

1 MATTHEW D. POWERS (Bar No. 104795)  
 matthew.powers@weil.com  
 2 NICHOLAS A. BROWN (Bar No. 198210)  
 nicholas.brown@weil.com  
 3 MICHAEL D. POWELL (Bar No. 202850)  
 mike.powell@weil.com  
 4 LEERON G. KALAY (Bar No. 233579)  
 leeron.kalay@weil.com  
 5 WEIL, GOTSHAL & MANGES LLP  
 Silicon Valley Office  
 6 201 Redwood Shores Parkway  
 Redwood Shores, CA 94065  
 7 Telephone: (650) 802-3000  
 Facsimile: (650) 802-3100  
 8

9 Attorneys for Plaintiff and Counterdefendant  
 APPLE COMPUTER, INC.

10 UNITED STATES DISTRICT COURT  
 11 NORTHERN DISTRICT OF CALIFORNIA  
 12 SAN FRANCISCO DIVISION

13 APPLE COMPUTER, INC.,  
 14 Plaintiff and  
 Counterdefendant,

15 v.

16 BURST.COM, INC.,  
 17 Defendant and  
 18 Countercomplainant.

Case No. 06-CV-00019 MHP

**APPLE COMPUTER, INC.'S  
 ANSWER TO BURST.COM, INC.'S  
 AMENDED COUNTERCLAIM AND  
 COUNTERCLAIM FOR  
 DECLARATORY JUDGMENT**

Hon. Marilyn Hall Patel

Complaint Filed: January 4, 2006  
 Trial Date: Not Yet Set

1 Counterclaim defendant Apple Computer, Inc. answers defendant Burst.com,  
2 Inc.'s Amended Counterclaim ("Burst's Counterclaim") as follows:

3 **PARTIES**

4 1. Apple admits that Burst maintains its principal place of business at 613  
5 Fourth St., Suite 201, Santa Rosa, California, 95404. Apple does not have sufficient knowledge  
6 or information as to the truth of the remaining allegations set forth in paragraph 1 of Burst's  
7 Counterclaim and on that basis these allegations are denied.

8 2. Apple admits that it is a California corporation with its principal place of  
9 business at One Infinite Loop, Cupertino, CA 95014.

10 **JURISDICTION AND VENUE**

11 3. Apple admits that Burst's Counterclaim alleges acts of infringement of a  
12 United States patent and that this Court has subject matter jurisdiction over those claims. Apple  
13 further admits that venue is proper in this Court for those claims.

14 4. Apple admits that it is subject to the personal jurisdiction of this Court and  
15 that Burst's Counterclaim is substantially related to the claims asserted by Apple against Burst in  
16 this action. Apple admits that it provides products and services in the Northern District of  
17 California but denies that they are "infringing."

18 **BACKGROUND**

19 5. Apple admits that U.S. Patent No. 4,963,995 (the "'995 patent") issued  
20 October 16, 1990, and that Exhibit A to Burst's Counterclaim appears to be an accurate copy of  
21 the '995 patent, titled "Audio/Video Transceiver Apparatus Including Compression Means."  
22 Apple does not have sufficient knowledge or information as to the truth of the remaining  
23 allegations set forth in paragraph 5 of Burst's Counterclaim and on that basis those allegations are  
24 denied.

25 6. Apple admits that U.S. Patent No. 5,057,932 (the "'932 patent") issued  
26 October 15, 1991 and that Exhibit B to Burst's Counterclaim appears to be an accurate copy of  
27 the '932 patent. Apple also admits that U.S. Patent No. 5,164,839 (the "'839 patent") issued  
28 November 17, 1992 and that Exhibit C to Burst's Counterclaim appears to be an accurate copy of

1 the '839 patent. Apple admits that U.S. Patent No. 5,995,705 (the "'705 patent'") issued  
2 November 30, 1999 and that Exhibit D to Burst's Counterclaim appears to be an accurate copy of  
3 the '705 patent. Apple admits that Richard A. Lang is named as the inventor on the face of the  
4 '995, '932, '839, and '705 patents. Apple admits that according to the records of the United  
5 States Patent Office and the face of the '995 patent, the application for the '995 patent was filed  
6 on December 27, 1988. Apple further admits that the '932, '839, and '705 patents each states on  
7 its face that it is related to a continuation-in-part of the application filed on December 27, 1988,  
8 and that these patents are part of the same "family" in that sense. Apple does not have sufficient  
9 knowledge or information as to the truth of the remaining allegations set forth in paragraph 6 of  
10 Burst's Counterclaim and on that basis those allegations are denied.

11 7. Apple admits that the '995, '932, '839 and '705 collectively contain 186  
12 patent claims. Apple admits that according to the records of the United States Patent Office and  
13 the face of the '995 patent, the application for the '995 patent was filed on December 27, 1988.  
14 Apple further admits that the '932, '839, and '705 patents each states on its face that it is related  
15 to a continuation-in-part of the application filed on December 27, 1988. Except as otherwise  
16 expressly admitted herein, Apple denies the allegations set forth in paragraph 7 of Burst's  
17 Counterclaim.

18 8. Apple does not have sufficient knowledge or information as to the truth of  
19 the allegations set forth in paragraph 8 of Burst's Counterclaim and on that basis these allegations  
20 are denied.

21 9. Apple admits that according to public records, there was a previous lawsuit  
22 between Burst and Microsoft Corporation in which Burst accused Microsoft of antitrust violations  
23 and of infringing the '995, '839, and '705 patents. Apple admits that according to press releases  
24 and news reports, Microsoft paid Burst \$60 million pursuant to a settlement of that lawsuit, and  
25 obtained a license to Burst's entire patent portfolio as a result of that settlement. Apple does not  
26 have sufficient knowledge or information as to the truth of the remaining allegations set forth in  
27 paragraph 9 of Burst's Counterclaim and on that basis these allegations are denied.

28 10. Apple admits that Burst contacted Apple in 2000 and 2002 regarding

1 Burst's interest in having Apple acquire Burst. Apple further admits that Burst informed Apple in  
2 2000 that it owned issued patents, and that Apple was thereby aware of those patents. Apple  
3 denies that it has developed or sold infringing products as alleged in paragraph 10 of Burst's  
4 Counterclaim. Apple does not have sufficient knowledge or information as to the truth of the  
5 remaining allegations set forth in paragraph 10 and on that basis these allegations are denied.

6 11. Apple admits that it manufactures and sells computer hardware and  
7 software, portable digital media players under the brand name "iPod," as well as software under  
8 the brand name "iTunes." Apple admits that it markets iPod and iTunes on its website and  
9 elsewhere, and that its website contains a tab labeled "iPod + iTunes." Apple admits that it sells  
10 or has sold products branded as "iPod, iPod Shuffle, iPod Nano, iPod Mini, iPod Video, and iPod  
11 U2" and that its revenue from iPod sales in its fiscal year 2005 was more than two billion dollars.  
12 Apple denies that any of its audio and video products and services infringe any of the Burst  
13 patents. Apple further denies that Burst is entitled to damages on sales of Apple's iPod. Apple  
14 further denies all the remaining allegations in paragraph 11.

15 12. Apple admits that it manufactures and distributes iTunes software, which  
16 can be and is used for audio and video applications. Apple admits that the iTunes software is  
17 sometimes preloaded on computers sold by Apple. Apple admits that the Mac OS operating  
18 system is normally preloaded on Apple computers sold to consumers. Apple admits that it  
19 distributes iTunes software for use on Apple computers with the Mac OS and for use on  
20 computers manufactured by other companies that use the Windows operating system. Apple  
21 admits that it distributed more than 2 million copies of iTunes software in 2005 but denies that its  
22 iTunes software infringes any of the patents asserted in Burst's counterclaim including when it is  
23 used in conjunction with Macs, iPod devices or the iTunes Music Store. Apple further denies that  
24 Burst is entitled to damages. Apple further denies all the remaining allegations in paragraph 12.

1 13. Apple admits that paragraph 13 of Burst’s Counterclaim accurately quotes  
2 from its website at “[www.apple.com/itunes/overview/](http://www.apple.com/itunes/overview/).” Apple denies that its iTunes Music Store  
3 infringes any of the patents asserted in Burst’s counterclaim and denies that Burst is entitled to  
4 damages. Apple further denies all the remaining allegations in paragraph 13.

5 14. Apple admits that paragraph 14 of Burst’s Counterclaim accurately quotes  
6 from Apple’s Mac OS X Quicktime Streaming Server 5.5 administration guide. Apple further  
7 admits that paragraph 14 of Burst’s Counterclaim accurately quotes a portion of its website at  
8 “[www.apple.com/quicktime/technologies/streaming/](http://www.apple.com/quicktime/technologies/streaming/).” Apple denies that any of its alleged  
9 “QuickTime suite of products” infringes any of the patents asserted in Burst’s counterclaim and  
10 denies that Burst is entitled to damages. Apple further denies all the remaining allegations in  
11 paragraph 14.

12 15. Apple admits that it manufactures, sells and uses computers that can be  
13 used to run iTunes software and the alleged “QuickTime suite of products” and that Apple’s  
14 website describes the “Skip Protection” feature as set forth in paragraph 14 of Burst’s  
15 Counterclaim. Apple further admits that certain “Macs” are sold with Quicktime Player and  
16 iTunes preinstalled but denies that QuickTime Player or iTunes software is “infringing.” Apple  
17 denies that the manufacturing, selling, or using of Apple computers or servers sold by Apple  
18 infringes any of the patents asserted in Burst’s counterclaim and denies that Burst is entitled to  
19 damages. Apple further denies all the remaining allegations in paragraph 15.

20 **COUNT I**

21 16. Apple denies the allegations in paragraph 16 of Burst’s Counterclaim.

22 17. Apple denies the allegations in paragraph 17 of Burst’s Counterclaim.

23 18. Apple denies the allegations in paragraph 18 of Burst’s Counterclaim.

24 19. Apple denies the allegations in paragraph 19 of Burst’s Counterclaim.

25 20. Apple denies the allegations in paragraph 20 of Burst’s Counterclaim.

26 21. Apple denies the allegations in paragraph 21 of Burst’s Counterclaim.

27 **BURST’S PRAYER FOR RELIEF**

28 22. Apple denies that Burst is entitled to any of the relief it requests in

1 paragraphs (a) through (i) of Burst's Counterclaim.

2 **BURST'S DEMAND FOR JURY TRIAL**

3 23. Apple denies that Burst is entitled to a trial by jury on all issues.

4 **APPLE'S AFFIRMATIVE DEFENSES**

5 24. Apple asserts the following affirmative defenses and reserves the right to  
6 allege additional defenses as they are discovered.

7 **FIRST DEFENSE**

8 25. The complaint fails to state a claim upon which relief can be granted.

9 **SECOND DEFENSE**

10 26. Apple has not infringed, and is not infringing, either directly or indirectly,  
11 contributorily or otherwise, any asserted claim of Burst's patents in this action.

12 **THIRD DEFENSE**

13 27. Each of the asserted claims of the '995, '932, '839 and '705 patents is  
14 invalid for failure to comply with the requirements of the Patent Laws of the United States,  
15 including but not limited to the provisions of 35 U.S.C. § 101, 102, 103, and 112.

16 **FOURTH DEFENSE**

17 28. The relief sought by Burst for the alleged infringement of any claim of the  
18 '995, '932, '839 and '705 patents is barred in whole or in part by the doctrine of laches.

19 **FIFTH DEFENSE**

20 29. The relief sought by Burst for the alleged infringement of any claim of the  
21 '995, '932, '839 and '705 patents is barred in whole or in part by the doctrines of waiver and/or  
22 estoppel.

23 **SIXTH DEFENSE**

24 30. The relief sought by Burst for the alleged infringement of any claim of the  
25 '995, '932, '839 and '705 patents is barred in whole or in part by 35 U.S.C. § 286.

26 **SEVENTH DEFENSE**

27 31. The relief sought by Burst for the alleged infringement of any claim of the  
28 '995, '932, '839 and '705 patents is barred in whole or in part by 35 U.S.C. § 287.

1 **COUNTERCLAIM**

2 32. Apple hereby restates and realleges the allegations set forth in paragraphs 1  
3 to 31 above and incorporates them by reference.

4 33. Apple counterclaims against Defendant Burst.com pursuant to the patent  
5 laws of the United States, Title 35 of the United States Code, with a specific remedy sought based  
6 upon the laws authorizing actions for declaratory judgment in the courts of the United States, 28  
7 U.S.C. §§ 1331, 1338(a), 2201, 2202, and Federal Rule of Civil Procedure 13.

8 34. Apple has not infringed, and is not infringing, either directly or indirectly,  
9 contributorily or other otherwise, any claim of the '932 patent.

10 35. The claims of the '932 patent are invalid for failure to comply with the  
11 requirements of the Patent Laws of the United States, including but not limited to the provisions  
12 of 35 U.S.C. § 101, 102, 103, and 112.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, Apple prays for judgment as follows:

15 1. Declaring that Apple has not infringed and is not infringing, directly, indirectly  
16 or contributorily, any claims of the '995, '932, '839 and '705 patents ("the patents-in-suit");

17 2. Declaring that each of the claims of the patents-in-suit is invalid.

18 3. Declaring that Defendant Burst.com and each of their officers, employees,  
19 agents, alter egos, attorneys, and any persons in active concert or participation with them be  
20 restrained and enjoined from further prosecuting or instituting any action against Apple claiming  
21 that the any claim of any of the patents-in-suit is valid or infringed, or from representing that any  
22 of Apple's products or services, or others' use thereof, infringes any claim of any of the patents-  
23 in-suit;

24 4. Declaring this case exceptional under 35 U.S.C. § 285 and awarding Apple its  
25 attorneys' fees and costs in connection with this case;

26 5. Awarding Apple such other and further relief as the Court deems just and  
27 proper.

