

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LEON STAMBLER,)
)
 Plaintiff,)
)
 v.) Civil Action No. 01-065-SLR
)
 RSA SECURITY, INC.,)
 VERISIGN, INC.,)
 OMNISKY CORPORATION,)
)
 Defendants.)

MEMORANDUM ORDER

I. INTRODUCTION

On February 2, 2001, plaintiff Leon Stambler ("Stambler") filed this action against defendants RSA Security, Inc. ("RSA Security"), Verisign, Inc. ("Verisign"), and Omnisky Corporation ("Omnisky") alleging infringement of certain claims of United States Patent Nos. 5,793,302 (the "'302 patent"), 5,936,541 (the "'541 patent") and 5,974,148 (the "'148 patent) (collectively, the "Stambler patents"). (D.I. 1)

The court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1331, 1338(a) and 2201(a). Currently before the court is defendants' joint motion for summary judgment of invalidity. (D.I. 277) For the following reasons, the court shall deny defendants' motion.

II. BACKGROUND

The Stambler patents, each entitled "Method for Securing Information Relevant to a Transaction," generally relate to a

method of authenticating a transaction, document or party to a transaction using known encryption techniques. (D.I. 293, 294, 295) The patented methods enable parties to a transaction to assure the identity of an absent party and the accuracy of information involved in the transaction. (Id.) The patented methods thus provide for secure transactions and prevent fraud. (Id.)

III. STANDARD OF REVIEW

A court shall grant summary judgment only if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The moving party bears the burden of proving that no genuine issue of material fact exists. See Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 n.10 (1986). "Facts that could alter the outcome are 'material,' and disputes are 'genuine' if evidence exists from which a rational person could conclude that the position of the person with the burden of proof on the disputed issue is correct." Horowitz v. Fed. Kemper Life Assurance Co., 57 F.3d 300, 302 n.1 (3d Cir. 1995) (internal citations omitted). If the moving party has demonstrated an absence of material fact, the nonmoving party then "must come forward with 'specific facts showing that there is a genuine issue for trial.'" Matsushita, 475 U.S. at 587 (quoting Fed. R.

Civ. P. 56(e)). The court will "view the underlying facts and all reasonable inferences therefrom in the light most favorable to the party opposing the motion." Pa. Coal Ass'n v. Babbitt, 63 F.3d 231, 236 (3d Cir. 1995). The mere existence of some evidence in support of the nonmoving party, however, will not be sufficient for denial of a motion for summary judgment; there must be enough evidence to enable a jury reasonably to find for the nonmoving party on that issue. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 249 (1986). If the nonmoving party fails to make a sufficient showing on an essential element of its case with respect to which it has the burden of proof, the moving party is entitled to judgment as a matter of law. See Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986).

IV. DISCUSSION

Defendants argue that: (1) claims 1, 16 and 28 of the '148 patent are invalid because the X9.9 standard discloses every element of the claims; (2) claim 35 of the '148 patent is invalid because the Van Heurck reference discloses every element of the claim; (3) claim 34 of the '302 patent is invalid because the X.509 reference discloses every element of the claim; (4) claim 27 of the '541 patent is invalid because the Diffie reference discloses every element of the claim; and (5) all of the asserted claims are invalid for lack of written description and failure to enable the full scope of the claims. The court will consider each of these arguments in turn.

A. Claims 1, 16 and 28 of the '148 Patent and the X9.9 Standard

The X9.9 standard was developed to authenticate financial messages. The process creates a message authentication code ("MAC") using cryptographic algorithms. Plaintiff argues that the X9.9 standard does not meet the claim limitations that require the VAN to be created using a "secret key of the payor" or "secret key of the first party."

The court has construed the terms "secret key of the payor" and "secret key of the first party" to mean "a key that is known only to the [payor/first party] and those intended to know it and that exists beyond the duration of a particular transaction."

The parties agree that the X9.9 standard uses a key known to both the originator and recipient of the message to create the MAC. The parties disagree whether the key used to create the MAC (that is known to both the originator and the recipient) qualifies as the secret key **of the payor** or the secret key **of the first party**. This question is a question of fact for the jury, thus summary judgment is inappropriate.

B. Claim 35 of the '148 Patent and the Van Heurck Reference

The Van Heurck reference discloses a system for secured transfer of funds by banking entities in Belgium. Plaintiff argues that the reference lacks the following claim elements: (1) the secret key of the originator; (2) an instrument for

transferring funds comprising a VAN; (3) creating an error detection code (EDC1) by coding one or more pieces of payment information; and (4) a computer.

The parties disagree as to whether the Van Heurck reference literally contains the limitation "secret key of the originator," or if the defendants' expert is impermissibly combining elements in the Van Heurck reference to identify the secret key of the originator. The testimony of defendants' expert, Dr. Konheim, is unclear as to whether he believes the secret key of the originator is literally present in the Van Heurck reference or if it is present through a combination of elements.¹ The jury will be required to evaluate Dr. Konheim's testimony to determine if the secret key of the originator element is present in the Van Heurck reference.

¹Both parties cite to the following deposition testimony of Dr. Konheim:

Q: And my question is, in the claim that has the language "secret key of the originator," what is it that is the secret key of the originator?

A: Well, it's a combination of two things. It's the PIN. Actually, it's a combination of many things. The secret - it's the password, which enables you to use the card, which enables you to access the secret key on the card, which enables you to generate ultimately the authentication key, which enables you to compute the VAN. And so it's a combination of many things which allows you in toto [sic] to compute the VAN.

(D.I. 315, Ex. 1 at 291)

Claim 35 requires that the payment instrument include the VAN. The parties disagree as to whether the customer's transfer file (payment information) is transferred together with the electronic signature (the VAN) in the Van Heurck reference or transferred in two separate transmissions. The operation of the process in the Van Heurck reference is a question of fact for the jury. Thus, summary judgment is inappropriate.

Plaintiff argues that defendants have failed to meet their burden of proving that the Van Heurck reference discloses creating an error detection code (EDC1) by coding one or more pieces of payment information. Defendants concede that "the Van Heurck reference does not specify the information that's contained in the [transfer] file." (D.I. 278 at 11) Rather, defendants argue that "the transfer file described in the Van Heurck reference inherently must include such information as an amount, information for identifying the recipient party or the originator party, a date, and a serial number." (Id.) Whether the error detection code disclosed by the Van Heurck reference must inherently be created using payment information is a question of fact for the jury.

Finally, although the parties did not raise the issue during claim construction, the parties disagree as to the definition of the term "computer." The Van Heurck reference discloses using a Smart Card. The parties disagree as to whether the Smart Card qualifies as a computer. The parties did not brief the issue of

the appropriate definition of "computer" in their claim construction briefs. The court declines to consider the issue without sufficient briefing. The term "computer" will not be construed as part of a motion for summary judgment of invalidity.

C. Claim 34 of the '302 Patent and the X.509 Reference

Plaintiff contends that the X.509 reference does not disclose the limitation "the credential being previously issued to the first party by a second party." Defendants argue that the reference discloses issuing the certificate on a Smart Card to the user. According to plaintiff the reference only describes issuing credentials to a central directory, not to an individual user. Plaintiff argues that "in those instances in which an individual is given a copy of his certificate, it is only done so that the individual can store the certificate in his directory entry on a subsequent access to the directory." (D.I. 315 at 21) It is a question of fact for the jury whether this disclosure meets the limitation of the credential being previously issued to the first party by a second party.

D. Claim 27 of the '541 Patent and the Diffie Reference

The Diffie reference describes a secure ISDN telephone system. The parties agree on the teachings of the Diffie reference as related to claim 27. The parties disagree whether the "credential" and "information relevant to the transaction" are two distinct pieces of information within claim 27. In essence, defendants argue that the credential can serve as

information relevant to the transaction. Thus, according to defendants, the certificate in Diffie can be both the "credential" and the "information relevant to the transaction."

The court disagrees that the "credential" and "information relevant to the transaction" may be the same piece of information. The terms are two distinct limitations within the claim. The two differently described limitations cannot be met with a single element in the Diffie reference. Nothing in the patent specification indicates that one piece of information can fulfill both limitations.

E. Written Description and Enablement

Defendants assert that all of the asserted claims are invalid because the patents fail to meet the written description and enablement requirements of 35 U.S.C. § 112. Specifically, defendants assert that the patents do not disclose any embodiment using asymmetric cryptography, and the specification does not disclose a single embodiment in which all of the steps of claim 34 of the '302 patent or claim 27 of the '541 patent are performed.

The written description and enablement requirements of section 112 state in relevant part:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same."

35 U.S.C. § 112, ¶ 1. The Federal Circuit has noted that

[i]n written description cases, [t]he primary consideration is *factual* and depends on the nature of the invention and the amount of knowledge imparted to those skilled in the art by the disclosure . . . The written description requirement does not require the applicant to describe exactly the subject matter claimed, [instead] the description must clearly allow persons of ordinary skill in the art to recognize that [he or she] invented what is claimed. Thus, § 112, ¶ 1 ensures that, as of the filing date, the inventor conveyed with reasonable clarity to those of skill in the art that he was in possession of the subject matter of the claims.

Union Oil Co. of California v. Atlantic Richfield Co., 208 F.3d 989, 996-97 (Fed. Cir. 2000) (emphasis in original) (internal citations and quotations omitted).

1. Asymmetric Cryptography

Defendants argue that if the terms "VAN" and "coding" include asymmetric cryptography, the patents are invalid for failure to disclose any embodiment using asymmetric cryptography. Defendants concede, however, that both symmetric and asymmetric cryptography was well known at the time Stambler filed for the patents in suit and that Stambler did not define his invention using either of these terms. While the majority of the embodiments discussed in the patents employ symmetric encryption, the parties' experts disagree as to the amount of experimentation required to practice these embodiments using asymmetric cryptography. This "battle of the experts" must be resolved by the jury.

2. Claim 34 of the '302 Patent and Claim 27 of the '541 Patent

Defendants further argue that claim 34 of the '302 patent and claim 27 of the '541 patent are not adequately described or enabled. Defendants, however, have failed to prove by clear and convincing evidence that one of ordinary skill in the art could not discern the claimed methods or practice the claims without undue experimentation. See Purdue Pharma L.P. v. Faulding Inc., 230 F.3d 1320, 1323 (Fed. Cir. 2000); Union Pac. Res. Co. v. Chesapeake Energy Corp., 236 F.3d 684, 690 (Fed. Cir. 2001).

V. CONCLUSION

At Wilmington this 29th day of January, 2003, having reviewed defendants' joint motion for summary judgment of invalidity and the papers submitted in connection therewith;

IT IS ORDERED that defendants' joint motion for summary judgment of invalidity (D.I. 277) is denied.

Sue L. Robinson
United States District Judge