred to an SGTIN (Serialized Global Trade Item Number). Exh. C at ¶ 36.

The numbering system creates a hierarchy, by which if unique serial numbers are maintained for use with retail items within each object class (i.e., GTIN), all of the unique object numbers (i.e., SGTINs) for retail items across all object classes will be unique worldwide. Exh. C at ¶ 37. As such, one of ordinary skill in the art would understand that it is not necessary or required that each serial number be globally unique across all object classes, but that the serial number must only be unique within each object class. Exh. C at ¶ 37. Put another way, by combining a unique object class with a serial number that is unique within that object class, the entire unique object number is ensured to be unique. Exh. C at ¶ 37. This concept will be important to understand while addressing Avery’s faulty challenges to elements E and F.

**3. The Written Disclosure in the 2008 Application, and the Subsequent Patent Applications, Supports Claim Elements E and F of the ‘967 Patent**

In its motion, Avery argues that there is no written support in the 2008 application for elements E and F of the ‘967 Patent. *See* Dkt. No. 122 at 15-17). Notably, Avery only provides attorney argument for this proposition and fails to provide any support from one skilled in the art. Additionally, Avery ignores proper support in the 2008 Application that supports these elements. As such, ADASA’s motion should be granted.

Elements E and F of the ‘967 Patent define the structure of the “serial number instance” that is encoded within the “unique serial number space.” Specifically, Element E requires that “an allocated block of serial numbers” is a pre-authorized range of serial numbers that was “assigned a limited number of most significant bits.”<sup>16</sup> As construed by the Court, this claim element requires a block of serial numbers that has been assigned in which each serial number has the same limited, predefined sequence of most significant bits at its leading end. The “serial number instance” that is encoded into the unique serial number space is one serial number selected from this allocated block of serial numbers. *See* Dkt. No. 68 at 4.

Relatedly, element F sets forth that the “limited most significant bits” of the serial number instance encoded within the unique serial number space “uniquely corresponds” to the “limited number of most significant bits of the allocated block.” As construed by the Court, this means that the most significant bits of the serial number instance uniquely and directly match the limited number of significant bits of each serial number that was assigned each serial number within the

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<sup>16</sup> “Being assigned a limited number of most significant bits” has been construed as “includes a limited, predefined sequence of higher order bits at the leading end.” Dkt. 68 at 3.

allocated block. The “remaining bits of lesser significance” are the lower order bits at the trailing end of the complete serial number.<sup>17</sup> See Dkt. No. 68 at 4.

Both the 2008 Application and the ‘967 Patent disclose these concepts sufficiently to meet ADASA’s burden:

| Claim Element | ‘967, Claim 1                                                                                                                                                                                                                                                                                 | ‘768 Patent Application Written Specification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| E             | wherein the unique serial number space is encoded with one serial number instance from an allocated block of serial numbers, the allocated block being assigned a limited number of most significant bits, and                                                                                | “A preferred embodiment for quasi-autonomous transponder encoding authority is realized when <b><i>large pre-authorized blocks of serial numbers</i></b> are made available to encoder 15 or 50 <b><i>to utilize on object classes as objects of a class are presented for tagging</i></b> . A preferred method of providing large blocks of pre-authorized blocks of object class serial numbers is to subdivide the entire object class serial number space into sectors that are <b><i>defined by a limited number of MSB's</i></b> (Most Significant Bits) of the serial number field.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| F             | wherein the unique serial number space comprises the limited number of most significant bits uniquely corresponding to the limited number of most significant bits of the allocated block and of remaining bits of lesser significance that together comprise the one serial number instance. | <p>“A preferred embodiment for quasi-autonomous transponder encoding authority is realized when large pre-authorized blocks of serial numbers are made available to encoder 15 or 50 to utilize on object classes as objects of a class are presented for tagging. <b><i>A preferred method of providing large blocks of pre-authorized blocks of object class serial numbers is to subdivide the entire object class serial number space into sectors that are defined by a limited number of MSB's</i></b> (Most Significant Bits) of the serial number field.”</p> <p>In a preferred embodiment serial number block sizes are sufficient to <b><i>operate encoder 15 or 50 for extended periods of time without any further external authorization steps</i></b>. For example autonomous operation for a week or more is possible with sufficientl large block sizes. Block allocations are preferably assigned with reference to how many encoders 15 or 50 are <b><i>authorized to operate within the facilities of the owner of certain object class numbers</i></b>.”</p> <p>“In a preferred embodiment, a block is allocated and managed using three numbers: <b><i>a starting number that is the first</i></b></p> |

<sup>17</sup> “Remaining bits of lesser significance” has been construed as “the remaining lower order bits at the trailing end.” Dkt. 68 at 3.

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p><b><i>serialized instance of the block, a block size which represents the total number of instances in the block, and a counter or index that represents how much of the block has been used during an encoding process.</i></b> Using these three numbers and an optional block lock bit, a simple database of object class authorizations can be built.” [0051]</p> <p>“Authorizations for one or more classes of objects are preferably loaded into encoder 15, 30, or 60, where such authorizations include data fields such as manufacturer ID, item reference, manufacturer code lengths, filter values (that designate packaging levels such as item, case, pallet, etc.). <b><i>serial number starting point for a block</i></b>, and other pre-determined parameters. Such information is preferably loaded into the memory of the encoder in advance of tag commissioning operations. Thus if loaded with information for more than one object class, encoder 15, 30, or 60 does not have sufficient information to proceed with encoding a transponder until a single object class is selected for the present RFID transponder to receive” [0015]</p> |
|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

While there is additional relevant disclosure contained in both the 2008 Application and the ‘967 Patent to support these two claim elements, Dr. Engels has opined the language from this paragraph alone found almost verbatim in both the 2008 Application and the ‘967 Patent provides written support for each limitation of Elements E-F challenged by Avery. See Exh. C at ¶ 38-43.

***a. “the allocated block being assigned a limited number of most significant bits”***

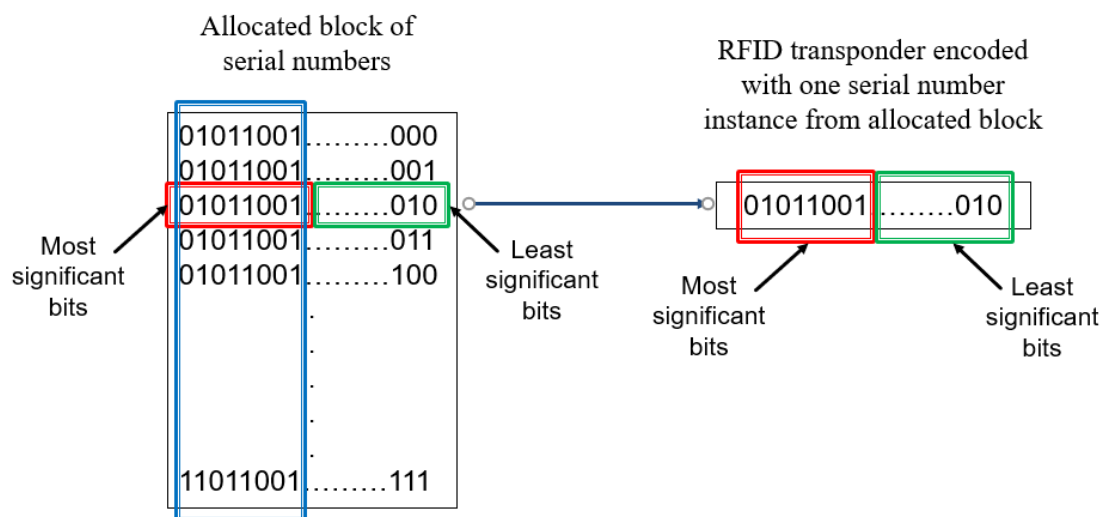
The relevant disclosure from the 2008 Application that supports this portion of element E is as follows: “A preferred method of **providing large blocks of pre-authorized blocks of object class serial numbers** is to ***subdivide the entire object class serial number space into sectors that are defined by a limited number of MSB’s*** (Most Significant Bits) of the serial number field.” Exh. B at 13 (Paragraph [0049]) (emphasis added). This statement is plainly understood to mean that a “method of providing large blocks” of serial numbers is to create “pre-authorized blocks of object class serial numbers.” Exh. C at ¶ 44. These preauthorized blocks of serial numbers are



Avery quite simply mischaracterizes the disclosure of the above paragraph cited above from the '967 Patent and the 2008 Application. See Dkt. No. 122 at 18. There are no “blocks of blocks” disclosed as Avery alleges and nowhere in the '967 Patent claim language is such a limitation required. *Id.* This is simply Avery attempting to create a new limitation in order to state that it does not exist and does not support this claim with any proper expert testimony.

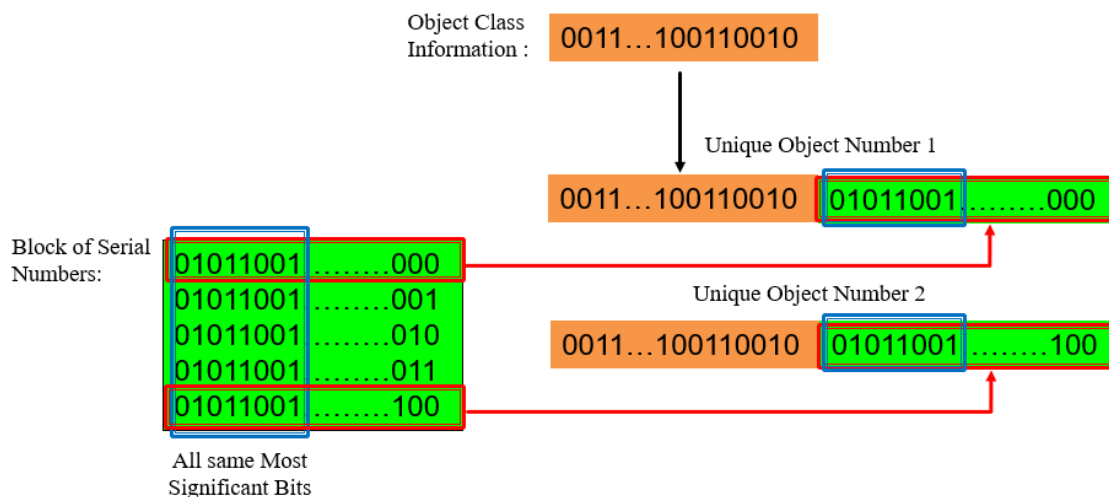
***b. “uniquely corresponding”***

The 2008 Application, and all subsequent applications between this application and the '967 Patent, discloses that a block of serial numbers is created in which all of the serial numbers have the same pre-assigned sequence of most significant bits. Exh. B at 13 (Paragraph [0049]); Exh. C at ¶ 50-61; Exh. C2. In other words, if a serial number instance is selected from this block of serial numbers which all have the same most significant bits, the selected serial number instance must necessarily have the “matching” set most significant bits that was assigned to all of the serial numbers in that allocated block. As an example, the demonstrative below illustrates a block of serial numbers that contain an example pre-assigned sequence of most significant bits in which the encoded bits of a serial number for an individual tag match the most significant bits of that specific tag identically:



Exh. C at ¶ 53. Thus, there is no question that the most significant bits of the encoded serial number uniquely correspond to the most significant bits of the allocated block.

Furthermore, as also discussed above, the 2008 Application contemplates that uniqueness of the full unique object number can be ensured by maintaining the uniqueness of the serial numbers used within each object class. Exh. B at 13 (Paragraph [0049]); Exh. C at ¶ 50-61; Exh. C2. The manner disclosed by the 2008 Application to ensure uniqueness of the serial numbers for a particular object class is to partition the bits of the serial number space into two sectors – most significant bits and the remaining least significant bits – then to allocate the blocks of serial numbers by assigning each block a sequence most significant bits:



Exh. C at ¶ 54; Exh. B at 12 (Paragraphs [0049], [0051]); Exh. A at 25 (8:4-15; 9:16-23). The sequence of most significant bits for each block of serial numbers is unique within each object class. Exh. C at ¶ 55. If each block of serial numbers is unique for an object class, then each serial number within that block must also be unique for that object class. Exh. C at ¶ 55; Exh. B at 12 (Paragraphs [0049], [0051]); Exh. A at 25 (8:4-15; 9:16-23). When this system is applied globally across all of the object classes, each object class will have its own set of unique serial numbers, and that a set of unique serial numbers is only used once for each object class. Exh. C at ¶ 56. This

system simplifies the manner in which uniqueness can be maintained, as now only the uniqueness of the sequence of most significant bits must be maintained to ensure that each block of serial numbers is unique for an object class, rather than relying solely on a connection to a database to maintain uniqueness of each serial number as was done in prior art systems. Exh. C at ¶ 57. By maintaining unique blocks of serial numbers for a particular object class, which is accomplished by assigning a sequence of most significant bits that is unique within that object class, the invention of the ‘967 Patent allows that “quasi-autonomous transponder encoding authority is realized when **large preauthorized blocks of serial numbers** are made available to encoder [] to utilize **on object classes as objects of a class are presented for tagging.**” Exh. B at 13 (Paragraph [0049]) (emphasis added); Exh. C2 at 8-9; Exh. A at 25 (8:4-15, 37-51, 9:16-24). This “creates a unique instance within each object class.” Exh. B at 13 (Paragraph [0050]); Exh. C at ¶ 58.

The 2008 Application also details that “a block is allocated and managed” so that “a simple database of object class authorizations can be built,” and that an RFID authorization transponder may be used “so that an operator can visually identify what object class or SKU is managed by the affixed authorization transponder.” Exh. B at 13 (Paragraph [0051]). These statements further indicate within the disclosure that it was intended for each block to be authorized to be used for a particular object class and are also found in the ‘967 Patent. Exh. A at 25 (8:4-15, 37-51, 9:16-24); Engels Decl. at ¶ 43, 52.

Accordingly, the ‘768 Application discloses that the most significant bits of the serial number instance are “uniquely corresponding” to the limited number of most significant bits assigned to the allocated block. Avery’s “blocks of blocks” argument again has no relevance or application to this element and provides no support other than confusing attorney argument.

***c. Assigned to an allocated block***

There is no requirement in the '967 Patent claims that the sequence of most significant bits must be "assigned" to "an encoder, assembly line, or anything else" as alleged by Avery. See Dkt. 122 at 19. The claims simply state: "the allocated block being assigned a limited number of most significant bits." Exh. A at 41-42 (claims 1 and 13). The 2008 Application describes this exact process, stating that each block of serial numbers has an assigned sequence of most significant bits. Exh. C at ¶ 58-61; Exh. C2; Exh. B at 13 (Paragraph [0049]). That is how each block of serial numbers is created. Exh. C at ¶ 58-60; Exh. C2. The disclosure that assigning a sequence of most significant bits creates a block of serial numbers in which all the serial numbers have that same sequence of most significant bits is, in and of itself, all that is necessary to meet this claim limitation and is certainly present in the 2008 Application. Exh. C at ¶ 38-61; Exh C2.

Providing even more support for this element, the 2008 Application further states: "Block allocations are preferably assigned with reference to how many encoders 15 or 50 are authorized to operate within the facilities of the owner of certain object classes." Dr. Engels has opined that a POSITA would understand this to mean that a block can be assigned to a particular encoder. Exh. C at ¶ 61.

***d. "remaining bits of lesser significance"***

It is not necessary for a term to be used exactly as it ultimately appears in the claim language for there to be sufficient written support. *Fujikawa*, 93 F. 3d at 1570. A POSITA would understand that if the serial number has a predefined set of most significance bits at its leading end (read from higher order bits at the left to lower order bits at the right), the remaining bits of the serial number would intrinsically be the lower orders bits which follow to complete the serial number. Exh. C at ¶ 38-61; Exh C2. This concept is supported by the plain language of the 2008 Application. Exh. B at 12 (Paragraphs [0049], [0051]). This also represents the ***agreed***

**construction** of this term proposed by the parties and adopted by the Court. Dkt. No. 68 at 3. Dr. Engels has provided the Court testimony that the existence of least significant bits in the serial number is implicit from the previous disclosure, and a POSITA would readily recognize that the ‘768 Application contemplates this concept. *LizardTech*, 424 F.3d at 1345.

**4. Partial Summary Judgment is Warranted on ADASA’s Cross-Motion that the Asserted Claims of the ‘967 Patent are Entitled to a Priority Date of May 21, 2008**

The 2008 Application, and all subsequent patent applications between the 2008 Application and the issued ‘967 Patent, support all of the elements of the claimed invention of the ‘967 Patent and establish as a matter of law that those claims are entitled to a May 21, 2008 priority date. *See* Exh. C at ¶ 18-61; Exh. C2, Exh. B, Exh. A, Exh. F, Exh. G. ADASA, therefore, cross-moves and requests partial summary judgment in its favor that the Asserted Claims of the ‘967 Patent are entitled to the effective filing date of May 21, 2008, and that Ad Hoc mode does not invalidate the Asserted Claims.

**B. Even if the Court Were to Reach Avery’s Arguments, Its Motion Must Be Denied and ADASA’s Granted**

In order to avoid such a result, Avery improperly and unilaterally narrows the scope of the invention described in the ‘967 Patent by stating the only invention was one particular real-world application – “Ad Hoc Mode” – that was used for a particular project well after the May 21, 2008 disclosure date. Avery’s arguments are undone by the evidence in this case and the plain chronology of ADASA’s development of its full invention.

Based on the established May 2008 date above, the Court need not even reach Avery’s arguments on “Ad Hoc Mode” and an alleged offer for sale as ADASA’s May 2008 pre-dates any such issue. However, even if the Court were to entertain those arguments, Avery’s complaints lack

a basis in law or fact, let alone by the clear and convincing standard necessary for Avery's motion to be successful.

**1. Legal Authority on Invalidating “Commercial” Sales of An Invention**

Under § 35 U.S.C. § 102(b), one of the statutory ways of proving an invalidity defense, “[a] person shall be entitled to a patent unless ... (b) the invention was ... in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b). For an invention to be “on sale” under the statute: (1) it must be ready for patenting and (2) it must be the subject of a commercial offer for sale. *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 67, 119 S. Ct. 304, 142 L. Ed. 2d 261 (1998). *Meds. Co. v. Hospira, Inc.*, 827 F.3d 1363, 1365 (Fed. Cir. 2016). Whether an invention was on sale within the meaning of § 102(b) is a question of law based upon underlying facts. *Meds. Co. v. Hospira, Inc.*, 827 F.3d 1363, 1371 (Fed. Cir. 2016) (citing *Electromotive Div. of GMC v. Transp. Sys. Div. of GE*, 417 F.3d 1203, 1209-10 (Fed. Cir. 2005); *Special Devices, Inc. v. OEA, Inc.*, 270 F.3d 1353, 1357 (Fed. Cir. 2001).

**2. “Ad Hoc Mode” is Not the Claimed Invention of the ‘967 Patent And Was Never Offered For Sale As Avery Alleges**

In order for Avery's motion to be successful, it must: (1) negate the May 2008 filing; (2) prove that “Ad Hoc Mode” was the first disclosure of ADASA's invention; (3) prove that “Ad Hoc Mode” was commercially sold to the public more than one year before the next filing of an ADASA patent that discloses for the first time the invention of the relevant patent. Avery's motion fails on all three counts.

First, as described above, the first disclosure of the full invention of the ‘967 Patent was on May 21, 2008. *See* § III, A. Second, “Ad Hoc Mode” is not the invention at issue but merely an embodiment of a particular aspect of the invention and one that came well after the initial May

2008 disclosure. Instead, it is merely a particular and limited real-world application that ADASA's founder, Clarke McAllister, used in a confidential project for Wal-Mart in 2009. Exh. E at ¶ 6-9; Exh. C at ¶ 62. Briefly, as a general description for purposes of this motion, "Ad Hoc Mode" was a mode of operation of ADASA's PAD3500 encoder. Exh. E at ¶ 6-7; Exh. C at ¶ 63. The mode was developed for a potential customer to address the need for real-time on-demand encoding of tags for products that were not yet loaded in the customers inventory database. Exh. E at ¶ 6; Exh. C at ¶ 63. The encoder was configured with a pre-assigned block of available EPCs through assignment of MSBs to the encoder. Exh. E at ¶ 6-7; Exh. C at ¶ 64. From its allocated block, the encoder could generate EPCs that were assured of being unique from those generated by any other encoder. Exh. E at ¶ 6-7; Exh. C at ¶ 64. Particularly notable, the "Ad Hoc Mode" related to an RFID **encoder** whereas the invention described in the 2008 Application and **every claim** of the '967 Patent goes to an encoded RFID **tag**. Exh. A at 40-41. The claims of the '967 Patent are specific on this front, as all of them go to a commissioned RFID transponder that has been encoded with a partitioned serial number which has a pre-assigned sequence of most significant bits. See Exh. A at 40-41. The claims of a patent are what control the legal definition of the invention of a patent and are the sole determination of such a matter. *Meds. Co. v. Hospira, Inc.*, 827 F.3d 1363, 1374 (Fed. Cir. 2016); 35 U.S.C. § 112. There are no claims of the '967 Patent that describe an encoder at all, let alone one designed specifically to execute the "Ad Hoc Mode" function.

Third, even if "Ad Hoc Mode" was the described invention of the '967 Patent (which it is assuredly not), it was never offered for sale or "commercially" available for sale prior to the appropriate patent filing. In order to warrant the finding of invalidity of the '967 Patent sought by Avery, the language under the patent validity statute that requires that "the invention" be "on sale." *Meds. Co. v. Hospira, Inc.*, 827 F.3d 1363, 1374 (Fed. Cir. 2016); 35 U.S.C. § 102(b). More

specifically, Avery would be required to show that either that ADASA sold a commissioned RFID transponder to Walmart that was encoded using “Ad Hoc Mode” to have the claimed partitioned serial number format, or that Walmart used the encoders to publicly use or sell an RFID transponder encoded in such a manner themselves. Avery has not submitted any evidence of either scenario on the record. In fact, the objective evidence indicated that Walmart did not want to use Ad Hoc mode, but preferred a different encoding method. Exh. E at ¶ 13.

Additionally, to be a “commercial sale,” there must be a “commercial” aspect to the sale. “Commercial benefit—even to both parties in a transaction—is not enough to trigger the on-sale bar of § 102(b); the transaction must be one in which the product is ‘on sale’ in the sense that it is ‘commercially marketed.’ *Meds. Co. v. Hospira, Inc.*, 827 F.3d 1363, 1373 (Fed. Cir. 2016). “The on-sale bar is triggered by actual commercial marketing of the invention, not preparation for potential or eventual marketing. ... not every activity that inures some commercial benefit to the inventor can be considered a commercial sale commercial marketing.” *Id.* at 1377. Here, there was no such commercial aspect of the sale.

All development work and the disclosure of information from ADASA to Walmart that involved the alleged “Ad Hoc Mode” was made pursuant to the terms of a Non-Disclosure Agreement. Exh. E at ¶ 8; Exh. E3. The NDA allowed ADASA and Walmart to exchange information under obligation of secrecy that was applicable for both parties. Exh. E at ¶ 8; Exh. E3. ADASA’s sale of the two PAD3500 encoders to Walmart was likewise made confidentially pursuant to the NDA for testing purposes by Walmart. Exh. E at ¶ 8; Exh. E4. ADASA had no intent to make a profit from this particular sale, but the sale was made with the hope that it would eventually lead to a sale of many more PAD3500 readers for use throughout Walmart’s stores.

Exh. E at ¶ 10. The confidential nature of the transaction is a factor which weighs against the conclusion that the transactions were commercial in nature. *Meds. Co.* at 1376.

Finally, “[s]omething that would otherwise be a public use may not be invalidating [under § 102(b)] if it qualifies as an experimental use.” *Clock Spring, L.P. v. Wrapmaster, Inc.*, 560 F.3d 1317, 1326 (Fed. Cir. 2009). “A use may be experimental only if it is designed to (1) test claimed features of the invention or (2) to determine whether an invention will work for its intended purpose.” *Id.* at 1327.

As discussed above, the sale of the two PAD3500 encoders was for testing purposes by Walmart. The PAD3500 were to be used to validate the encoders for their eventual use by Walmart in their stores. Exh. E at ¶ 9. The sale of Ad Hoc Mode to Walmart was for an experimental use to test the claimed features of the invention and determine whether the invention would work for its intended purpose within Walmart’s systems, and was therefore for an experimental use rather than a commercial offer for sale.

As such, even if the Court were to find that ADASA was not entitled to the 2008 priority date, ADASA’s use of “Ad Hoc Mode” for one project would not be invalidating prior art to its own patent as Avery alleges.

#### **IV. CONCLUSION**

ADASA has established that the Asserted Claims of the ‘967 Patent are entitled to an effective filing date of May 21, 2008. By doing so, that priority date negates any basis for summary judgment on invalidity asserted in Avery’s motion. Accordingly, ADASA requests that the Court deny Avery’s motion for summary judgment of invalidity in its entirety, and grant ADASA’s cross-motion for partial summary judgment that the Asserted Claims are entitled to an effective filing date of May 21, 2008 and thus negating Avery’s invalidity defense.

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Respectfully submitted,

By: /s/ Brett M. Pinkus

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 5th day of December, 2019, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, District of Oregon, Eugene Division using the electronic case filing system of the court. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

/s/ Brett M. Pinkus