

Patent Law

Prof. Roger Ford
Wednesday, April 13, 2016
Class 21 – Remedies: Injunctive Relief

Recap

Recap

- Secondary liability / indirect infringement
- Divided / joint infringement

Today's agenda

Today's agenda

- Remedies background
- Permanent injunctions
- Temporary injunctions

**Remedies
background**

Remedies background

- Two basic remedies:
 - Damages
 - Injunctions
- And added remedies for special cases:
 - Increased damages
 - Attorney fees

(post-AIA) 35 U.S.C. § 281 — Remedy for infringement of patent

A patentee shall have **remedy by civil action** for infringement of his patent.

(post-AIA) 35 U.S.C. § 283 — Injunction

The several courts having jurisdiction of cases under this title **may grant injunctions** in accordance with the **principles of equity** to prevent the violation of any right secured by patent, on such terms as the court deems reasonable.

(post-AIA) 35 U.S.C. § 284 — Damages

Upon finding for the claimant the court shall award the claimant **damages adequate to compensate for the infringement**, but in no event less than a **reasonable royalty** for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

When the damages are not found by a jury, the court shall assess them. In either event the court **may increase the damages up to three times the amount found** or assessed. Increased damages under this paragraph shall not apply to provisional rights under section 154(d).

The court may receive **expert testimony** as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

(post-AIA) 35 U.S.C. § 285 — Attorney fees

The court in **exceptional cases** may award **reasonable attorney fees** to the prevailing party.

Remedies background

- Damages
 - Reasonable royalty
 - Lost profits
- Injunctive relief
 - Preliminary
 - Permanent

Remedies background

- Increased damages
 - Willfulness
- Attorney fees
 - Litigation misconduct
 - Bad-faith litigation
 - Baselessness
 - Other reasons in the district court's discretion

Remedies background


→ Permanent injunctions

- Historically, almost **automatic**
- Not just a Federal Circuit innovation – that was the rule almost from the beginning of the patent system
- Patents are a type of **property**: one of the exclusive rights is the right to exclude

**Permanent
injunctions**

eBay v. MercExchange

- eBay: online auctions
- MercExchange: online consignment system



US05845265A

United States Patent [19] [11] **Patent Number:** 5,845,265
Woolston [45] **Date of Patent:** Dec. 1, 1998

[54] **CONSIGNMENT NODES** 5,206,803 4/1993 Vitagliano et al. .
 5,215,680 8/1993 Højgaard .
 5,237,900 8/1993 Peng et al. .
 5,239,462 8/1993 Jones et al. .
 5,252,942 11/1993 Earle .
 5,283,731 2/1994 Lakode et al. .
 5,285,883 2/1994 Lindsey et al. .
 5,323,815 6/1994 Highblom .
 5,451,998 9/1995 Hamrick .
 5,465,291 11/1995 Barms et al. .

[75] Inventor: Thomas G. Woolston, Arlington, Va.
 [73] Assignee: MercExchange, L.L.C., Alexandria, Va.
 [21] Appl. No.: 554,704
 [22] Filed: Nov. 7, 1995

Related U.S. Application Data
 [63] Continuation-in-part of Ser. No. 427,820, Apr. 26, 1995.
 [51] Int. Cl. G06F 17/60
 [52] U.S. Cl. 705/37; 705/27
 [58] Field of Search 395/226, 237, 395/227, 235, 236, 239, 235/383, 381; 705/26, 27, 35, 36, 37, 39

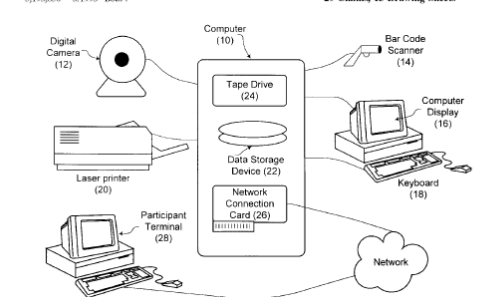
References Cited
 U.S. PATENT DOCUMENTS
 4,270,042 5/1981 Case 235/379
 4,346,442 8/1982 Musumano .
 4,674,044 6/1987 Kalmus et al. .
 4,739,478 4/1988 Roberts et al. .
 4,742,457 3/1988 Leon et al. .
 4,751,640 6/1988 Lucas et al. .
 4,786,928 12/1988 Fujisaki .
 4,799,158 1/1989 Shavit et al. .
 4,823,265 4/1989 Nelson .
 4,876,648 10/1989 Lloyd .
 4,885,585 12/1989 Wolfberg et al. .
 4,903,201 2/1991 Wagner .
 4,910,676 3/1990 Alldredge .
 5,063,507 11/1991 Lindsey et al. .
 5,191,853 3/1992 Lapan et al. .
 5,193,056 3/1993 Boes .

OTHER PUBLICATIONS
 Whitmore, S. "Business on the Net: the New Gold Rush", PC Week v12, n45, p. 106, Oct. 30, 1995.
 Gordon, M. "Auctions Become High Tech", Dealer Business, v29, n7, p. 21, Mar. 1995.
 Gouldke, M., "Sun Microsystems Bringing Interactive Technology to the WWW", Open Information Systems, 10:3 p. 29, Mar. 1995.

Primary Examiner—Robert A. Weinhardt
Attorney, Agent, or Firm—Thomas G. Woolston

ABSTRACT
 [57] A method and apparatus for creating a computerized market for used and collectible goods by use of a plurality of low cost posting terminals and a market maker computer in a legal framework that establishes a bailor relationship and consignment contract with a purchaser of a good at the market maker computer that allows the purchaser to change the price of the good once the purchaser has purchased the good thereby to allow the purchaser to speculate on the price of collectibles in an electronic market for used goods while assuring the safe and trusted physical possession of a good with a vetted buyer.

29 Claims, 13 Drawing Sheets



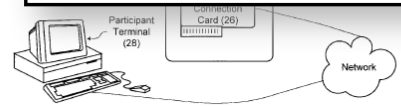
U.S. Patent No. 5,845,265

→ "Consignment nodes"

[54] CONSIGNMENT SYSTEM
 [75] Inventor: VIAGLIANO, ET AL.
 [73] Assignee: VIAGLIANO, ET AL.
 [21] Application No.: 08/427,820
 [22] Filed: Apr. 26, 1995
 [63] Continuation of Ser. No. 08/427,820
 [51] Int. Cl. Class.: G06F 017/00
 [52] U.S. Class.: 705/26
 [58] Field of Search: 705/26
 [56] References Cited:
 4,270,000
 4,346,444
 4,674,004
 4,739,477
 4,742,483
 4,751,064
 4,789,922
 4,799,414
 4,823,204
 4,876,698
 4,885,698
 4,903,331
 4,910,077
 5,063,528
 5,101,351
 5,193,016

BACKGROUND OF THE INVENTION

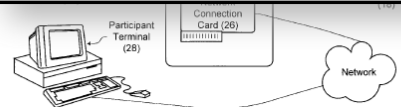
This application is a continuation in part of U.S. patent application Ser. No. 08/427,820 filed Apr. 26, 1995, incorporated herein by reference in its entirety. The present invention relates to used and collectible goods offered for sale by an electronic network of consignment stores. More specifically, the present invention may be an electronic "market maker" for collectable and used goods, a means for electronic "presentment" of goods for sale, and an electronic agent to search the network for hard to find goods. In a second embodiment to the present invention, a low cost posting terminal allows the virtual presentment of goods to market and establishes a two tiered market of retail and wholesale sales.

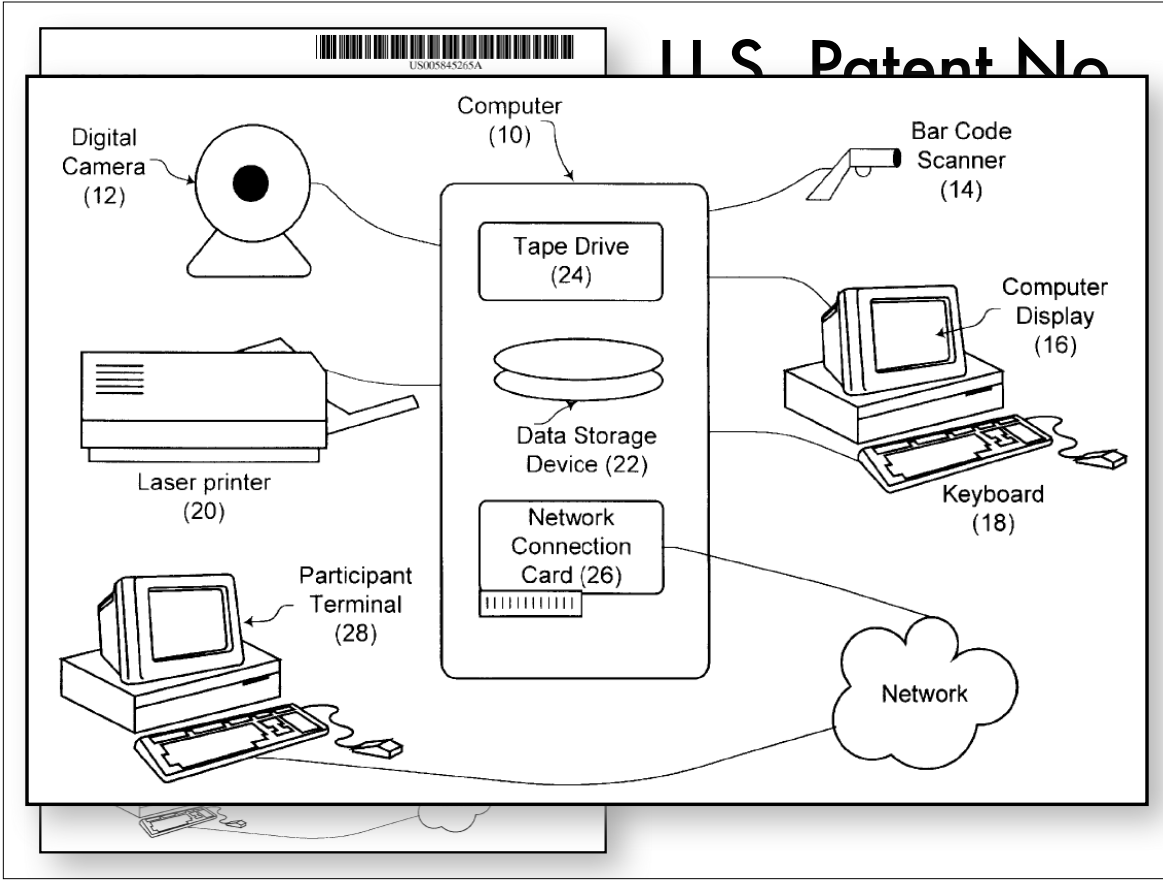


[54] CONSIGNMENT SYSTEM
 [75] Inventor: VIAGLIANO, ET AL.
 [73] Assignee: VIAGLIANO, ET AL.
 [21] Application No.: 08/427,820
 [22] Filed: Apr. 26, 1995
 [63] Continuation of Ser. No. 08/427,820
 [51] Int. Cl. Class.: G06F 017/00
 [52] U.S. Class.: 705/26
 [58] Field of Search: 705/26
 [56] References Cited:
 4,270,000
 4,346,444
 4,674,004
 4,739,477
 4,742,483
 4,751,064
 4,789,922
 4,799,414
 4,823,204
 4,876,698
 4,885,698
 4,903,331
 4,910,077
 5,063,528
 5,101,351
 5,193,016

ABSTRACT

A method and apparatus for creating a computerized market for used and collectible goods by use of a plurality of low cost posting terminals and a market maker computer in a legal framework that establishes a bailee relationship and consignment contract with a purchaser of a good at the market maker computer that allows the purchaser to change the price of the good once the purchaser has purchased the good thereby to allow the purchaser to speculate on the price of collectibles in an electronic market for used goods while assuring the safe and trusted physical possession of a good with a vetted bailee.





US005845265A

United States Patent [19] Patent Number: **5,845,265**
Woolston [45] Date of Patent: **Dec. 1, 1998**

[54] CONSIGNMENT NODES 5,206,803 4/1993 Vitagliano et al.
5,215,680 8/1993 Hoggage
[75] Inventor: Thomas G. Woolston, Arlington, Va. 5,237,900 8/1993 Pong et al.
5,239,462 8/1993 Jones et al.
[73] Assignee: MercExchange, L.L.C., Alexandria, Va. 5,262,042 11/1993 Earle

U.S. Patent No.

5,845,265

Therefore, I claim:

1. A system for presenting a data record of a good for sale to a market for goods, said market for goods having an interface to a wide area communication network for presenting and offering goods for sale to a purchaser, a payment clearing means for processing a purchase request from said purchaser, a database means for storing and tracking said data record of said good for sale, a communications means for communicating with said system to accept said data record of said good and a payment means for transferring funds to a user of said system, said system comprising:

- a digital image means for creating a digital image of a good for sale;
- a user interface for receiving textual information from a user;
- a bar code scanner;
- a bar code printer;
- a storage device;
- a communications means for communicating with the market; and
- a computer locally connected to said digital image means, said user interface, said bar code scanner, said bar code printer, said storage device and said communications means, said computer adapted to receive said digital image of said good for sale from said digital image means, generate a data record of said good for sale, incorporate said digital image of said good for sale into said data record, receive a textual description of said good for sale from said user interface, store said data record on said storage device, transfer said data record to the market for goods via said communications means and receive a tracking number for said good for sale from the market for goods via said communications means, store said tracking number from the market for goods in said data record on said storage device and printing a bar code from said tracking number on said bar code printer.

eBay v. MercExchange

→ Is this patentable subject matter?

eBay v. MercExchange

→ Is this patentable subject matter?

- Abstract idea (?): “an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants”
- Other (conventional?) elements: computer; scanner; &c
- Under *Bilski* and *Alice*, MercExchange has problems

eBay v. MercExchange

→ A bit of history

- Historically, there were courts of equity and courts of law
- Courts of law applied statutes and could award damages
- Courts of equity applied principles of substantial justice and could order non-money forms of relief

eBay v. MercExchange

→ A bit of history

- The difference was abolished in the federal courts in 1938
- Vestiges persist
- One big difference: the decisions judges and juries can make

eBay v. MercExchange

- **Injunctions**: the general rule of equity balances four factors
- Irreparable harm
 - Inadequacy of money damages
 - Balance of the hardships
 - Public interest

eBay v. MercExchange

- So how does this apply to patent law?

eBay v. MercExchange

- So how does this apply to [patent law](#)?
- Court: the normal rules of equity apply
 - Even though patents are property

eBay v. MercExchange

- So how does this apply to [patent law](#)?
- Court: the normal rules of equity apply
 - Even though patents are property
 - The existence of a right does not necessarily correlate to the remedy
 - Note: copyright is also a property right, and the four-factor test applies

eBay v. MercExchange

- Dueling concurrences!
- Roberts/Scalia/Ginsburg?

eBay v. MercExchange

- Dueling concurrences!
- Roberts/Scalia/Ginsburg?
 - Don't want to disrupt the patent system
 - First factor: Irreparable harm is likely given the difficulty of protecting a right to exclude through money damages
 - Fourth factor: Strong public interest in patent incentives

eBay v. MercExchange

- Dueling concurrences!
- Kennedy/Stevens/Souter/Breyer?

eBay v. MercExchange

- Dueling concurrences!
- Kennedy/Stevens/Souter/Breyer?
 - History is useful, but only to a point; patents are economically different now
 - Patent trolls exploit asymmetric bargaining power
 - Royalties may be perfectly adequate to compensate non-practicing entities

eBay v. MercExchange

- Dueling concurrences!
- Kennedy/Stevens/Souter/Breyer?
 - This was relatively early in the concern about patent trolls/the patent system
 - The opinion presaged arguments about anticommons and patent thickets
 - “When the patented invention is but a small component of the product...”

eBay v. MercExchange

- Why have injunctive relief at all?

eBay v. MercExchange

- Why have injunctive relief at all?
 - Property is property
 - It's hard to value patent rights
 - Injunctions force the parties to come to a market value
 - This is the debate between property rules and liability rules

eBay v. MercExchange

- Injunction: property rule
 - Best when valuation is hard
- Damages: liability rule
 - Best when transaction costs are high
 - Many parties
 - Sunk costs
 - Holdup problem

eBay v. MercExchange

→ Reaction:

- Could this help the patent-troll problem?
- Litigants need to be really careful to show irreparable harm
- “Based on this decision, it is now clear that the value of a patent does depend upon the identity of the owner.”
–Prof. Dennis Crouch
- More patent holders have gone to the ITC

z4 v. Microsoft

- z4 patents: methods for limiting the unauthorized use of software through online activation
- Microsoft products: Windows and Office
- Court: Eastern District of Texas
 - Usually considered highly favorable to patent holders

US006044471A

United States Patent [19] [11] **Patent Number:** 6,044,471
 Colvin [45] **Date of Patent:** Mar. 28, 2000

[54] **METHOD AND APPARATUS FOR SECURING SOFTWARE TO REDUCE UNAUTHORIZED USE** 5,842,124 11/1998 Kenagy et al. 455,411
Primary Examiner—Robert W. Beausoliel, Jr. Assistant Examiner—Christopher A. Revak. Attorney, Agent, or Firm—Brooks & Kushman P.C.

[75] **Inventor:** David S. Colvin, Commerce Township, Oakland County, Mich. [57] **ABSTRACT**

[73] **Assignee:** Z4 Technologies, Inc., Commerce Township, Mich. A method and apparatus for securing software to reduce unauthorized use include associating a password or series of passwords with each copy of group of authorized software and requiring entry of a first password obtained from the developer or authorized representative of the software after exchanging registration information. The method and apparatus may also subsequently require entry of a second password from the series associated with the software to continue using the software. A password or authorization code series may be associated with each authorized copy or with a group of copies such as those distributed to a particular organization or site. Preferably, subsequent passwords or authorization codes are obtained from an authorized software developer, manufacturer, or distributor which gathers current information from the user to monitor compliance with licensing restrictions. The number and frequency of required password updates may be regular or irregular depending upon the application, user, or software manufacturer. A code which disables the software may be communicated if the manufacturer determines that the user is an unauthorized user.

[21] **Appl. No.:** 09/090,620
 [22] **Filed:** Jun. 4, 1998
 [51] **Int. Cl.:** H04L 9/32
 [52] **U.S. Cl.:** 713/202; 709/229; 705/51
 [58] **Field of Search:** 714/202, 201, 714/200; 709/229; 380/3, 4, 23; 705/51, 52, 53, 55, 57, 59

[56] **References Cited**
 U.S. PATENT DOCUMENTS
 4,796,220 1/1989 Wolfe 380/4
 5,182,770 1/1993 Medvecky et al.
 5,267,408 2/1994 Simon
 5,341,429 8/1994 Springer et al. 705/52
 5,509,070 4/1996 Schall
 5,564,038 10/1996 Grant et al.
 5,579,479 11/1996 Plum
 5,652,793 7/1997 Pison et al. 713/202

45 Claims, 6 Drawing Sheets

U.S. Patent No. 6,044,471

→ Method and apparatus for securing software to reduce unauthorized use

US006044471A

United States Patent [19] [11] **Patent Number:** 6,044,471
 Colvin [45] **Date of Patent:** Mar. 28, 2000

[54] **METHOD AND APPARATUS FOR SECURING SOFTWARE TO REDUCE UNAUTHORIZED USE** 5,842,124 11/1998 Kenagy et al. 455,411
Primary Examiner—Robert W. Beausoliel, Jr. Assistant Examiner—Christopher A. Revak. Attorney, Agent, or Firm—Brooks & Kushman P.C.

[75] **Inventor:** David S. Colvin, Commerce Township, Oakland County, Mich. [57] **ABSTRACT**

[73] **Assignee:** Z4 Technologies, Inc., Commerce Township, Mich.

[21] **Appl. No.:** 09/090,620
 [22] **Filed:** Jun. 4, 1998
 [51] **Int. Cl.:** H04L 9/32
 [52] **U.S. Cl.:** 713/202; 709/229; 705/51
 [58] **Field of Search:** 714/202, 201, 714/200; 709/229; 380/3, 4, 23; 705/51, 52, 53, 55, 57, 59

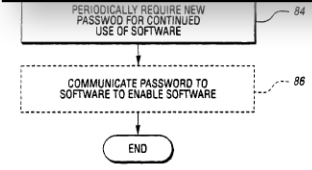
[56] **References Cited**
 U.S. PATENT DOCUMENTS
 4,796,220 1/1989 Wolfe 380/4
 5,182,770 1/1993 Medvecky et al.
 5,267,408 2/1994 Simon
 5,341,429 8/1994 Springer et al. 705/52
 5,509,070 4/1996 Schall
 5,564,038 10/1996 Grant et al.
 5,579,479 11/1996 Plum
 5,652,793 7/1997 Pison et al. 713/202

45 Claims, 6 Drawing Sheets

U.S. Patent No. 6,044,471

10. A method of securing software to reduce unauthorized use, the method comprising:

- associating a series of passwords with the software;
- requiring an end user to contact a representative to obtain a password previously associated with the software;
- communicating a password previously associated with the software to the software, wherein the software is not functional until the password has been communicated;
- and
- subsequently requiring a new password, the new password being obtained from the series of passwords previously associated with the software.



z4 v. Microsoft

- Trial: The jury finds Microsoft liable for infringement and orders it to pay \$115 million in damages
- Post-trial: z4 asks for a permanent injunction
 - pre-eBay, this would have been a slam dunk

“z4 asks the Court to **enjoin Microsoft from making, using, selling, offering for sale, and/or importing its current software products that use product activation**, *i.e.* Windows XP products since 2001 and Office products since 2000. z4’s motion proposes that the Court order Microsoft to **deactivate the servers that control product activation for Microsoft’s infringing products** and to re-design its Windows and Office software products to eliminate the infringing technology. Microsoft will release the next generation of its Windows and Office software—Windows Vista (2007) and Office (2007)—in January of 2007, and both products plan to eliminate the infringing product activation technology.”

z4 v. Microsoft

- What do you think would have happened if the court had granted the motion?

z4 v. Microsoft

- What do you think would have happened if the court had granted the motion?
 - Windows and Office become deactivated?
 - or, Microsoft and z4 settle?

z4 v. Microsoft

→ Factor 1: Irreparable harm to z4

- z4: We made tremendous efforts to commercialize and failed due to Microsoft's infringement
- z4: We might be very successful but for Microsoft's infringement
- Court: Microsoft's infringement does not affect z4's ability to license its technology
- Court: Microsoft does not sell its activation alone; it is a small component of the larger product

z4 v. Microsoft

→ Factor 1: Irreparable harm to z4

- "z4 will not suffer **lost profits, the loss of brand name recognition or the loss of market share** because of Microsoft's continued sale of the infringing products. These are the type of injuries that are often incalculable and irreparable. The only entity z4 is possibly prevented from marketing, selling or licensing its technology to absent an injunction is Microsoft."

z4 v. Microsoft

- **Factor 2: Adequacy of remedies at law**
 - Court: Infringement can be hard to remedy because an infringer can saturate the market, damaging the patent holder's product in a way that's impossible to assess
 - Court: Calculating z4's remedy won't be hard, since we can just use the same royalty rate and z4 is not suffering any lost sales
 - Also: Microsoft can be trusted to pay

z4 v. Microsoft

- **Factor 3: Balance of hardships**
 - Microsoft: Redesigning Windows and Office would take time and impose hardships
 - Microsoft: Turning off activation could lead to the market being flooded by pirated software
 - z4: Microsoft using our IP creates hardships

z4 v. Microsoft

→ Factor 3: Balance of hardships

- “Although the arguments presented by Microsoft may be hypothetical, the scenarios Microsoft describes are not out of the realm of possibility and are in some instances quite likely. Importantly, the potential hardships Microsoft could suffer if the injunction were granted **outweigh any limited and reparable hardships that z4 would suffer** in the absence of an injunction.”

z4 v. Microsoft

→ Factor 4: Public interest

- Windows and Office are used by public
- Taking them off the market for a redesign would hurt the public
- “Under both aspects of z4’s proposed permanent injunction, there is a risk that certain sectors of the public might suffer some negative effects. However, the Court is unaware of any negative effects that might befall the public in the absence of an injunction.”

Permanent injunctions

→ Injunctions after *eBay*

- The most important factor: irreparable harm
- Whether plaintiff and defendant compete
- Whether plaintiff has lost sales
- How many competitors there are
- How important a component the patented invention is
- Whether plaintiff has licensed others
- Whether plaintiff has delayed bringing suit

Permanent injunctions

→ What counts toward the public interest?

Permanent injunctions

- What counts toward the public interest?
 - Harm to the sanctity of property rights?
 - Harm to the American consumer?
 - Harm to the infringing firm and its workers?
 - Harm to the incentives created by patents?
 - Harm to the government/national security?
 - Harm to public health?
 - Harm to Congress's access to Blackberries?

Permanent injunctions

- Private responses to injunctions
 - Cross-licensing
 - Patent pools
 - Standards-setting organizations
 - RAND (reasonable and nondiscriminatory) licensing terms


Tech versus pharma

- The technology industry has largely supported patent reform and narrower patent rights
 - Ethos of open innovation
 - Hundreds of patents covering any given product
 - High degree of holdup
 - Low ratio of innovation costs to copying costs
- The pharmaceutical industry has largely supported strong patent rights
 - Small number of very valuable patents
 - Low degree of holdup
 - Very high ratio of innovation costs to copying costs

**Preliminary
injunctions**

Preliminary injunctions

- Patent litigation takes a long time
- Patents give a right to exclude
- So sometimes the court will enforce that right to exclude while the litigation is still pending



US005960411A

United States Patent [19] [11] **Patent Number:** 5,960,411
Hartman et al. [45] **Date of Patent:** Sep. 28, 1999

[54] **METHOD AND SYSTEM FOR PLACING A PURCHASE ORDER VIA A COMMUNICATIONS NETWORK**
 [75] Inventors: **Dei Hartman, Jeffrey P. Bezos, Shel Kaplan, Joel Spiegel**, all of Seattle, Wash.
 [73] Assignee: **Amazon.com, Inc.**, Seattle, Wash.
 [21] Appl. No.: **08/928,951**
 [22] Filed: **Sep. 12, 1997**
 [51] Int. Cl.⁷ **G06F 17/60**
 [52] U.S. Cl. **705/26, 705/27, 345/962**
 [58] **Field of Search** **705/26, 27, 380/24, 380/25, 235/2, 375, 378, 381, 395/188.01, 345/962**

[56] **References Cited**

U.S. PATENT DOCUMENTS			
4,937,863	6/1990	Robert et al.	380/4
5,204,897	4/1993	Wyman	380/4
5,260,999	11/1993	Wyman	384/4
5,627,940	5/1997	Rohra et al.	395/12
5,640,501	6/1997	Burton	395/768
5,640,577	6/1997	Schauer	395/768
5,664,111	9/1997	Naba et al.	705/27
5,715,314	2/1998	Payne et al.	380/4
5,715,399	2/1998	Bezos	705/27
5,727,163	3/1998	Bezos	705/27
5,785,681	4/1998	Levine et al.	395/20.03
5,788,126	5/1998	Daniels et al.	395/500
FOREIGN PATENT DOCUMENTS			
0835659 A1	1/1998	European Pat. Off.	G06F 17/30
0855687 A2	1/1998	European Pat. Off.	G07F 19/00
084547A2	6/1998	European Pat. Off.	G06F 17/60
088376A2	12/1998	European Pat. Off.	G06F 17/60
WO 95/09611	1/1995	WIPO	G06F 17/60
WO 96/38799	12/1996	WIPO	G06F 17/60
WO 98/21679	5/1998	WIPO	G06F 17/60


OTHER PUBLICATIONS
 Jones, Chris. "Java Shopping Cart and Java Wallet; Oraclecs plans to join e-commerce initiative." Mar. 31, 1997, Info-World Media Group.
 "Pacific Coast Software Software creates virtual shopping cart." Sep. 6, 1996, M2 Communications Ltd 1996.
 "Software Creates Virtual Shopping Cart." Sep. 5, 1996, Business Wire, Inc.
 Terdoslavich, William. "Java Electronic Commerce Framework." Computer Reseller News, Sep. 23, 1996, CMP Media, Inc., 1996, pp. 126. http://www.elibrary.com/id/101/101.guide?rydocid=902269@library_d&dtype=0-0&dist=0. [Accessed Nov. 19, 1998].
 "Internet Access: Disc Distributing Announces Interactive World Wide." Cambridge Work-Group Computing Report, Cambridge Publishing, Inc., 1995, http://www.elibrary.com/id/101/101.guide?rydocid=1007497@library_s&dtype=0-0&dist=0. [Accessed Nov. 19, 1998].

(List continued on next page.)

Primary Examiner—James P. Trammell
Assistant Examiner—Demetra R. Smith
Attorney, Agent, or Firm—Perkins Cole LLP

[57] **ABSTRACT**
 A method and system for placing an order to purchase an item via the Internet. The order is placed by a purchaser at a client system and received by a server system. The server system receives purchaser information including identification of the purchaser, payment information, and shipment information from the client system. The server system then assigns a client identifier to the client system and associates the assigned client identifier with the received purchaser information. The server system sends to the client system the assigned client identifier and an HTML document identifying the item and including an order button. The client system receives and stores the assigned client identifier and receives and displays the HTML document. In response to the selection of the order button, the client system sends to the server system a request to purchase the identified item. The server system receives the request and combines the purchaser information associated with the client identifier of the client system to generate an order to purchase the item in accordance with the billing and shipment information whereby the purchaser effects the ordering of the product by selection of the order button.

26 Claims, 11 Drawing Sheets



U.S. Patent No. 5,960,411

→ "Method and system for placing a purchase order via a communications network"

United States Patent [19] Patent Number: 5,960,411
Hartman et al. [45] Date of Patent: Sep. 28, 1999



[54] METHOD AND SYSTEM FOR PLACING A PURCHASE ORDER VIA A COMMUNICATIONS NETWORK
[75] Inventors: Peri Hartman, Jeffrey P. Bezos, Shel Kaphan, Joel Spiegel, all of Seattle, Wash.
[73] Assignee: Amazon.com, Inc., Seattle, Wash.
[21] Appl. No.: 08/928,951
[22] Filed: Sep. 12, 1997
[51] Int. Cl.:

U.S. Patent No. 5,960,411

→ "Method and System for Placing a Purchase Order via a Communications Network"

26, 705, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

Jones, Chris. "Java Shopping Cart and Java Wallet; Oracles plans to join e-commerce initiative." Mar. 31, 1997, Info-World Media Group.

26 Claims, 11 Drawing Sheets



United States Patent [19] Patent Number: 5,960,411
Hartman et al. [45] Date of Patent: Sep. 28, 1999



[54] METHOD AND SYSTEM FOR PLACING A PURCHASE ORDER VIA A COMMUNICATIONS NETWORK
[75] Inventors: Peri Hartman, Jeffrey P. Bezos, Shel Kaphan, Joel Spiegel, all of Seattle, Wash.
[73] Assignee: Amazon.com, Inc., Seattle, Wash.
[21] Appl. No.: 08/928,951
[22] Filed: Sep. 12, 1997
[51] Int. Cl. 7: G06F 017/00
[52] U.S. Cl. 705/26, 705/27, 705/28, 705/29, 705/30, 705/31, 705/32, 705/33, 705/34, 705/35, 705/36, 705/37, 705/38, 705/39, 705/40, 705/41, 705/42, 705/43, 705/44, 705/45, 705/46, 705/47, 705/48, 705/49, 705/50, 705/51, 705/52, 705/53, 705/54, 705/55, 705/56, 705/57, 705/58, 705/59, 705/60, 705/61, 705/62, 705/63, 705/64, 705/65, 705/66, 705/67, 705/68, 705/69, 705/70, 705/71, 705/72, 705/73, 705/74, 705/75, 705/76, 705/77, 705/78, 705/79, 705/80, 705/81, 705/82, 705/83, 705/84, 705/85, 705/86, 705/87, 705/88, 705/89, 705/90, 705/91, 705/92, 705/93, 705/94, 705/95, 705/96, 705/97, 705/98, 705/99, 706/00, 706/01, 706/02, 706/03, 706/04, 706/05, 706/06, 706/07, 706/08, 706/09, 706/10, 706/11, 706/12, 706/13, 706/14, 706/15, 706/16, 706/17, 706/18, 706/19, 706/20, 706/21, 706/22, 706/23, 706/24, 706/25, 706/26, 706/27, 706/28, 706/29, 706/30, 706/31, 706/32, 706/33, 706/34, 706/35, 706/36, 706/37, 706/38, 706/39, 706/40, 706/41, 706/42, 706/43, 706/44, 706/45, 706/46, 706/47, 706/48, 706/49, 706/50, 706/51, 706/52, 706/53, 706/54, 706/55, 706/56, 706/57, 706/58, 706/59, 706/60, 706/61, 706/62, 706/63, 706/64, 706/65, 706/66, 706/67, 706/68, 706/69, 706/70, 706/71, 706/72, 706/73, 706/74, 706/75, 706/76, 706/77, 706/78, 706/79, 706/80, 706/81, 706/82, 706/83, 706/84, 706/85, 706/86, 706/87, 706/88, 706/89, 706/90, 706/91, 706/92, 706/93, 706/94, 706/95, 706/96, 706/97, 706/98, 706/99, 707/00, 707/01, 707/02, 707/03, 707/04, 707/05, 707/06, 707/07, 707/08, 707/09, 707/10, 707/11, 707/12, 707/13, 707/14, 707/15, 707/16, 707/17, 707/18, 707/19, 707/20, 707/21, 707/22, 707/23, 707/24, 707/25, 707/26, 707/27, 707/28, 707/29, 707/30, 707/31, 707/32, 707/33, 707/34, 707/35, 707/36, 707/37, 707/38, 707/39, 707/40, 707/41, 707/42, 707/43, 707/44, 707/45, 707/46, 707/47, 707/48, 707/49, 707/50, 707/51, 707/52, 707/53, 707/54, 707/55, 707/56, 707/57, 707/58, 707/59, 707/60, 707/61, 707/62, 707/63, 707/64, 707/65, 707/66, 707/67, 707/68, 707/69, 707/70, 707/71, 707/72, 707/73, 707/74, 707/75, 707/76, 707/77, 707/78, 707/79, 707/80, 707/81, 707/82, 707/83, 707/84, 707/85, 707/86, 707/87, 707/88, 707/89, 707/90, 707/91, 707/92, 707/93, 707/94, 707/95, 707/96, 707/97, 707/98, 707/99, 708/00, 708/01, 708/02, 708/03, 708/04, 708/05, 708/06, 708/07, 708/08, 708/09, 708/10, 708/11, 708/12, 708/13, 708/14, 708/15, 708/16, 708/17, 708/18, 708/19, 708/20, 708/21, 708/22, 708/23, 708/24, 708/25, 708/26, 708/27, 708/28, 708/29, 708/30, 708/31, 708/32, 708/33, 708/34, 708/35, 708/36, 708/37, 708/38, 708/39, 708/40, 708/41, 708/42, 708/43, 708/44, 708/45, 708/46, 708/47, 708/48, 708/49, 708/50, 708/51, 708/52, 708/53, 708/54, 708/55, 708/56, 708/57, 708/58, 708/59, 708/60, 708/61, 708/62, 708/63, 708/64, 708/65, 708/66, 708/67, 708/68, 708/69, 708/70, 708/71, 708/72, 708/73, 708/74, 708/75, 708/76, 708/77, 708/78, 708/79, 708/80, 708/81, 708/82, 708/83, 708/84, 708/85, 708/86, 708/87, 708/88, 708/89, 708/90, 708/91, 708/92, 708/93, 708/94, 708/95, 708/96, 708/97, 708/98, 708/99, 709/00, 709/01, 709/02, 709/03, 709/04, 709/05, 709/06, 709/07, 709/08, 709/09, 709/10, 709/11, 709/12, 709/13, 709/14, 709/15, 709/16, 709/17, 709/18, 709/19, 709/20, 709/21, 709/22, 709/23, 709/24, 709/25, 709/26, 709/27, 709/28, 709/29, 709/30, 709/31, 709/32, 709/33, 709/34, 709/35, 709/36, 709/37, 709/38, 709/39, 709/40, 709/41, 709/42, 709/43, 709/44, 709/45, 709/46, 709/47, 709/48, 709/49, 709/50, 709/51, 709/52, 709/53, 709/54, 709/55, 709/56, 709/57, 709/58, 709/59, 709/60, 709/61, 709/62, 709/63, 709/64, 709/65, 709/66, 709/67, 709/68, 709/69, 709/70, 709/71, 709/72, 709/73, 709/74, 709/75, 709/76, 709/77, 709/78, 709/79, 709/80, 709/81, 709/82, 709/83, 709/84, 709/85, 709/86, 709/87, 709/88, 709/89, 709/90, 709/91, 709/92, 709/93, 709/94, 709/95, 709/96, 709/97, 709/98, 709/99, 710/00, 710/01, 710/02, 710/03, 710/04, 710/05, 710/06, 710/07, 710/08, 710/09, 710/10, 710/11, 710/12, 710/13, 710/14, 710/15, 710/16, 710/17, 710/18, 710/19, 710/20, 710/21, 710/22, 710/23, 710/24, 710/25, 710/26, 710/27, 710/28, 710/29, 710/30, 710/31, 710/32, 710/33, 710/34, 710/35, 710/36, 710/37, 710/38, 710/39, 710/40, 710/41, 710/42, 710/43, 710/44, 710/45, 710/46, 710/47, 710/48, 710/49, 710/50, 710/51, 710/52, 710/53, 710/54, 710/55, 710/56, 710/57, 710/58, 710/59, 710/60, 710/61, 710/62, 710/63, 710/64, 710/65, 710/66, 710/67, 710/68, 710/69, 710/70, 710/71, 710/72, 710/73, 710/74, 710/75, 710/76, 710/77, 710/78, 710/79, 710/80, 710/81, 710/82, 710/83, 710/84, 710/85, 710/86, 710/87, 710/88, 710/89, 710/90, 710/91, 710/92, 710/93, 710/94, 710/95, 710/96, 710/97, 710/98, 710/99, 711/00, 711/01, 711/02, 711/03, 711/04, 711/05, 711/06, 711/07, 711/08, 711/09, 711/10, 711/11, 711/12, 711/13, 711/14, 711/15, 711/16, 711/17, 711/18, 711/19, 711/20, 711/21, 711/22, 711/23, 711/24, 711/25, 711/26, 711/27, 711/28, 711/29, 711/30, 711/31, 711/32, 711/33, 711/34, 711/35, 711/36, 711/37, 711/38, 711/39, 711/40, 711/41, 711/42, 711/43, 711/44, 711/45, 711/46, 711/47, 711/48, 711/49, 711/50, 711/51, 711/52, 711/53, 711/54, 711/55, 711/56, 711/57, 711/58, 711/59, 711/60, 711/61, 711/62, 711/63, 711/64, 711/65, 711/66, 711/67, 711/68, 711/69, 711/70, 711/71, 711/72, 711/73, 711/74, 711/75, 711/76, 711/77, 711/78, 711/79, 711/80, 711/81, 711/82, 711/83, 711/84, 711/85, 711/86, 711/87, 711/88, 711/89, 711/90, 711/91, 711/92, 711/93, 711/94, 711/95, 711/96, 711/97, 711/98, 711/99, 712/00, 712/01, 712/02, 712/03, 712/04, 712/05, 712/06, 712/07, 712/08, 712/09, 712/10, 712/11, 712/12, 712/13, 712/14, 712/15, 712/16, 712/17, 712/18, 712/19, 712/20, 712/21, 712/22, 712/23, 712/24, 712/25, 712/26, 712/27, 712/28, 712/29, 712/30, 712/31, 712/32, 712/33, 712/34, 712/35, 712/36, 712/37, 712/38, 712/39, 712/40, 712/41, 712/42, 712/43, 712/44, 712/45, 712/46, 712/47, 712/48, 712/49, 712/50, 712/51, 712/52, 712/53, 712/54, 712/55, 712/56, 712/57, 712/58, 712/59, 712/60, 712/61, 712/62, 712/63, 712/64, 712/65, 712/66, 712/67, 712/68, 712/69, 712/70, 712/71, 712/72, 712/73, 712/74, 712/75, 712/76, 712/77, 712/78, 712/79, 712/80, 712/81, 712/82, 712/83, 712/84, 712/85, 712/86, 712/87, 712/88, 712/89, 712/90, 712/91, 712/92, 712/93, 712/94, 712/95, 712/96, 712/97, 712/98, 712/99, 713/00, 713/01, 713/02, 713/03, 713/04, 713/05, 713/06, 713/07, 713/08, 713/09, 713/10, 713/11, 713/12, 713/13, 713/14, 713/15, 713/16, 713/17, 713/18, 713/19, 713/20, 713/21, 713/22, 713/23, 713/24, 713/25, 713/26, 713/27, 713/28, 713/29, 713/30, 713/31, 713/32, 713/33, 713/34, 713/35, 713/36, 713/37, 713/38, 713/39, 713/40, 713/41, 713/42, 713/43, 713/44, 713/45, 713/46, 713/47, 713/48, 713/49, 713/50, 713/51, 713/52, 713/53, 713/54, 713/55, 713/56, 713/57, 713/58, 713/59, 713/60, 713/61, 713/62, 713/63, 713/64, 713/65, 713/66, 713/67, 713/68, 713/69, 713/70, 713/71, 713/72, 713/73, 713/74, 713/75, 713/76, 713/77, 713/78, 713/79, 713/80, 713/81, 713/82, 713/83, 713/84, 713/85, 713/86, 713/87, 713/88, 713/89, 713/90, 713/91, 713/92, 713/93, 713/94, 713/95, 713/96, 713/97, 713/98, 713/99, 714/00, 714/01, 714/02, 714/03, 714/04, 714/05, 714/06, 714/07, 714/08, 714/09, 714/10, 714/11, 714/12, 714/13, 714/14, 714/15, 714/16, 714/17, 714/18, 714/19, 714/20, 714/21, 714/22, 714/23, 714/24, 714/25, 714/26, 714/27, 714/28, 714/29, 714/30, 714/31, 714/32, 714/33, 714/34, 714/35, 714/36, 714/37, 714/38, 714/39, 714/40, 714/41, 714/42, 714/43, 714/44, 714/45, 714/46, 714/47, 714/48, 714/49, 714/50, 714/51, 714/52, 714/53, 714/54, 714/55, 714/56, 714/57, 714/58, 714/59, 714/60, 714/61, 714/62, 714/63, 714/64, 714/65, 714/66, 714/67, 714/68, 714/69, 714/70, 714/71, 714/72, 714/73, 714/74, 714/75, 714/76, 714/77, 714/78, 714/79, 714/80, 714/81, 714/82, 714/83, 714/84, 714/85, 714/86, 714/87, 714/88, 714/89, 714/90, 714/91, 714/92, 714/93, 714/94, 714/95, 714/96, 714/97, 714/98, 714/99, 715/00, 715/01, 715/02, 715/03, 715/04, 715/05, 715/06, 715/07, 715/08, 715/09, 715/10, 715/11, 715/12, 715/13, 715/14, 715/15, 715/16, 715/17, 715/18, 715/19, 715/20, 715/21, 715/22, 715/23, 715/24, 715/25, 715/26, 715/27, 715/28, 715/29, 715/30, 715/31, 715/32, 715/33, 715/34, 715/35, 715/36, 715/37, 715/38, 715/39, 715/40, 715/41, 715/42, 715/43, 715/44, 715/45, 715/46, 715/47, 715/48, 715/49, 715/50, 715/51, 715/52, 715/53, 715/54, 715/55, 715/56, 715/57, 715/58, 715/59, 715/60, 715/61, 715/62, 715/63, 715/64, 715/65, 715/66, 715/67, 715/68, 715/69, 715/70

Amazon.com v. Barnesandnoble.com

- Equitable factors for preliminary injunctions:
- Likelihood of success on the merits
 - Possibility of irreparable harm absent an injunction
 - Balance of hardships on both sides
 - Public interest

Amazon.com v. Barnesandnoble.com

- Equitable factors for preliminary injunctions:
- Likelihood of success on the merits
 - Possibility of irreparable harm absent an injunction
 - Balance of hardships on both sides
 - Public interest

Same as with
permanent injunctions

Amazon.com v. Barnesandnoble.com

→ Equitable factors for preliminary injunctions: **Unique to preliminary injunctions**

- Likelihood of success on the merits
- Possibility of irreparable harm absent an injunction
- Balance of hardships on both sides
- Public interest

Same as with permanent injunctions

Amazon.com v. Barnesandnoble.com

→ Equitable factors for preliminary injunctions: **Most important factors**

- Likelihood of success on the merits
- Possibility of irreparable harm absent an injunction
- Balance of hardships on both sides
- Public interest

Amazon.com v. Barnesandnoble.com

→ What's necessary to succeed on the merits?

Amazon.com v. Barnesandnoble.com

→ What's necessary to succeed on the merits?

- A valid patent
- That is infringed
- (Also, lack of inequitable conduct)
- (Also, lack of license)
- (&c)

Amazon.com v. Barnesandnoble.com

- So a patent holder must show that it is likely to succeed on both
 - Validity and
 - Infringement
- “Likely” implies flexibility
 - Certainty of proof required
 - Degree of evidence required

Amazon.com v. Barnesandnoble.com

- Was Amazon likely to succeed on infringement?

Amazon.com v. Barnesandnoble.com

- Was Amazon likely to succeed on infringement?
- Yup
 - The bn.com system worked essentially the same way

Amazon.com v. Barnesandnoble.com

- Was Amazon likely to succeed on invalidity?

Amazon.com v. Barnesandnoble.com

- Was Amazon likely to succeed on invalidity?
- Nope
 - CompuServe prior art was strong prior art, even if not every element was clearly disclosed

Amazon.com v. Barnesandnoble.com

- Would Amazon have been likely to succeed on § 101 (assuming current law)?

Amazon.com v. Barnesandnoble.com

- Would Amazon have been likely to succeed on § 101 (assuming current law)?
- Probably not – bn.com has a strong *Alice* argument
 - *But*, no need to decide that on a preliminary injunction – it doesn't require discovery

Next time

Next time

→ Remedies: damages