

Appeal No. 05-1062

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In the  
**United States Court of Appeals**  
*for the*  
**Federal Circuit**

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LIZARDTECH, INC.,

*Plaintiff-Appellant,*

v.

EARTH RESOURCES MAPPING, INC.  
and EARTH RESOURCE MAPPING PTY LTD.,

*Defendants-Appellees.*

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Appeal from the United States District Court for the Western District of Washington  
in Case No. 2:99-CV-01602, Judge John C. Coughenour.

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**REPLY BRIEF OF THE PLAINTIFF-APPELLANT  
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## INTRODUCTION

ERM's arguments consist mainly of calling LizardTech names and quoting from the District Court's grant of summary judgment. The issue, however, is not what the District Court said, but what it did. ERM has not directly addressed or otherwise countered LizardTech's showing that summary judgment was improperly granted.

Behind the rhetoric, certain facts remain. Each step of independent Claim 21 is disclosed and described in the '835 patent specification. Claim 21 was part of the '835 patent application as filed and was allowed without amendment. This establishes conclusively that, at the time of filing, the inventor had possession of the combination of steps specified by Claim 21 and regarded that combination as his invention. Furthermore, the '835 patent does not "teach away" from "non-seamless" compression. Nor does a "non-seamless" limitation appear *anywhere* in Claim 21. ERM's repeated argument that Claim 21 is limited to a "non-seamless" embodiment is unsupported by the claim language. As happened in the earlier appeal of this very same case, ERM has again built an entire defense around an imaginary limitation that does not actually appear anywhere in the claim.

Nor has ERM confronted the fact that neither Shapiro nor Hamilton discloses each step specified by Claim 21. The genuine issues of material fact thus include not only whether it would be obvious to combine these references under

the appropriate *Graham* factors, but whether the claimed method would even result if Hamilton and Shapiro are combined. Rather than confront these issues, ERM instead makes the sweeping statement that the method specified by Claim 21 is “in the prior art.” This ignores the indisputable fact that neither Hamilton nor Shapiro, discloses each step called for by Claim 21.<sup>1</sup>

Finally, ERM mischaracterizes and misunderstands LizardTech’s position regarding the District Court’s grant of summary judgment of non-infringement as to Claim 1. LizardTech does not claim that genuine issues of material fact exist with respect to infringement. On the contrary, LizardTech relies on ERM’s own evidence to show what ERM’s software does and how it does it. That evidence, provided by ERM itself, shows infringement.

The District Court’s error in granting summary judgment of non-infringement was two-fold. *First*, the District Court improperly found an imaginary “overlapping” requirement in Claim 1. *Second*, the District Court failed to see that, even under such an overly restrictive reading of the claim, ERM’s own

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<sup>1</sup> Had Hamilton, Shapiro or any other single reference disclosed all steps specified by Claim 21, ERM would, of course, have sought to invalidate the claim under 35 U.S.C. §102, not §103. ERM has not done so because no single reference does, in fact, disclose all limitations of the claim.

evidence nevertheless shows its software adds “overlapping” coefficients. LizardTech agrees there are no issues of material fact regarding how the ERM software operates. The issue is entirely one of claim construction that this Court reviews *de novo*. Accordingly, and far from remanding this case for resolution of factual issues relating to infringement, this Court should direct a finding of infringement and remand the case for a determination of damages.

### **ARGUMENT**

**A. ERM Has Not Refuted LizardTech’s Showing Of Error In The District Court’s Grant Of Summary Judgment That Claim 21 Fails To Meet The “Written Description” Requirement.**

**1. The Steps Specified by Independent Claim 21 Are Described In The “835 Patent Specification.**

The Special Master expressly noted that, “Each of the steps that does appear in claim 21 finds support (adequate description) in the specification.” (A0033) Nevertheless, ERM suggests there is some question whether this is true. There isn’t. Despite being a matter on which ERM had the burden of proof, ERM never even made an argument, much less showing, that one or more steps specified by Claim 21 are not described in the specification. The Special Master recognized this and noted that, “ERM does not dispute that each of the elements of claim 21, *individually*, finds support in the specification.” (A0033, emphasis in original.)

Nor is there any question that each step specified in Claim 21 appears verbatim in either or both of Claims 1 and 13. ERM has not challenged the validity of these claims on any ground, much less the ground of inadequate description.

The simple, indisputable fact is that the steps specified by Claim 21 do, in fact, find support in the “Detailed Description Of The Invention” section of the ‘835 patent. Despite its rhetoric, ERM nowhere specifies precisely which step or steps specified by Claim 21 do not find description or support in the specification.<sup>2</sup>

**2. The “Combination Of Steps” Recited By Claim 1 Is, In fact, Described In The ‘835 Patent Specification. The Inventor Did Have Possession Of This Combination And Did Regard This Combination As His Invention At The Time Of Filing.**

The true gist of ERM’s “inadequate description” argument is not that one or more steps recited by Claim 21 lack description in the specification. Instead, ERM argues the *combination* of steps recited by Claim 21 is not disclosed. This argument lacks factual or legal support.

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<sup>2</sup> It is, of course, ERM’s burden to prove Claim 21 invalid by clear and convincing evidence. If ERM’s position is that one or more steps specified by Claim 21 are not adequately described, ERM must, at minimum, identify clearly and without obfuscation what those steps are. ERM has not done so.

There is no dispute that Claim 21 was part of the '835 patent specification as originally filed and that it issued without amendment. ERM claims this is immaterial. ERM is wrong.

The significance of Claim 21 and its presence in the application as filed is that it demonstrates conclusively that, at the time of filing, the inventor did regard this particular combination of steps to be “his invention” as required by 35 U.S.C. §112, second paragraph. Thus, there can be no credible claim that the inventor did not have “possession” of this particular combination at the time he filed his application or that he considered something else to be his invention.

ERM accuses LizardTech of missing the point and argues, “Even if it were true that each individual limitation of claim 21 found adequate support in the specification...Section 112 requires that ‘the invention’ – here, the *combination* of all steps in claim 21 – be described.” (ERM brief, pp. 29-30, emphasis in original.) ERM further argues, “Here LizardTech does not (and cannot) dispute that the invention as a whole is nowhere described in the specification.” *Id.* ERM’s error is its erroneous belief that claims originally filed in an application somehow do not make up part of the specification. On the contrary, 35 U.S.C. § 112, second paragraph, states, “The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the

applicant regards as his invention.” Under the plain language of this statute, such originally filed claims are part of “the specification.” ERM’s argument that originally filed claims have no bearing on the “written description” requirement is without legal or factual foundation.

The significance of Claim 21’s status as an un-amended, originally filed claim is simple, yet profound. Its presence in the originally filed specification, and its subsequent issuance without any change whatsoever, make absolutely clear that the inventor *did* regard this particular combination of steps as his invention and that he did so at the time of filing. ERM’s argument that this particular combination of steps is not described in the specification, and its argument that the inventor did not have “possession” of this particular combination at the time of filing, are simply contrary to law and fact.

### **3. ERM’s “Teaching Away” Argument Lacks Merit.**

Central to ERM’s arguments are its repeated, erroneous claims that, (a) Claim 21 addresses a “non-seamless” technique, and (b) the ‘835 patent is limited to only “seamless” techniques. The most obvious flaw in this argument is that no “non-seamless” limitation appears anywhere in Claim 21. Nor is there any factual, evidentiary or other basis for concluding that the method specified by Claim 21 is unsuited for, or cannot be used in, a “seamless” technique. Again, ERM builds a

house-of-cards argument based on an imagined limitation that appears *nowhere* in Claim 21.

Nor is it true that the '835 patent is directed solely to avoiding edge artifacts in a compressed image. On the contrary, the '835 patent clearly states at Col. 2, lines 9-12 that, "In accordance with the present invention, a method is provided for the seamless wavelet-based compression of very large contiguous images *and for accessing arbitrary locations in the image at a variety of resolutions.*" (A0121, emphasis supplied.) At Col. 2, lines 17-19, the '835 patent specifies that, "It is *another* object of the present invention to permit a user to interactively specify image regions for display and rapidly retrieve the image regions." (A0121, emphasis supplied.)

Similarly, at Col. 2, lines 37-47, under the heading "Summary of the Invention," the '835 patent expressly states that "this invention may comprise (1) a method of for performing DWT-based compression on large digital images...*and* (2) a method for selectively viewing areas of the image from its compressed representation at multiple resolutions...." (A0121, emphasis supplied.)

At Col. 3. lines 34-36 the '835 patent states that "The present invention is concerned in part with a computer-implemented subband compression scheme for large images," and at Col. 3, lines 40-43, states, "Furthermore, the invention

provides for rapidly retrieving image views of arbitrary dimension and location at a variety of resolutions from the compressed data.” (A0122)

At Col. 3, lines 44-50, the ‘835 patent states, “The invention advantageously uses the DWT for *two* purposes. The DWT is used as a processing step in a computer to facilitate data compression...*Moreover*, the DWT is *also* used to provide for multiscale data retrieval.” (A0122, emphasis supplied.)

At Col. 3, lines 50-54, the ‘835 patent states, “Due to the multiresolution nature of the DWT, a description of the image at a variety of resolutions is inherent in the DWT decomposition, thus facilitating multiscale retrieval of the compressed data in accordance with the present invention.” (A0122)

These express statements in the ‘835 patent itself make it absolutely clear that “the invention” is not solely a process for providing “seamless” – and only “seamless” – images. By the express language of the patent specification, “the invention” also includes providing retrieval of DWT compressed images at various resolutions.

Claim 21 is directed to the method that makes such retrieval of DWT-compressed images at various resolutions possible. These and other statements in the ‘835 patent thus give lie to ERM’s claim that the ‘835 patent is directed solely to “seamless” compression and “teaches away” from anything else. They also give

lie to ERM's claim that the method of Claim 21 – which makes possible the retrieval of DWT compressed images at various resolutions – somehow does not form part of “the invention.” Such claims by ERM are just not true.

#### **4. ERM Again Reads Features Of The Preferred Embodiment Into The Claims.**

ERM's various quotes from the '835 patent specification ignore one important fact – they all come from a description of the preferred embodiment. It is elementary law that features of the preferred embodiment are not to be read into the claims. ERM argues that, because the avoidance of edge artifacts is preferred and forms part of the preferred embodiment, *all* claims of the '835 patent must be so limited. Extrapolating from this erroneous assumption, ERM argues that Claim 21 omits a necessary element.

Again, nothing in Claim 21 suggests or requires that the method it specifies cannot be used in a “seamless” process. ERM's argument is simply a thinly-disguised application of the now-discredited “omitted element test” for assessing compliance with the written description requirement. *See, Reiffin v. Microsoft Corp.*, 214 F.3d 1342, 1348. There is no “omitted element test,” and ERM's argument that Claim 21 is invalid because it lacks one or more features of the preferred embodiment is legally baseless.

## 5. ERM Relies On Inapposite Law.

ERM argues that this Court's rulings in *Tronzo v. Biomet, Inc.*, 156 F.3d 1154 (Fed. Cir. 1998), *University of Rochester v. G.D. Searle & Co., Inc.*, 358 F.3d 916 (Fed. Cir. 2002), *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956 (Fed. Cir. 2002) and *Gentry Gallery, Inc. v. Berkline Corp.*, 134 F.3d 1473 (Fed. Cir. 1998) are somehow analogous and controlling. They are not. None of these cases deals with the same situation here.

In *Tronzo*, the claims at issue were not part of the originally filed application and did not make up part of the originally filed specification. In fact, they were first added far later as part of a continuing application. Unlike here where Claim 21 itself makes up part of the specification, the question in *Tronzo* was whether the later filed claims were supported by the earlier filed specification. The facts are completely different.

While it is unclear in *University of Rochester* whether the claims at issue were, or were not, part of the application as filed, it is clear that each of the subject claims included the step of “administering a non-steroidal compound that selectively inhibits activity of the PGHS-2 gene product.” It is also clear that the subject patent *nowhere* described or otherwise indicated what “compound” actually provides the claimed result. Under such circumstances, this Court properly held

that the subject patent failed to meet the “written description” requirement because someone reading either the patent or the claims would *still* not know what type(s) of “non-steroidal compound” actually to administer. Here, by contrast, Claim 21 of the ‘835 patent contains detailed steps that are easily understood and are described in the body of the ‘835 patent. Unlike the claims in *University of Rochester*, Claim 21 taken in conjunction with the remainder of the ‘835 patent specifies precisely what steps to carry out to achieve the desired result. Again, *University of Rochester* is completely non-analogous.

In *Enzo Biochem*, it is also unclear whether the claim at issue was part of the originally filed application and allowed without amendment. However, and unlike here, the issue in *Enzo Biochem* was whether a claim to a composition of matter “comprising at least one nucleotide sequence” was adequately described through a deposit of biological material into a public repository identified in the patent. The passage from *Enzo Biochem* cited by ERM states simply that unclear language in a claim does not become more clear simply because that exact same language is repeated elsewhere in the patent. That is not the issue here. Here, each step specified by Claim 21 is perfectly understandable. More importantly, ERM has made no allegation whatsoever that any step specified by Claim 21 is unclear or not understood.

Finally, in *Gentry Gallery*, the issue was whether a later-added claim that was silent as to the location of recliner controls in a sectional sofa was adequately described by an earlier-filed specification that made it absolutely clear that the controls *must* be on a console between sections. Unlike here, there was no question in *Gentry Gallery* that placing the recliner controls on a center console was the only embodiment contemplated by the inventor at the time the patent application was filed. Again, the very presence of Claim 21 in the originally filed ‘835 patent application makes it clear that the inventor was not only aware of the particular combination of steps specified by Claim 21, but that he “regarded” that particular combination of steps “as his invention” at the time the application was filed. Such was simply not the case in *Gentry Gallery*.

None of the cases cited by ERM or the District Court is applicable to the materially different facts here. None supports the District Court’s grant of summary judgment invalidating Claim 21.

**B. ERM Has Not Refuted LizardTech’s Showing Of Error In The District Court’s Grant Of Summary Judgment Of Obviousness.**

**1. ERM Not Only Grossly Misrepresents The State Of The Prior Art, It Puts Words That Were Never Said Into The Mouths Of LizardTech’s Witnesses And Attributes Findings To This Court That This Court Never Made.**

At page 10 of its brief, ERM makes the argument that, “it is beyond any reasonable dispute that without the non-existent ‘maintaining updated sums’ step,

claim 21 is just the prior art non-seamless tiled DWT compression.” ERM further claims LizardTech’s expert, Dr. Osher, and the named inventor, Dr. Bradley, each made admissions to this effect. Finally, ERM accuses LizardTech of ignoring “this Court’s earlier observation consistent with those admissions.” None of these accusations holds water.

**a. Claim 21 is not “in the prior art.”**

It is not “undisputed” that without the “maintaining updated sums” step, Claim 21 “is just the prior art non-seamless tiled DWT compression.” Claim 21 specifies far more than simply tiling an image and performing a DWT on the tiles. In particular, Claim 21 expressly specifies several additional steps or elements including, but not limited to, “selecting a viewing set,” “determining a viewing subset,” and “forming from said subset...a computer display of said viewing set...at said desired resolution.” (A0127) In his August 23, 2003 Declaration, (A1838-1842) Dr. Osher testified that these claim elements (i.e., elements 4, 5 and 6 of Claim 21) “are absent from Shapiro, and are not supplied by Hamilton.” (A1841; ¶11) Nowhere in its brief does ERM identify where each of these elements can be found in Shapiro or Hamilton.

What is sorely lacking in the evidentiary record is precisely *what* prior art supposedly shows all elements of Claim 21. ERM has not identified any. Nor can

it. ERM's claim that, "without the non-existent 'maintaining updated sums' step, claim 21 is just the prior art non-seamless tiled DWT compression" is patently untrue. Its further claim that this is "beyond any reasonable dispute" is not only untrue, it is profoundly misleading, disingenuous and irresponsible.

**b. Dr. Bradley and Dr. Osher did not make the "admissions" ERM claims.**

Nor is it true that Dr. Osher and Dr. Bradley made the "admissions" ERM claims. ERM makes only one citation to the record to support its claim that Dr. Bradley "admitted" that "claim 21 is just the prior art non-seamless tiled DWT compression." That citation is a general reference to page "A0926" of the Appendix. However, page "A0926" is just a reproduction of four pages of transcript from Dr. Bradley's April 25, 2000 deposition. ERM makes no reference to any testimony in those four pages to support its claim. There is no surprise why. Actual review of this testimony indicates that Dr. Bradley *did not* make the "admissions" ERM claims. On the contrary, the testimony indicates that Dr. Bradley declined ERM's invitations to make those very admissions:

**Q** So you did not invent DWTs?

**A** No. DWTs were prior art.

**Q** Nor did you invent tiling?

**A** Tiling had been done before *in other applications*.

**Q** But your invention is the ability to overcome the problem with the prior art tiling which is to say the boundary artifacts?

**Mr. Carlson.** I object to the form of the question. There was no testimony that the prior art included DWTs in tiling.

**A** *I don't know that anybody had reduced to practice using DWT where this problem arose with the artifacts. I was thinking of the co-signed transform that was being used in the JPEG standard.*

(A0926, emphasis supplied.) Based on the very transcript page ERM itself cites, it is clear that Dr. Bradley did *not* “admit” that “tiled DWT compression” was in the prior art.

Nor did Dr. Osher make the “admissions” ERM claims. ERM cites to only “A1046” and “A1047” to support its claim that Dr. Osher “conceded” that “claim 21 is just the prior art non-seamless tiled DWT compression.” Contrary to ERM’s claim at page 32 of its brief, Dr. Osher was *not* “[un]able to articulate any basis to distinguish [Claim] 21 from the prior art.” On the contrary, his answer to the question, “what is novel about Claim 21?” is simple, clear and direct: “I can’t comment on it.” (A1047) This testimony is hardly an admission that “claim 21 is just the prior art non-seamless tiled DWT compression.” This testimony is hardly a concession that Claim 21 “is indistinguishable from the prior art.”

**c. Nor did this Court make the “findings” or “observations” ERM claims it did.**

Finally, this Court did not make any sort of binding finding or “observations” that everything in Claim 21 is somehow “identical to the prior art” as ERM claims. In the first, place, the validity of none of the ‘835 patent claims, much less Claim 21, was at issue in the earlier appeal. Instead, claim construction was. Furthermore, no issue was raised whether a “maintaining updated sums” step is needed to distinguish any of the ‘835 patent claims from the prior art. On the contrary, this Court expressly noted in footnote 2 appearing at page 3 of its May 22, 2002 decision that, “The patented method also permits the interactive retrieval, display, navigation, and browsing of these images, or portions thereof, by the users. ‘835 patent at col.2, ll. 9-25. However, these features of the patented invention are not at issue in the present appeal.” (A0300) Claim 21 contains steps that provide just such features, and it is stretching language to the breaking point for ERM to argue that this Court has somehow already decided that Claim 21 is “identical to the prior art.” This Court was never asked to consider any such question and never made any such finding.

**2. ERM’s Editorial Comments Cannot Change The Fact That LizardTech *Did* Submit Substantial Evidence That *Hamilton And Shapiro Do Not Render Claim 21 Obvious.***

Dr. Osher’s declaration testimony evidencing why Hamilton and Shapiro do not make Claim 21 obvious is identified and discussed at length at pages 12-14,

17-20, 34-35, 42-46 and 48 of LizardTech's opening brief. Dr. Osher stated his reasons why it would not be obvious to one skilled in the art to combine the teachings of Hamilton and Shapiro and further testified that, even if combined, the method of Claim 21 does not result. Contrary to the District Court's belief, Dr. Osher did, in fact, provide detailed factual support for his opinions and did, in fact, identify those elements of Claim 21 that are not taught by either Hamilton or Shapiro. Faced with such indisputable fact, ERM simply claims this is "too conclusory" and resorts once again to the same rhetorical smoke and mirrors that mislead the District Court.

**a. Dr. Osher's August 23, 2003 declaration was accepted by the District Court and is part of the record.**

At page 34 of its brief, ERM claims it "is not entirely clear whether the district court sustained or overruled ERM's objection to Dr. Osher's August 23, 2003 supplemental declaration." Not true. The District Court's footnote 9 appearing at page 9 of its March 18, 2004 Order clearly states, "The supplemental declaration was submitted prior to the hearing on the matter, and Defendants had an adequate opportunity to and, in fact did, respond to contentions made therein." (A0010) This reasoning is precisely the same reasoning used by the District Court just one page later to overrule LizardTech's earlier objection that ERM first disclosed Shapiro to LizardTech just six weeks before its opposition to the

summary judgment motion was due and nearly *three years* after discovery closed. (A0011-0012) The District Court thus applied a “sauce for the goose, sauce for the gander” approach to which ERM can hardly complain. In any event, both pieces of evidence are in the record and neither party has appealed that aspect of the District Court’s decision. ERM has not demonstrated that the District Court abused its discretion in considering Dr. Osher’s August 23, 2003 declaration.

**b. Dr. Osher’s testimony is not “too conclusory.”**

Far from being “too conclusory,” Dr. Osher’s actual testimony is more than sufficient to defeat ERM’s motion for summary judgment of obviousness. Dr. Osher does not simply testify that Claim 21 is not obvious. Instead, he explains why this is true and discloses the factual grounds for his opinion. In particular, he explains that Hamilton and Shapiro deal with different technologies. He explains that problems inherent in Hamilton would not appear in Shapiro and vice versa. He explains that neither Hamilton nor Shapiro contains a teaching or suggestion that one be combined with the other. And he explains that, even if combined, the method specified by Claim 21 would not result. Contrary to the District Court’s erroneous belief that Dr. Osher never identified the elements of Claim 21 that are not taught by Hamilton and Shapiro, it is indisputable that Dr. Osher, at paragraph 11 of his August 23, 2003 declaration, did, in fact, do just that. (A1841; ¶11) The

District Court's judgment is thus based on a clearly erroneous understanding of Dr. Osher's declaration testimony.

Dr. Osher's declaration testimony is more than sufficient to raise genuine material fact issues concerning at least the scope and content of the prior art and whether Shapiro and Hamilton contain the necessary teaching or suggestion that they be combined. It was error for the District Court to resolve these factual issues on summary judgment.

**c. Dr. Osher's testimony does not "contradict the file history and references."**

ERM claims Dr. Osher's testimony "contradict[s] the file history and references." (ERM brief, pp. 35-38.) However, ERM's argument at this portion of its brief is directed to a *different* "Shapiro" patent than the one at issue here. The indisputable fact is that the Shapiro patent that formed the basis for the grant of summary judgment *is not the same "Shapiro" patent ERM references in its argument.* The Shapiro patent that is at issue here was never before the Examiner.<sup>3</sup> The Examiner, therefore, could not, and did not consider how Hamilton might or

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<sup>3</sup> The "Shapiro" patent that was before the Examiner and that ERM refers to in this portion of its argument is U.S. Patent No. 5,315,670. The Shapiro patent that formed the basis for ERM's motion and the District Court's grant of summary judgment is a different and later patent, namely U.S. Patent No. 5,563,960.

might not be combined with the Shapiro '960 patent that is at issue here. Thus, anything the Examiner and applicant said during prosecution necessarily related to a different combination of references and therefore did not, and could not, concern how Hamilton might or might not be combined with the Shapiro '960 patent that actually formed the basis for the District Court's summary judgment. Furthermore, by ultimately allowing the application, the Examiner agreed that Hamilton and the earlier Shapiro '670 patent were not properly combined and did not render any of the claims, including Claim 21, obvious. Far from being evidence of obviousness, the Examiner's actions, if anything, show it would not be obvious to combine Hamilton with any of the technologies disclosed by Shapiro in his two patents.

Similarly, it is not understood what the "Anderson" and "Burt" references cited by ERM have to do with any issue here. Neither Anderson, Burt or the earlier Shapiro '670 patent played any role in the District Court's grant of summary judgment. Why Dr. Osher would be expected to comment on patents that were already cited and distinguished before the Examiner and, more importantly, played no role in the motion for, and grant of, summary judgment, remains unexplained.

Finally, ERM misunderstands the role of an expert witness and apparently views him as a partisan advocate for the side that hires him. He isn't. Instead, an

expert is hired to give his independent assessment and expert opinion regardless of what the party hiring him wants or expects. Thus, any perceived inconsistency between what the applicant's prosecution counsel told the Examiner and what Dr. Osher later offered as his expert opinion is not suspect. If anything, it is evidence of his true independence and credibility.

**d. Dr. Osher's testimony does not "contradict" Shapiro.**

Nor is it true that Dr. Osher's testimony somehow contradicts the Shapiro patent. Dr. Osher testified that "the process described by Shapiro does not teach or even suggest a method for selectively viewing areas of an image at multiple resolutions as described in Claim 21 of the '835 patent." (A1243; ¶10) Dr. Osher testified at length as to how Shapiro "prepares a modified image prior to transformation and compression" and "effectively allocates more bits in the overall compressed image data to the wavelet coefficients corresponding to the selected region." (A1243; ¶9) Dr. Osher also testified that "Shapiro is not concerned with reducing memory requirements during the process of image compression" and that he "did not see any teaching in Shapiro that suggests tiling is even desirable." (A1243; ¶11) "Rather," according to Dr. Osher, "Shapiro is concerned with emphasizing a selected region in an image before compression so that, on decompression of the image, the selected region appears within the image with

better quality.” (A1243; ¶10) None of the passages from Shapiro quoted in ERM’s brief contradicts this testimony.

ERM claims not to understand the significance of Dr. Osher’s testimony. In particular, ERM claims not to understand the difference between memory used to store information indefinitely (i.e., storage memory) and memory used dynamically during the processing of information (i.e., processing memory). The ‘835 patent at issue here concerns reducing the processing memory needed to compress extremely large images. The prior art relied on by ERM and the District Court concern reducing the storage memory needed to store an image. Each of the passages from Shapiro quoted by ERM shows simply that “compression” is a desirable, known way of reducing storage memory requirements. This has nothing to do with reducing processing memory requirements. Again, simply saying that Shapiro “plainly teaches the desirability of reducing memory requirements” is glib and ignores the indisputable fact that Shapiro says nothing about reducing processing memory requirements. That is the gist of Dr. Osher’s testimony and it is not “contradicted” by the passages from Shapiro quoted in ERM’s brief.

**e. Dr. Osher does not “read in a non-existent temporal limitation to avoid Shapiro.”**

ERM argues that “nothing in claim 21 makes any such distinction between memory reduction *during* instead of *after* DWT processing.” (ERM brief, p. 38, emphasis in original.) This argument is baseless on its face.

Claim 21 clearly calls for “defining a plurality of discrete image data...subsets,” and for “performing one or more...(DWT)-based compression processes on each said tile....” (A0127) It is the process of breaking the original image down into tiles and then performing the DWT on each tile rather than the image as a whole that reduces processing memory requirements. ERM’s argument that Claim 21 has nothing to do with reducing processing memory requirements is simply wrong.

**C. ERM Has Not Refuted LizardTech’s Showing Of Error In The District Court’s Grant Of Summary Judgment Of Non-Infringement.**

ERM either misstates or ignores LizardTech’s arguments regarding infringement and instead focuses on defeating arguments LizardTech never made. LizardTech does not allege that genuine issues of material fact concerning infringement exist. On the contrary, LizardTech believes there are no genuine issues of material fact regarding the method used by ERM in its software. The question is whether the Special Master and District Court erred by ultimately (and

retroactively) adopting an untenable claim construction to grant summary judgment.

The central question is whether the District Court erred in holding that Claim 1 properly requires “overlapping” coefficients wherein “overlapping” is further construed to mean “that certain tile coefficients overlap those of a neighboring tile; in other words, image data from both tiles (or at least some data near the border) contribute to the DWT coefficients.” It is *this* construction of Claim 1 that did not appear in either the Special Master’s report on claim construction or in the District Court’s claim construction order. It is *this* construction that appears for the first time only in the Special Master’s subsequent report on non-infringement and the District Court’s subsequent grant of summary judgment of non-infringement.

Because this Court reviews claim construction *de novo*, it has the power to right these wrongs.

- a. **The claim construction ultimately used to grant summary judgment of non-infringement does not appear in the Special Master’s report on claim construction or in the District Court’s claim construction order.**

Unable to admit even the obvious, ERM suggests that LizardTech somehow agreed to the claim construction ultimately used to grant summary judgment of

non-infringement. Not true. The plain truth is that the claim construction ultimately used to grant summary judgment appears for the first time in the Special Master's report on non-infringement issued long after claim construction had been decided. The plain truth is that the claim construction ultimately used to grant summary judgment appeared for the very first time *after* LizardTech filed its opposition to the summary judgment motion and *after* the Special Master conducted the hearing on that motion. In short, the rules of the game changed *after* LizardTech made its submissions. These facts can be readily gleaned from the relevant documents themselves and are beyond dispute.

Nor can it be disputed that the only mention of an “overlapping” requirement in the Special Master's report on claim construction comes in the context of the Special Master's observations that (1) “‘adjacent’ tiles would be abutting, or side by side, but that their respective DWT coefficients overlap because of the expansive nature of the transform explained earlier,” and (2) that “This much is not disputed.” (A0771-0772) Given this express, unambiguous observation by the Special Master in his report on claim construction, LizardTech was entirely justified and within its rights to rely on the Special Master's finding that it was undisputed, decided and settled that “overlapping” coefficients necessarily result whenever a DWT process is carried out over “adjacent” tiles, and that this happens “because of the expansive nature of the transform.” Had ERM in

fact disputed this inherent feature of DWT processing, its correct action would have been to file objections to the Special Master's report on claim construction. The record shows ERM never did.

**b. ERM's claim that LizardTech relies solely on "attorney argument" is patently false.**

ERM repeatedly claims that LizardTech's arguments are not based on "evidence." Again, this is simply not true. LizardTech relies – as it is perfectly free to do – on the declaration testimony and exhibits of ERM's president, Stuart Nixon, and on the declaration testimony and exhibits of ERM's technical expert, Dr. Gray. It is elementary law that declarations, particularly those already accepted by the district court, are evidence. It is also elementary law that evidence submitted by one party can be used to support the case of the other party. To the extent ERM claims it is "no fair" for LizardTech to use and rely on the declarations submitted by ERM's president and expert witness, ERM has cited no authority for any such claim. Nor is LizardTech aware of any such rule.

**c. The declaration testimony and exhibits submitted by Mr. Nixon and Dr. Gray clearly show infringement.**

At pages 26-29, 36 and 54-58 of its opening brief, LizardTech sets out in detail how the declarations and exhibits submitted by Mr. Nixon and Dr. Gray show that ERM's software operates in accordance with the method specified by Claim 1. In particular, LizardTech demonstrates that, based on the testimony of

ERM's own witnesses, the ERM software executes each and every step specified by Claim 1, *even under the overly narrow construction belatedly adopted by the Special Master and District Court*. ERM has not challenged this testimony but makes two arguments instead. *First*, ERM claims the Special Master and District Court found grounds other than the purported lack of "overlapping" coefficients to conclude there was no infringement. *Second*, ERM suggests, but does not actually argue, that it does not add coefficients from adjacent tiles and that it does not generate the exact same coefficients generated by the process of Claim 1. Neither argument has merit.

A review of both the Special Master's report on non-infringement and the District Court's grant of summary judgment shows that the District Court's mistaken belief that ERM's process does not use "overlapping" coefficients is the only basis stated for finding non-infringement. (A0065; A0018) Neither the Special Master nor the District Court found that ERM's software does not add coefficients from adjacent tiles. Nor can they. The evidence submitted by ERM itself shows this to be the case. In particular, the declaration testimony of Dr. Gray expressly states that DWT "is a process of multiplying image data (pixel values) by a fixed set of filters and *summing the resulting products* to generate an output value." (A0871, emphasis supplied.) Thus, when "a vertical one-dimensional DWT is performed on the DWT coefficients resulting from Steps 1 and 3" of the

ERM process, as Mr. Nixon testifies in his declaration (A0951-0952), it is inescapable that “summing” of the resulting “products” (i.e. coefficients) results.

Significantly, the District Court focused on and addressed only the horizontal DWT process that LizardTech agrees does not sum overlapping coefficients. However, the District Court never addressed the vertical summing of overlapping coefficients that, according to the testimony of Dr. Gray and Mr. Nixon, must take place when “a vertical one-dimensional DWT is performed on the coefficients resulting from steps 1 and 3” – something Mr. Nixon himself testifies takes place in the ERM software. Significantly, and as LizardTech points out at pages 31-32 of its opening brief, neither the Special Master nor the District Court addressed the summing of “overlapping” coefficients that necessarily result when the DWT is performed vertically across vertically adjacent tiles in the ERM process. Nor has ERM addressed this critically important, material failure on the part of the District Court.

Finally, ERM cannot deny that its process produces the exact same output coefficients that are produced by the method of Claim 1. To do otherwise would

render the software worthless for its intended purpose.<sup>4</sup> More significantly, the Special Master in his report on non-infringement expressly notes, “Specifically, the ERM method...achieves the same end result as do claims 1 and 13 of the ‘835 patent....” (A0061) ERM never challenged this finding, and any suggestion that it is untrue flies in the face of indisputable fact.

Because the testimony of ERM’s own witnesses establishes that the ERM product does, in fact, add even “overlapping” coefficients as belatedly construed by the District Court, there is no question the ERM software infringes, even under this improper and overly restrictive construction.

**d. The entire infringement issue remains one of claim construction. This Court has the final say.**

Recently, in *NTP, Inc. v. Research In Motion, Ltd.* 392 F.3d 1336, 1363 (Fed. Cir. 2004), this Court quoted the Supreme Court’s nineteenth century observation that, “[I]f we once begin to include elements not mentioned in the claim in order to limit such claim...we should never know where to stop.” 392 F.3d at 1363, *quoting McCarty v. Leigh Valley R.R. Co.*, 160 U.S. 110, 116 S.Ct.

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<sup>4</sup> DWT, like addition or subtraction, is a distinct mathematical function that when performed on the same data must yield the same result. For ERM to deny that its software produces the same output coefficients as the claimed process would be akin to selling a calculator that gives the answer “5” when asked to add “2 plus 2”.

240 (1895) That prescient observation becomes no less true simply by being old. It has particular relevance here.

The word “overlapping” appears nowhere in the ‘835 patent, much less in the claims. (See, LizardTech’s opening brief, pp. 24, 30, 37 and 52-54.) Predictably, after succeeding in inducing the Special Master to make a passing reference to “overlapping” in his report on claim construction, ERM then began using that reference to spawn an ever expanding and never ending array of additional limitations. The Supreme Court foresaw such mischief nearly 110 years ago.

Because the summary judgment finding of non-infringement turned on a matter of incorrect and belated claim construction, it is entire proper for this Court to give no deference to the incorrect findings of the Special Master and District Court and reverse the finding of non-infringement.

### **CONCLUSION**

Patent infringement issues are difficult enough to resolve in the best of circumstances. They become even more so when facts are obscured, law is misrepresented and specious arguments are made.

The law ERM cites with respect to the issue of written description is inapposite – none of the cases cited by ERM is on point. The summary dismissal

of Dr. Osher's testimony as being "too conclusory" is in itself too conclusory. ERM has yet to confront the specific factual testimony Dr. Osher provides to support his opinions. And more than three years after remand, the parties are again before this Court with yet *another* issue based on imaginary limitations ERM somehow keeps finding in the '835 patent claims.

With crocodile tears, ERM laments the fact this case has been pending so long, but ignores that the delays have been consciously engineered and entirely of its own doing. ERM, not LizardTech, promoted the meritless claim construction ultimately rejected by this Court, and ERM, not LizardTech, has elected to "try" this case through an apparently endless series of summary judgment motions.

Based on the record of undisputed fact, this Court can reverse the findings of invalidity, enter judgment of infringement and remand the case for trial of damages. Such action is respectfully requested.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT  
NO. 05-1062

-----X  
Lizardtech

vs.

Earth Resources Mapping, Inc.  
-----X

I, Robyn Cocho, being duly sworn according to law and being over the age of 18, upon my oath depose and say that:

on March 18, 2005

I served the within Reply Brief of the Plaintiff-Appellant Lizardtech, Inc. in the above captioned matter upon:

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Unless otherwise noted, 12 copies have been sent to the court on the same date as above for filing via Federal Express.

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## **CERTIFICATE OF COMPLIANCE**

I, Philip P. Mann, hereby certify that the total word count in the brief is 6,886 words in Times New Roman, 14 pt. type and that it has complied with the Federal Rules of Appellate Procedure, Rule 32(a)(7).

Respectfully Submitted,

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Philip P. Mann

Date: March 18, 2004