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RCN

IBM

North Castle Drive
Armonk, NY 10504

January 27, 2000

VIA AIRBORNE

DEC 02 2003

Mr. John Jones
General Counsel
RCN Corporation
105 Carnegie Center
Princeton, NJ 08540

Dear John:

IBM has reviewed your December 6, 1999 communication detailing RCN's position that it does not require a patent license from IBM. After this review we are more strongly convinced than before that RCN requires a license from IBM under the patents presented in our meeting: 4,805,134, 5,319,542, 5,442,771, 5,758,072 and 5,796,967.


RCN has provided certain details regarding the operation of its network in an effort to argue that RCN does not infringe IBM's intellectual property. In fact, the explanations provided by RCN are entirely consistent with IBM's original infringement analysis and seem to support IBM's position. Additionally, RCN has provided an interpretation of the asserted claims which directly conflicts with the claim language, violates well-established doctrines of claim interpretation and finds no support in the patent specifications and file histories. In many instances RCN has supplied detailed explanations of their network operations without attempting to compare or contrast them with the asserted patent claims.

Let me assure you that we believe that, far from examples of "digging deeply" into our patent portfolio, we consider the patents we have brought to your attention as squarely on point, arising from business and technical ventures (e.g., PRODIGY) that were pioneers in these areas; and that, while saying this, we are making no claim to have "invented the World Wide Web", or invented anything other than what the asserted patents clearly claim. Additionally, let me suggest that broad statements that unspecified prior art exists are not helpful; pointing to even a single example might help further this discussion. We have no desire to discuss invalid patents, but must inform you that we have explored the validity of all patents in question and are, at the moment, quite comfortable that the US Patent and Trademark Office was right to have issued them.

In order to more specifically address RCN's assertions, IBM has attached Exhibit A. We are prepared to go into more detail on all of these points.

John, I do have some thoughts on how we could resolve this matter to our mutual satisfaction. I will contact in the near future to arrange a meeting.

Sincerely,



Thomas M. Slattery Ph.D.

cc: Bill Porter
Marc Ehrlich

TMS:lcb
Enclosure

EXHIBIT A:

U.S. Patent 5,442,771 (Filepp et al.)

RCN's position:

RCN asserts that it is the "content provider" rather than RCN that performs the claimed step (b) of associating storage control parameters with the data to be stored. RCN appears to additionally argue that it is the "content provider" rather than RCN that determines whether data is to be supplied to data stores. RCN argues that it provides no data storage strategy and has no control over where data is stored. Finally, RCN states that its Web caching system merely copies data in the same way that browsers cache data.

IBM Response:

IBM disagrees with RCN's position. RCN does in fact perform all of the claimed method steps. RCN's description of their Web caching system confirms their performance of steps a, c, and d. As for the associating step (step b), IBM notes that RCN is, in fact, a content provider, publishing hundreds of thousands of Web pages on RCN Web sites, co-developing Web content with third parties and creating and hosting pages for RCN customers.

Determining whether to supply data to data stores is not a claimed method step. However, RCN's caching implementation, in general, and as a particular example its Web data routing using the Alteon layer 4 switch, does in fact determine whether data is to be supplied to the RCN Web cache.

Providing a data storage strategy and controlling where the data is stored are not part of the claim, however, RCN in fact does both. As to RCN's storage strategy, RCN determines the amount of data to be stored, for example, by determining the size of its Web cache storage area. As to controlling where the data is stored, obviously RCN determines where its Web cache storage is located within its network in an effort to reduce inbound Web traffic and response time for its customers.

The manner in which the browser cache copies data is immaterial to the infringement analysis, however the browser cache is, in fact, distinguished from the RCN Web cache in that the browser copies data for re-use by a specific user whereas RCN's Web cache stores data to service any user's subsequent request (as noted by RCN in its response) "... so that when the same *or another customer* requests the same web page it may be retrieved without querying the actual web site."

U.S. Patent 5,758,072 (Filepp et al.)

RCN's Position:

RCN asserts that they play no role in distributing data or applications throughout the Internet. RCN argues that they merely "extend the Internet to a customer's computer making it a node on the Internet". Once a customer is connected to the Internet, RCN contends that applications are accessed and processed by direct interaction between a customer's browser and a destination Web site and not by any node maintained by RCN. RCN further argues that since the customer's browser is not connected through the RCN home page node to other nodes, but rather is connected to vendor nodes in a point-to-point manner, collection of data from such Web sites is handled completely by the browser, and no "host" computer coordinates distributed processing. Finally, RCN asserts that Web page data and graphics are not "distributed" throughout the network and gathered for application generation; but rather, all of the data and graphics for a Web page reside together on a Web server and are all provided from the server to the customer's browser.

EXHIBIT A:

IBM Response:

IBM disagrees with RCN's position. RCN's arguments are incorrect, its characterization regarding the accessing of data and graphics on the Internet is not complete, and much of RCN's position does not relate to the language of the claim. Specifically, the claimed network elements include: a host computer, a reception system computer in communication with the host and a distribution means for providing data required for an application from the network to the reception system if it is not already present at the reception system.

When RCN "extends the Internet to a customer's computer" the customer's computer is assigned an RCN IP address and it becomes a node in RCN's network on the Internet. Only then is it capable of receiving applications from the Internet so as to constitute the claimed "reception system". The reception system is an RCN node, and accordingly, RCN controls the reception system. Moreover, in the presentation to RCN, the RCN Web server (www.erols.com) hosting the Erols Web pages, was the exemplary host computer. Thus, RCN controls the host computer. The distribution of data between the host and reception system takes place within RCN's network using RCN data and thus RCN controls the distribution means.

The claim does not recite nor does the specification or file history require an intermediate node such as the RCN home page node. Nonetheless, RCN's Web caching system described by RCN in response to the '771 patent is such an intermediate node. Moreover, RCN's position that the collection of Web data is handled completely by the browser and that no host computer controls distributed processing, is unrelated to the language of the claim. Host control of distributed processing is precisely what the invention sought to avoid (for example see '072 patent specification, Col. 10, lines 5-24). Collection of data at the reception system is enabled by the claimed distribution means which makes use of data stored at the reception system and in the remainder of the network including the Web server. This distribution means was clearly demonstrated in our presentation to RCN.

Finally, the claim does not require that Web data and graphics reside on separate nodes throughout the network. Instead, and as demonstrated in the presentation to RCN, the claim recites that the distribution means enables an application to be presented at the reception system by providing application data from the remainder of the network to the reception system if the data isn't already stored at the reception system. This distribution means supports the selective retention of some files (such as the "classifieds" graphics file labeled Mvctdgm.gif) at the reception system so that they may be reused on different web pages. This is supported by the specification ('072 patent specification, Col. 10, lines 31-36) and is how the Web works (as demonstrated in the presentation to RCN). In fact, RCN's response to the '771 patent and its response to this patent both acknowledge that a request for Web data will be provided locally if the data is stored in the cache and if not, then from the network, as is claimed by IBM.

U.S. Patent 5,396,967

RCN's position:

RCN asserts that the "partitions in the web browser" are generated exclusively by the web browser based on vendor data and not by RCN. RCN further argues that all of the actions called for in claim 1 are performed by the customer's browser based on the data content from the web page data provided by the vendor. RCN argues that they cannot infringe the claim since all of the actions are performed by the browser and not controlled or facilitated by RCN. Finally, RCN reiterates its assertion from its '072 patent response, that graphics files are not retrieved from the network in the sense contemplated by the claim, but instead are part of the same web site data being downloaded by a web browser.

IBM Response:

EXHIBIT A:

IBM disagrees with RCN position. RCN's arguments ignore the fact that the "vendor data" provided to the reception system is RCN Web site data from RCN host servers. As has been previously noted, RCN is a content provider hosting hundreds of thousands of Web pages on RCN servers.

It is unclear what RCN means by the "partitions in the browser" but it should be noted that a browser does nothing more than present a display based upon the data provided to it. The partitions recited in the claim are part of the screen display of a requested application. The screen display, in turn is composed of data provided over the network and presented at the reception system. Therefore, as demonstrated, the partitions are part of the Erols Web page data and are not "partitions in the browser".

RCN asserts that the generation of the partitioned screen displays is performed by the browser and not controlled or facilitated by RCN. A browser, by itself, is not capable of generating such partitioned screen displays as claimed, but can only present such displays at the reception system based upon the Web page data provided by RCN. As RCN is no doubt aware, the partitioned Web page displays can only be generated as a result of the Web page data, and a browser, without a connected network for receipt of data, cannot satisfy the asserted claim. In fact, the file history clearly establishes that the claimed steps should not be read as being limited to functions occurring at the reception system: "... *Windows is a shell environment for stand-alone DOS applications and does not, on its own constitute a reception environment for an interactive service provided on a computer network as expressly provided in the Applicants' claims.*" (See Applicants' response to Office Action, October 1994, page 7). Likewise, a browser is a file presentation system for many types of stand-alone textual and graphical files and does not, on its own, constitute a reception environment for an interactive service provided on a computer network as expressly claimed.

Consequently, as demonstrated, RCN creates the web page data from which each of the claimed generating steps is performed, RCN provides the network connection to the user's computer, RCN serves the web page data over the network and provides the data to the user's system rendering it a "reception system". Without this network-provided-data from RCN, none of the generating steps could be performed. Therefore, RCN clearly controls and facilitates each of the claimed method steps.

Finally, as was previously noted for the '072 patent, data and graphics files from a web host may be selectively retained in the browser cache of a reception system so that these retained objects may be reused on multiple web pages. This is demonstrated in our presentation by way of the "classifieds" gif file, retained in the browser cache based on access to a first web page (www.erols.com/index.html) and re-used on a subsequently accessed web page (www.erols.com/newspapers.html). Other data required to present this page and not resident in the browser cache is provided from the RCN server over the RCN network. In this manner, data for a requested web page application is retrieved from the network (if not previously resident in the browser cache) so that all data required for presenting the application may be collected at the reception system. This is what is claimed in the '967 patent and is precisely how the Web in general, and in particular, RCN's network works.

US Patent 5,319,542 (King et al.)

RCN's Position:

RCN asserts that all of the claimed steps are performed by the user's browser. RCN further asserts that its role in relation to the Tucows catalog system is merely to passively link the customer to the Tucows mirror site. RCN states that the patent defines an electronic requisition as being different than a purchase order, an electronic requisition being an internal document and a purchase order being transmitted to a supplier. RCN argues that they do not generate or transmit an electronic requisition as opposed to a simple purchase order. Alternatively, RCN asserts that if the claim could be read as transmitting a purchase order, that purchase orders are precluded by prosecution history estoppel and prior art including the PRODIGY system. Finally, RCN asserts that the claim requires the downloading of a private catalog and that they do not cause the customer to download a private catalog.

EXHIBIT A:

IBM Response:

IBM disagrees with RCN's position. RCN's arguments are incorrect and its claim interpretation directly conflicts with the language of the claim.

RCN argues that all of the claimed steps are performed by a browser. In fact, none of the claimed steps are performed by a browser. Each step of the claim is performed by a combination of RCN servers and the catalog software stored thereon. For example, the claimed step of searching the catalog for information on a selected item may be performed by either selecting hyperlinks designed into the catalog software on the RCN server to link to the catalog page including the information, or by providing a term in a search field designed into the catalog software. This is readily seen by reference to the IBM presentation. As a further example, the downloading step is performed by the RCN network and the RCN server which stores the Tucows catalog and which downloads information on the selected item to the RCN customer's computer system.

RCN asserts that its role in connection with Tucows mirror site is completely passive in that they merely link a customer to the Tucows mirror. RCN argues that they play no role in such activities as: developing content for the site, processing orders, providing advertisements or purchase inducements, or compiling the catalog nor do they receive royalties based on sales of software from the site.

The Tucows catalog is provided by RCN, on RCN servers in the RCN network to RCN customers, it is therefore clear that RCN hardware and software is used to perform each of the claimed steps. RCN's statements regarding the role they play in providing the catalog do not relate to the language of the claims. Moreover, these statements are incorrect. In fact, RCN does participate in each of these recited activities and does receive royalties based on downloads from the site. This fact is made clear via a review of the Tucows affiliates Web pages. For example, with regard to developing content and compiling the catalog: RCN actively chooses from the multitude of Tucows catalogs, the particular catalogs they wish to provide on the RCN mirror server, and as a Tucows Primary Affiliate, RCN must update their catalog pages at least six times a day.

RCN asserts that in the '542 patent an electronic requisition is distinct from a purchase order. RCN argues that an electronic requisition is an internal document used solely for an internal approval process whereas a purchase order is transmitted externally to a supplier. RCN thus argues that since they merely generate a simple purchase order they do not infringe.

This argument directly conflicts with the language of the claim, which recites that an electronic requisition is transmitted to the supplier. Moreover, the argument is contradicted by the specification and file history which describe the transmission of the electronic requisition to the supplier and which explain that the approval process (which RCN argues is the sole reason for the electronic requisition) is an optional process. RCN has failed to provide even a single reference from the specification or file history to support its position that an electronic requisitions is limited to intra-company use.

RCN argues in the alternative that if IBM reads the claim as meaning that a purchase order is transmitted to a supplier that it is invalidated by file wrapper estoppel, and by "voluminous" prior art including the PRODIGY system as described in the specification of the '542 patent.

IBM reads the claim as it is plainly written, namely that it requires an electronic requisition to be transmitted to a supplier. Moreover, RCN's reference to the PRODIGY system is in error. The '542 patent clearly describes that in the PRODIGY system, when a customer selects an item, the PRODIGY service (and not the customer's system as in the asserted claim) initiates an order with the supplier (Col. 1, lines 31-32).

RCN finally argues that the asserted claim was characterized in the file history as including the concept of a "private catalog" downloaded from the central database and that RCN does not cause such a download.