Notes of a teleconference between Blackboard Inc. and the Association for Learning Technology (ALT) – 16.00 to 17.50 UK time, 23 August 2006

Participation

Blackboard Inc. – http://www.blackboard.com/: Matt Small, Senior Vice President and General Counsel; Carl O'Keefe, Sales Director, UK.

Association for Learning Technology (ALT) – http://www.alt.ac.uk/: Paul Bacsich, Member of the ALT Board of Trustees, and Chair of the ALT Publications Committee; Seb Schmoller, Executive Secretary of ALT.

Background

The teleconference had been convened at the suggestion of Tim Collin, Blackboard's Vice President, Europe Middle East and Africa in response to an approach from Seb concerning the imminence of the ALT Conference. A similar discussion has already taken place with Desire2Learn.

An Agenda with questions had been sent to Blackboard by ALT on 21 August, picking up on questions and concerns raised by members of ALT's five main committees, and on views expressed to ALT directly by member organisations. We agreed to use this as the basis for the discussion, and that we would endeavour to agree a record of salient points in the discussion, using a draft that ALT would provide to Blackboard for review.

The aim of the discussion would be to:

- Review arrangements for the ALT conference in Edinburgh;
- Provide clarification on a range of factual questions concerning the patent
- Provide a fuller understanding of Blackboard's approach
- Highlight a number of concerns that are emerging in the UK community

ALT's current position

ALT has as yet no policy on software patents either in the UK or in wider jurisdictions. Current developments will undoubtedly stimulate a discussion as to whether or not to adopt a policy and if yes what it should be.

ALT has both Blackboard and Desire2Learn as corporate/sponsoring members, as well as several other companies in membership in the UK and elsewhere, who are potentially affected by the Blackboard patent.

ALT has several important national and international agencies in membership on whom the patent or its EU or other versions, when and if granted, have an actual or potential bearing.

ALT-C 2006 – 5-7 September 2006 in Edinburgh

Both Blackboard and D2L are exhibiting at ALT-C. ALT-C will have delegates from all over the world, with around 15% of 600+ participants from outside the UK, split roughly 50/50 between Europe and the rest of the world. Diana Oblinger from Educause is one the keynote speakers. ALT indicated that the patent issue is likely to be a "hot" topic, and many conference attendees, returning from leave, may be encountering the issue fresh.

Blackboard will be represented by its UK-based sales staff: Richard Burrows and Lorna Higgins, Carl O'Keefe. Carl will check whether Tim Collin will be attending.

Blackboard indicated that it will be seeking to disseminate accurate information about the patent issue, since, in Blackboard's opinion, a considerable amount of misinformation has been circulating.

Whilst ALT has no plans to organise a debate at the conference around the patent issue, it would be open to Blackboard to propose the convening of an "informal information giving and discussion session" which it might at a pinch be possible for ALT to accommodate outside the normal conference schedule. Although Blackboard was amenable to sending its General Counsel to the conference to hold a session on the topic, his conflicting commitments to the IMS and Blackboard's AsiaPAC Conference prevent him from doing so. In lieu of an in-person meeting, Blackboard suggested circulating the present notes.

ALT indicated that Blackboard, like Desire2Learn and any other organisational member, is entitled – outside the confines of the ALT conference – to disseminate information to ALT individual and organisational members in various ways.

Clarification on a range of factual questions

Note. From this point on Matt Small is the spokesperson for Blackboard. For the purposes of this discussion, his answers pertain only to the patent laws and procedures of the United States.

1. *When is the "invention date" of the invention referred to in Patent 6988138? in 1999 or 1998?*

The 6988138 Patent was provisionally filed on 30/6/1999. Therefore prior art after 30/6/1998, i.e. 12 months before the provisional filing date, is not relevant.

The numbered claims, rather than, say, the abstract, are at the heart of any patent. Some claims are "dependent". Others are "independent". In the case of 6988138 claims 1 and 36 are independent, which means, broadly, that they stand separately from each other and all the other claims in the patent, and can be infringed separately. For clarity, these two independent claims are included here:

> 1. A course-based system for providing to an educational community of users access to a plurality of online courses, comprising: a) a plurality of user computers, with each user computer being associated with a user of the system and with each user being capable of having predefined characteristics indicative of multiple predetermined roles in the system, each role providing a level of access to a plurality of data files associated with a particular course and a level of control over the data files associated with the course with the multiple predetermined user roles comprising at least two user's predetermined roles selected from the group consisting of a student role in one or more course associated with a student user, an instructor role in one or more courses associated with an instructor user and an administrator role associated with an administrator user, and b) a server computer in communication with each of the user computers over a network, the server computer comprising: means for storing a plurality of data files associated with a course, means for assigning a level of access to and control of each data file based on a user of the system's predetermined role in a course; means for determining whether access to a data file associated with the course is authorized; means for allowing access to and control of the data file associated with the course if authorization is granted based on the access level of the user of the system.
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> 36. An (sic) method for providing online education method (sic) for a community of users in a network based system comprising the steps of: a. establishing that each user is capable of having redefined characteristics indicative of multiple predetermined roles in the system and each role providing a level

> of access to and control of a plurality of course files; b. establishing a course to be offered online, comprising i. generating a set of course files for use with teaching a course; ii. transferring the course files to a server computer for storage; and iii. allowing access to and control of the course files according to the established roles for the users according to step (a); c. providing a predetermined level of access and control over the network to the course files to users with an established role as a student user enrolled in the course; and d. providing a predetermined level of access and control over the network to the course files to users with an established role other than a student user enrolled in the course.

Each of the other 44 claims (that is, the dependent claims) are dependent upon claims 1 and/or 36 and/or others of the dependent claims. The overall invention described in the patent draws upon a large number of elements, and it is only claims 1 and 36 that Blackboard asserts, through the patent, that it invented as stand alone inventions. The remaining claims relate to features that, as stand alone elements, might have already been invented elsewhere. Blackboard indicated that people who think the patent is a statement by Blackboard that it had itself invented what is described in each of the 44 claims as stand-alone elements are understandably offended. But the fact is that it is only claims 1 and 36 that Blackboard believes it invented as stand-alone inventions, and it is only infringement of these two independent claims that would result in Blackboard being able to obtain redress.

The patent will be tested in front of a jury, after a pre-trial "Markman Hearing" during which the parties summarise their stance on the case to the judge, who then sets out the scope of the case and the issues to be tested. Until this stage in proceedings it is impossible for either side to predict what the actual shape of the trial will be, and which specific issues will in fact be tested. Notwithstanding this, a patent is presumed in US law to be valid when issued from the US Patent and Trademark Office, and the burden is upon the plaintiff to prove infringement (by preponderance of the evidence), and upon the respondent to show invalidity (by clear and convincing evidence). While *falling outside a patent* only involves falling outside of the independent claims, *invalidating a patent* is much more difficult. It involves a showing that the patent is invalid "by clear and convincing evidence" (a very high standard of proof), rather than merely "by the preponderance of the evidence" (a lower standard of proof).

2. *Do your patents cover general networked e-learning as the patent seems to imply; or is there a restriction (explicit or implicit) to Web-based e-learning or specific architectures (e.g., Java 3-tier, SQL)?*

Blackboard believes that, in the case of Patent 6988138, the architecture of Blackboard's products is irrelevant (i.e., the patent is technology neutral). Thus if alleged prior art existed in a different paradigm, Blackboard would want to know about it. That said, Blackboard has not taken its action lightly, having spent months doing due diligence and infringement analysis prior to instigating court action against Desire2Learn. It sees the Wikipedia History of VLEs as a great compendium, but not as a threat. Certainly, if there is prior art out there relating to the independent claims in the patent, then Blackboard is keen to know of it.

3. *Did Blackboard notify the US Department of Justice (DOJ) that it had been awarded Patent 6988138 during the latter's consideration of whether or not to allow the acquisition by Blackboard of WebCT? (Clearance was given in February 2006, some weeks after the award in January of the patent.)*

Blackboard cannot speculate as to what the DOJ considered in its review. But during DOJ's consideration of the acquisition, Blackboard was subject by the DOJ to what is known as a "second request", which means that the DOJ had very extensive access to Blackboard and

WebCT files, including emails, which are subject to a very deep investigation. (The general process is clearly described at http://www.usdoj.gov/atr/public/9300.htm.) Nor is it the case that the first public mention by Blackboard of the patent was the issue of its 27 July press release. For example, Blackboard had already begun to mark its products as being patented in early 2006 (for example in the documentation the company issued for Release 7.1 of the Blackboard Academic Suite in April 2006); and knowledge of the patent was "out in the wild" several months before the press release, for example on a Moodle discussion board.

4. *Can you please put dates on Blackboard's relationship with IMS, firstly as a consultant to it, and secondly as contributing member.*

Blackboard people, including Mathew Pittinsky and Michael Chasen worked as consultants to IMS during the late 1990s. This was before Blackboard LLC acquired CourseInfo and formed Blackboard Inc. and became a vendor. The dates can easily be checked. CourseInfo 1.0 as a system, and Blackboard's acquisition of it, predates the patent application.

5. *Was Blackboard party to information concerning VLE design from other members of IMS?*

I do not know the specifics of what Blackboard did for IMS in the late 1990s, but the inventions embodied in the patent were derived entirely by Blackboard inventors. The patent and the IMS work had nothing to do with one another.

6. *Did Blackboard notify IMS of its intention to make a patent application in 1999?*

I do not know. That would have been proprietary information, so I doubt it.

7. *What is the status of your EU and other pending patent applications? What is your hoped for time-frame for its approval?*

There is no way of knowing, since the process for considering patent applications varies widely in different jurisdictions. Blackboard's application was granted in Singapore two years earlier than in the U.S. The U.S. application took seven years to issue.

8. *What is the purpose of your 27 July 2006 United States Patent Application number 20060168233?*

This patent application is a continuation of Blackboard's issued patent. It is common practice to file continuation applications to provide inventors the opportunity to seek claims on various aspects of their invention so that they can be afforded the full legal protection for their intellectual property that the law provides.

Understanding Blackboard's approach

9. What is the long-term business rationale behind seeking worldwide patents?

We live in a world in which we are at risk from others who hold patents, and if we do not hold them ourselves, others will, and may use them against us. We have invested a great deal in product development, and we need to protect that investment against the risk of our staff leaving, getting venture capital, and then exploiting our intellectual property.

We do not see this development as in any way "game changing". We are not trying to put anyone out of business; reasonable royalties are all we want. We have a stated business policy of not going after individual universities, nor are we focusing on Open Source initiatives.

10. Why Desire2Learn?

Desire2Learn is a commercial competitor of ours in the US. We believe Desire2Learn infringed our patent. We believe that discovery and the legal process will show clearly what transpired. We believe that in such circumstances a company like Blackboard should be able to do something to protect itself.

11. What is the rationale for initiating a patent infringement claim in court rather than first seeking to resolve the issue in direct discussion with Desire2Learn?

There are legal reasons why a patent holder may not want to allege infringement prior to filing a formal complaint. Moreover, it has more-or-less become a business reality in the industry for letters alleging patent infringement to be routinely ignored. So if you mean business it is necessary to signal this by going to court first. As soon as we filed our case, we called Desire2Learn, expecting them to want quietly to negotiate a reasonable royalty. Of course it was their prerogative to announce the fact that we had gone to court, but it was not our intention to publicize the suit.

12. Have you considered any sort of "no first use of patents" policy either as an individual company (such as patent escrow) or pooled via such as Patent Commons (http://www.patentcommons.org/)?

We routinely pay royalties to others for use of their intellectual property, so we should not avoid seeking the same from others who use ours. This is not without precedent in academia. There are many patent holders in the academic space, including universities, who seek appropriate royalties for the license of their patents. In fact, some universities are among the most aggressive in asserting their patent rights. There are also legal reasons a patent holder cannot definitively say that it will not do "X" with its patent because doing so could inadvertently devalue the patent in other situations where it feels enforcement would be appropriate.

Concerns that are emerging in the UK academic community

ALT summarised some of the views that are emerging in the UK.

Public funding ultimately pays for the software licence costs that UK colleges and universities incur. So there is considerable anxiety about institutions being locked into the use of any particular software platform, whether through reduction in choice, or through fear of litigation, or through anxieties as to the long-term future of suppliers that may themselves be at risk of patent litigation. Since much software is developed in the US, this affects the UK irrespective of what happens to software patents in UK or EU.

Much of the early thinking about virtual learning environments took place in an environment in which ideas and requirements were freely shared between users, developers, companies, and researchers, for example (but not only) under the auspices of IMS. There is a strong sense (whether or not erroneously held) that the know-how on the basis of which Blackboard's patent is based derives from that open sharing. Thus Blackboard is viewed as seeming to have "advanced its own interests on the back of the work of others", to such an extent that "within the academy" people are likely to become much more cautious about the open sharing that has featured in recent years; and universities may start actively to prevent "IP leakage". That would be a block on innovation.

In response, Blackboard stressed its views firstly that open dialogue between it and decision-makers and the e-learning community is key to dispelling what it sees as major misunderstandings as to Blackboard's intentions; and secondly its confidence that in practice the communities of users that Blackboard supports will continue their commitment to open working. Blackboard also pointed to the many ways in which it supports the continually expanding community of practice through standards, openness initiatives, and its recently announced Beyond Initiative and Blackboard 2.0.

The conference call ended at 17.50 UK time. ALT will provide Blackboard with a draft note of the discussion which once agreed ALT, will circulate to its members.

This is that note.

Version history

1 September 2006 – minor error in final sentence of answer to question 3 corrected, by agreement with Blackboard.