

1 Christopher Kao (SBN 237716)
 E-mail: CKao@perkinscoie.com
 2 Brian Hennessy (SBN 226721)
 E-mail: BHennessy@perkinscoie.com
 3 PERKINS COIE LLP
 101 Jefferson Drive
 4 Menlo Park, CA 94025-1114
 5 Telephone: (650) 838-4300
 Facsimile: (650) 838-4350

6 Attorneys for Plaintiff
 7 craigslist, Inc.

8 UNITED STATES DISTRICT COURT
 9 NORTHERN DISTRICT OF CALIFORNIA
 10 SAN FRANCISCO DIVISION

12 craigslist, Inc., a Delaware corporation,

13 Plaintiff,

14 v.

15 GraphOn Corporation, a Delaware
 16 corporation,

17 Defendant.

Case No. CV-10-1156 CRB

**CRAIGSLIST INC.'S FIRST AMENDED
 COMPLAINT FOR DECLARATORY
 JUDGMENT**

18 GraphOn Corporation, a Delaware
 19 corporation,

20 Counter-Plaintiff,

21 v.

22 craigslist, Inc., a Delaware corporation,

23 Counter-Defendant

1 Plaintiff craigslist, Inc. (“craigslist”) alleges as follows for its First Amended Complaint
2 for Declaratory Relief against Defendant GraphOn Corporation (“GraphOn”):

3 **PARTIES**

4 1. craigslist is a Delaware corporation, with its principal place of business in San
5 Francisco, California.

6 2. Upon information and belief, GraphOn is a Delaware corporation, with its
7 principal place of business in Santa Cruz, California.

8 **JURISDICTION**

9 3. This action arises under the patent laws of the United States, 35 U.S.C. §§ 1 *et*
10 *seq.*, and the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202. This Court has subject
11 matter jurisdiction pursuant to 28 U.S.C. §§1331 and 1338(a).

12 4. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391(b) and (c), and
13 1400(b).

14 **INTRADISTRICT ASSIGNMENT**

15 5. This is an Intellectual Property Action to be assigned on a district-wide basis under
16 Civil Local Rules 3-2(c) and 3-5.

17 **BACKGROUND**

18 6. craigslist operates the website, www.craigslist.org, which provides online
19 localized classified ad placement and related online services.

20 7. GraphOn claims to be the owner of U.S. Patent Nos. 6,324,538 (the “538
21 Patent”), which is attached hereto as Exhibit A, 6,850,940 (the “940 Patent”), which is attached
22 hereto as Exhibit B, 7,028,034 (the “034 Patent”), which is attached hereto as Exhibit C, and
23 7,269,591 (the “591 Patent”), which is attached hereto as Exhibit D. These patents are
24 collectively referred to hereinafter as the “Patents-in-Suit.”

25 8. On January 18, 2010, GraphOn, through its counsel Watson Rounds, sent a letter
26 to craigslist, a copy of which is attached hereto as Exhibit E.

1 9. The letter stated that Watson Rounds had “reviewed the [c]raigslist website in
2 detail” and that it “believe[d] that there may be interest on the part of [c]raigslist in licensing four
3 of GraphOn’s patents, U.S. Patent No.’s. 6,324,538, 6,850,940, 7,028,034 and 7,269,591.”

4 10. The letter further stated that: “To date, GraphOn has licensed its portfolio to
5 AutoTrader.com, Classified Ventures (Cars.com), Careerbuilder.com, Google, Yahoo!, eBay and
6 others, and it would appreciate the opportunity to add [c]raigslist to this growing list without
7 time-consuming and costly litigation for both parties.”

8 11. GraphOn has previously commenced litigation against numerous other parties
9 alleging infringement of some or all of the Patents-in-Suit:

10 a. On August 24, 2007, GraphOn filed a complaint alleging infringement of
11 the ’538 and ’940 Patents against AutoTrader.com, Inc. in the U.S. District Court for the Eastern
12 District of Texas. At the time of that suit, the ’591 and ’034 patents had not yet issued.

13 b. On March 6, 2008, GraphOn filed a complaint alleging infringement of the
14 Patents-in-Suit against Classified Ventures, LLC, IAC/InterActiveCorp., Match.com, LLC,
15 Yahoo! Inc., eHarmony.com, and CareerBuilder, LLC in the U.S. District Court for the Eastern
16 District of Texas.

17 c. On August 13, 2008, GraphOn filed a complaint alleging infringement of
18 the Patents-in-Suit against Google Inc. in the U.S. District Court for the Eastern District of Texas.

19 12. In addition, GraphOn’s predecessor-in-interest, Network Engineering Software,
20 Inc. filed a complaint against eBay, Inc. in the U.S. District Court for the Northern District of
21 California on March 23, 1999, alleging infringement of U.S. Patent No. 5,778,367, which
22 contains an identical specification to the Patents-in-Suit, and of which the Patents-in-Suit are
23 continuations.

24 13. On February 10, 2010, MySpace, Inc. (“MySpace”)—after having received a letter
25 from GraphOn similar to the one received by craigslist—filed a complaint for declaratory
26 judgment of non-infringement, invalidity and unenforceability of the Patents-in-Suit in the U.S.

27
28

1 District Court for the Northern District of California, *MySpace, Inc. v. GraphOn Corporation*, 10
2 CV 604 (EDL).

3 14. In view of the foregoing, and specifically that (a) GraphOn has asserted that
4 craigslist infringes the Patents-in-Suit and should enter into a license agreement with GraphOn or
5 else face litigation, (b) craigslist believes that it does not infringe the Patents-in-Suit, and
6 (c) craigslist does not believe that all of the claims of the Patents-in-Suit are valid and
7 enforceable, there exists an actual and justiciable controversy between the parties. On that basis,
8 craigslist brings this action for declaratory judgment.

9 **COUNT I**

10 **DECLARATORY JUDGMENT OF NON-INFRINGEMENT**

11 15. craigslist incorporates and realleges the allegations in each of the preceding
12 paragraphs as if set forth herein in their entirety.

13 16. craigslist has not infringed, nor is it presently infringing, any valid claims of the
14 Patents-in-Suit.

15 17. An actual controversy exists between GraphOn and craigslist with respect to
16 whether craigslist infringes the Patents-in-Suit.

17 18. craigslist seeks a declaratory judgment that it does not infringe any claims of the
18 Patents-in-Suit.

19 **COUNT II**

20 **DECLARATORY JUDGMENT OF INVALIDITY**

21 19. craigslist incorporates and realleges the allegations in each of the preceding
22 paragraphs as if set forth herein in their entirety.

23 20. An actual controversy exists between GraphOn and craigslist with respect to the
24 validity of the Patents-in-Suit.

25 21. The Patents-in-Suit are invalid for failure to comply with one or more of the
26 requirements of the patent laws of the United States, including, but not limited to, those codified
27 at 35 U.S.C. §§ 101, 102, 103 and 112.

28

1 intentionally and deceptively failing to disclose to the PTO material information during the
2 prosecution of the applications for the Patents-in-Suit.

3 31. Specifically, Wesinger and Coley, Irvine, Brisson, Nicholas and/or other
4 individuals associated with the filing and prosecution of the applications for the Patents-in-Suit
5 intentionally and deceptively failed to disclose to the PTO during prosecution of each of the
6 patent applications the existence of a related application, the '956 application, and the PTO's
7 office actions and the prior art relied upon by the patent examiner in the prosecution of that
8 application.

9 32. The '034 and '591 patents issued from patent applications that are continuation
10 applications to the applications that issued as the '538 and '940 patents. And for priority
11 purposes, the Patents-in-Suit each claim the benefit of the filing date of the parent patent
12 application that issued as U.S. Patent No. 5,778,367 ("367 patent"). In other words, each of the
13 patents asserted against craigslist belongs to the same patent family, and each shares an identical
14 specification and similar claims. The Patents-in-Suit therefore are unenforceable, both directly
15 and under the doctrine of infectious unenforceability, as a result of the inequitable conduct
16 described below.

17 33. On February 6, 1996, Wesinger and Coley filed the '956 application, which related
18 to a secure database that can be attached to and receive information over a public network and, in
19 particular, to a credit card server system for securely storing credit card information received over
20 the Internet in the context of a commercial transaction.

21 34. In February 1997, the PTO rejected the '956 application under 35 U.S.C. § 103 as
22 obvious in light of the prior art. Other rejections followed.

23 35. In July 1998, while the '956 application was pending, Wesinger and Coley filed an
24 application for the '538 patent. This '538 patent application was assigned to a different examiner
25 than the examiner on the '956 application. Initially, the claims in the '538 patent application did
26 not seek patent coverage of a method for charging users, or charging users by credit card.

27
28

1 transaction[s] on-line.” This is particularly surprising, since immediately before abandoning the
2 ’956 application in the face of the PTO’s rejections, Wesinger and Coley amended the ’538 patent
3 application to include claims directed to charging users’ credit cards. The only reasonable
4 inference that can be drawn from such conduct is an intent to deceive the PTO.

5 41. The ’538 patent thereafter issued on November 27, 2001, with claims to charging
6 users’ credit cards intact. The best mode for performing those claimed methods, as was fully
7 described in the ’956 application, was never disclosed to the PTO during prosecution of the ’538
8 patent, claims 2 and 3 of which are directed toward charging users’ credit cards.

9 **The ’940 Patent**

10 42. Likewise, neither Wesinger nor Coley, nor their patent counsel including Irvine,
11 Nicholas, and Brisson, nor any other person that was associated with the filing and prosecution of
12 the application for the ’940 patent, disclosed the unsuccessful ’956 application and the PTO’s
13 office actions and the prior art relied upon by the patent examiner in the prosecution of that
14 application to the PTO during the prosecution of the ’940 patent application.

15 43. The application for the ’940 patent was filed on September 14, 2001 (well after the
16 ’956 application was abandoned), and was assigned to a different examiner than the examiner of
17 the ’956 application. During the prosecution of the ’940 patent application, the PTO rejected the
18 pending claims in the application as anticipated by an article describing Microsoft Access 2.

19 44. In response, Wesinger and Coley distinguished their invention by noting that the
20 prior art did not describe “storing an identification of the user authorized to modify a record in a
21 web accessible database.”

22 45. But neither Wesinger nor Coley, nor their patent counsel including Irvine,
23 Nicholas and Brisson, nor any other person that was associated with the filing and prosecution of
24 the application for the ’940 patent, disclosed that the PTO observed in its rejection of the ’956
25 application that the network devices comprising the claimed invention (including a web server
26 and a database, which are the network devices claimed in the ’940 patent) “are notoriously old
27 and well known in the art of telecommunication networking” *See, e.g.*, Office Action, at 7
28

1 (Feb. 14, 1997). The only reasonable inference that can be drawn from such conduct is an intent
2 to deceive the PTO.

3 **The '034 and '591 Patents**

4 46. The '034 and '591 patents were filed on May 11, 2004, well after the '956
5 application was abandoned.

6 47. Both patents are directed to a web server for providing a “pay-for service web site”
7 that includes a process for receiving “a fee for making the personal homepage accessible on a
8 network.” '034 patent, Abstract; '591 patent, Abstract. Every claim of the '034 and '591 patents
9 involves receiving a fee.

10 48. Both patents reference the same “proprietary” method referenced in the '538 and
11 '940 patents for charging users of the invention, a method that was claimed in the Abandoned
12 '956 application, which was directed to a credit card server system.

13 49. Neither Wesinger nor Coley, nor their patent counsel including D'Alessandro and
14 Brisson, nor any other person that was associated with the filing and prosecution of the
15 applications for the '034 and '591 patents, however, disclosed the unsuccessful '956 application
16 and the PTO's office actions and the prior art relied upon by the patent examiner in the
17 prosecution of that application to the PTO during the prosecution of the applications for the '034
18 and '591 patents. The only reasonable inference that can be drawn from such conduct is an intent
19 to deceive the PTO.

20 50. The existence of the '956 application and its prosecution was material to the
21 patentability of the Patents-in-Suit. The failure to disclose the application and its prosecution to
22 the PTO amounts to a breach of the duty of candor and good faith and was done with deceptive
23 intent. The Patents-in-Suit therefore are unenforceable as a result of the inequitable conduct.

24 51. An actual controversy exists between GraphOn and craigslist with respect to the
25 enforceability of the Patents-in-Suit.

26 52. craigslist seeks a declaration that the Patents-in-Suit are unenforceable.
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COUNT IV

DECLARATORY JUDGMENT OF UNENFORCEABILITY

53. craigslist incorporates and realleges the allegations in each of the preceding paragraphs as if set forth herein in their entirety.

54. Wesinger, Coley, their patent counsel, and/or other individuals associated with the filing and prosecution of the applications for the Patents-in-Suit violated their duty of candor and good faith in dealing with the PTO by intentionally and deceptively failing to disclose to the PTO material information during the prosecution of the applications for the Patents-in-Suit.

55. Specifically, Wesinger and Coley, their patent counsel including Irvine, Nicholas, and Brisson, and/or other individuals associated with the filing and prosecution of the applications for the Patents-in-Suit intentionally and deceptively failed to disclose to the PTO during prosecution of each of the patent applications the existence of a related litigation, *Network Engineering Software, Inc. v. eBay, Inc.*, No. 99-1433-BZ (N.D. Cal.) (“the eBay litigation”), and material information arising therefrom. Wesinger and Coley, their patent counsel including D’Alessandro and Brisson, and/or other individuals associated with the filing and prosecution of the applications for the ’034 and ’591 patents also intentionally and deceptively failed to disclose to the PTO during prosecution of each of these two patent applications the existence of another related litigation *GraphOn Corp. v. AutoTrader.com, Inc.*, No. 05-cv-530-TJW (E.D. Tex.); *see also GraphOn Corp. v. AutoTrader.com, Inc.*, No. 07-cv-367-TJW (E.D. Tex.) (incorporating the pleadings from No. 05-cv-530) (collectively, “the AutoTrader.com litigation”) and material information arising therefrom.

56. The ’034 and ’591 patents issued from patent applications that continued from the applications that issued as the ’538 and ’940 patents. And for priority purposes, the Patents-in-Suit each claim the benefit of the filing date of the parent patent application that issued as the ’367 patent. In other words, each of the Patents-in-Suit belongs to the same patent family, and each shares an identical specification and very similar claims. The Patents-in-Suit therefore are

1 unenforceable, both directly and under the doctrine of infectious unenforceability, as a result of
2 the inequitable conduct described below.

3 **Duty To Disclose Related Litigation**

4 57. The PTO has determined that

5 [w]here the subject matter for which a patent is being sought is, or has been
6 involved in litigation, the existence of such litigation and any other material
7 information arising therefrom must be brought to the attention of the Patent and
8 Trademark Office. Examples of such material information include evidence of
9 possible prior public use or sales, questions of inventorship, prior art, allegations
10 of 'fraud,' 'inequitable conduct,' and 'violation of duty of disclosure.' Another
11 example of such material information is any assertion that is made during
12 litigation which is contradictory to assertions made to the examiner. . . . Such
13 information might arise during litigation in, for example, pleadings, admissions,
14 discovery including interrogatories, depositions, and other documents and
15 testimony.”

16 MPEP § 2001.06(c) (Aug. 1993); see also *Nilssen v. Osram Sylvania, Inc.*, 504 F.3d 1223, 1234
17 (Fed. Cir. 2007) (“[T]he existence of the litigation itself is material information that an examiner
18 needs to have. It is important because it signals to the examiner that other material information
19 relevant to patentability may become available through the litigation proceedings. The PTO
20 obviously considers such information material and there is no basis for us to conclude
21 otherwise.”).

22 **The eBay Litigation**

23 58. During the time the application for the '538 patent was pending, Network
24 Engineering Software, Inc. (“NES”), the employer of Wesinger (NES’s CEO) and Coley and
25 assignee of the '367 patent, initiated the eBay litigation, alleging infringement of the '367 patent.
26 NES's litigation counsel, MBHB, was also prosecuting the application for the '538 patent during
27 the pendency of such litigation. In fact, at least one of the lawyers from MBHB, Robert J. Irvine,
28 who filed an individual appearance in the eBay litigation, was intimately involved in the
prosecution of the '538 patent, the '367 parent application and a related application also naming
Wesinger and Coley as inventors (the '956 application). Mr. Irvine signed most of the office
action responses and many of the other filings with the PTO in the '538 patent application, the

1 '367 patent application and the '956 application. Mr. Irvine was thus personally familiar with
2 both the eBay litigation and the substance and status of the pending applications.

3 59. Wesinger and Coley, MBHB, the applicants' subsequent patent counsel (Cardinal
4 Law Group and Sierra Patent Group, including Nicholas, D'Alessandro, and Brisson), and/or
5 other individuals associated with the filing and prosecution of the applications for the Patents-in-
6 Suit had a duty to disclose the existence of the eBay litigation and the material information
7 arising from the litigation to the PTO.

8 60. Despite the intimate familiarity of MBHB and Mr. Irvine with the eBay litigation
9 and the pending applications, MBHB and the applicants failed to disclose the existence of the
10 eBay litigation, as well as material information submitted by eBay in the litigation, during the
11 prosecution of the applications for the Patents-in-Suit. Furthermore, neither Mr. Irvine nor
12 anyone else at MBHB disclosed to the examiner of the application for the '538 patent the
13 existence of at least two highly material prior art references that were (as discussed more fully
14 below) the subject of two summary judgment motions filed by eBay alleging that the asserted
15 claims of the parent '367 patent were anticipated by such references. These references were not
16 disclosed by Mr. Irvine or anyone else at MBHB even though Mr. Irvine signed a terminal
17 disclaimer for the '538 patent after the examiner rejected the pending claims of the '538 patent
18 for double patenting in light of the very claims of the '367 patent that were the subject of the
19 summary judgment motions filed by eBay. Furthermore, Mr. Irvine and MBHB either knew or
20 should have known that the pending claims of the application for the '538 patent were very
21 similar in scope to the claims of the '367 patent that were the subject of eBay's anticipation
22 motion, because they prosecuted both sets of claims.

23 61. Rather than disclose these summary judgment motions and the material prior art
24 references to the examiner in the pending application for the '538 patent in a timely fashion after
25 receiving such references from eBay (as they had a duty to do), Mr. Irvine and MBHB made no
26 mention to the PTO of any of this information. Instead, the applicants' subsequent patent counsel
27 (Cardinal Law Group) waited until after the notice of allowance was received for the pending
28

1 claims almost two years later to submit these two material references to the examiner along with
2 236 other highly technical references. Even then, neither the eBay litigation, nor the summary
3 judgment motions were ever disclosed. As discussed more fully below, the delay in submitting
4 the references, the burying of the references in a submission with 236 other references, and the
5 failure to ever disclose the eBay litigation or the summary judgment motions violated the duty of
6 candor that the applicants, MBHB, Mr. Irvine and Cardinal Law Group owed to the PTO.

7 62. NES filed suit against eBay, Inc. on March 23, 1999, alleging that eBay infringed
8 several claims of the '367 patent. The '367 patent claims methods of using a computer network
9 and a database accessible through a computer network similar to those claimed in the Patents-in-
10 Suit. In fact, the applicants filed terminal disclaimers in the applications for the '538 and '034
11 patents over the '367 patent and claims substantially similar to the issued claims in the '538
12 patent were rejected by the examiner for double patenting in light of the disclosure and claims of
13 the '367 patent. Therefore, prior art material to the claims of the '367 patent was material to the
14 claims pending in the applications for each of the Patents-in-Suit. Given its role as litigation
15 counsel in the eBay litigation and its role as prosecution counsel in the applications for the '367
16 and '538 patents, MBHB (and Robert J. Irvine) were intimately familiar with the materiality of
17 the references relied upon by eBay in the summary judgment motions. NES's subsequent patent
18 counsel (the Cardinal Law Group) recognized the relevance of these two references relied upon
19 by eBay in the motions, but they buried them along with 236 other references in an IDS submitted
20 to the PTO after the notice of allowance in the application for the '538 patent. Neither these
21 references, nor their role in the eBay litigation, was highlighted to the examiner when the
22 voluminous IDS was dumped on the examiner. The only reasonable inference that can be drawn
23 from such conduct is an intent to deceive the PTO.

24 63. On June 1, 1999, eBay filed a motion for summary judgment of invalidity of
25 several claims of the '367 patent in light of U.S. Patent No. 5,832,497 (the "'497 patent"). eBay
26 asserted in the motion that claims 1, 16 and 17 of the parent '367 patent were anticipated by the
27 '497 patent. On October 27, 1999, eBay filed another motion for summary judgment of invalidity
28

1 under 35 U.S.C. § 102 alleging that claims 1-13, 16-17 and 25 of the '367 patent were anticipated
2 by U.S. Patent No. 5,870,552 (the "'552 patent").

3 64. Neither of these motions by eBay was addressed substantively by the Court in the
4 pending litigation, because the eBay litigation was settled and ultimately dismissed by stipulation
5 on January 19, 2000, while prosecution of the '538 patent application was ongoing, and before
6 the applications for the '940, '034, and '591 patents were filed. The fact that the invalidity issue
7 was not resolved by the Court prior to dismissal of the action is irrelevant, as during prosecution
8 the PTO applies the broadest reasonable construction standard to the pending claims.

9 65. Furthermore, the applicants and their patent counsel apparently did not rely on the
10 Court's refusal to consider the summary judgment motions during the eBay litigation in
11 connection with their decision not to submit the art submitted by eBay to the examiner in a timely
12 fashion, because they later submitted these references, albeit in a buried fashion, almost two years
13 after receiving the motions for summary judgment from eBay. Telling of the applicants' intent to
14 bury these highly material references was the timing and manner in which they were belatedly
15 submitted to the examiner. Both references were submitted in connection with an information
16 disclosure statement filed by the applicants after the notice of allowance in the application (but
17 before issuance) along with 236 other references (128 other patents and 108 printed publications)
18 on the same IDS. Burying such material references is inconsistent with the applicant's duty of
19 candor and, upon information and belief, was calculated to limit the examiner's ability to
20 seriously consider such references, as evidenced by the fact that the examiner indicated on the
21 PTO-1449 form that he reviewed each of these 238 technical references on the same day – July
22 17, 2001.

23 66. The applicants and their patent counsel also failed to raise the '497 and '552
24 patents in the prosecution of any of the subsequent continuation applications resulting in the other
25 Patents-in-Suit. Furthermore, neither the applicants nor their patent counsel ever disclosed to the
26 examiners of the Patents-in-Suit the existence of the eBay litigation or the motions for summary
27
28

1 judgment filed by eBay. The only reasonable inference that can be drawn from such conduct is
2 an intent to deceive the PTO.

3 67. A reasonable examiner would have found both the '497 and '552 patents to be
4 material to the pending claims of the application leading to the '538 patent, as well as the claims
5 in the remaining Patents-in-Suit. The '497 and '552 patents anticipate and/or render obvious
6 numerous claims of the Patents-in-Suit. In fact, the '497 patent discloses an online job-posting
7 and resume posting system that is substantially similar to a system that GraphOn claimed to
8 infringe the Patents-in-Suit in litigation against Yahoo!, Inc. in the Eastern District of Texas.

9 68. The existence of the eBay litigation, the fully briefed summary judgment motions
10 filed by eBay concerning invalidity of the claims of the '367 patent of nearly identical scope to
11 claims in the pending application and the prior art relied upon by eBay in such motions was
12 material to the patentability of the Patents-in-Suit. The failure to disclose the litigation and the
13 material information arising therefrom, coupled with the concerted effort to bury the highly
14 material references, amounts to a breach of the duty of candor and good faith and, upon
15 information and belief was done with deceptive intent. The Patents-in-Suit are all therefore
16 unenforceable as a result of this inequitable conduct.

17 **The AutoTrader.com Litigation**

18 69. The applications for the '034 and '591 patents were filed on May 11, 2004. On
19 November 22, 2005, while these applications were being prosecuted before the PTO, GraphOn
20 filed a lawsuit in the Eastern District of Texas against AutoTrader.com for the alleged
21 infringement of the '538 and '940 patents.

22 70. On January 17, 2006, AutoTrader.com filed an answer and counterclaim. It served
23 a motion for summary judgment of invalidity of the '538 and '940 patents on March 24, 2006.

24 71. Brisson, D'Alessandro, Wesinger, and Coley were deposed in the AutoTrader.com
25 litigation and were aware of the litigation. On information and belief, Wesinger and Brisson were
26 intimately familiar with the conduct of the Autotrader.com litigation.

27
28

1 72. The '034 patent issued on April 11, 2006, from an application that continued from
2 the applications for the '538 and '940 patents. The '538, '940, and '034 patents share an identical
3 specification and similar claims. Nevertheless, at no point during the prosecution of the '034
4 patent application did Wesinger, Coley, their patent counsel including Brisson and D'Alessandro,
5 and/or any other person that was associated with the filing and prosecution of this application
6 disclose the existence of the AutoTrader.com litigation to the PTO, or AutoTrader.com's motion
7 for summary judgment of invalidity. The only reasonable inference that can be drawn from such
8 conduct is an intent to deceive the PTO.

9 73. On September 27, 2006, AutoTrader.com served its first invalidity contentions,
10 which outlined the invalidity of the '538 and '940 patents. The court issued its claim
11 constructions on June 28, 2007, and AutoTrader.com filed a motion for leave to file an amended
12 answer and counterclaim of inequitable conduct on August 13, 2007, and served expert reports on
13 invalidity and unenforceability of the '538 and '940 patents on September 5, 2007.

14 74. The '591 patent issued on September 11, 2007, from an application that continued
15 from the applications for the '538 and '940 patents. The '538, '940 and '591 patents share an
16 identical specification and similar claims. Nevertheless, at no point during the prosecution of the
17 '591 patent application did Wesinger, Coley, their patent counsel including Brisson and
18 D'Alessandro, or any other person that was associated with the filing and prosecution of this
19 application disclose the existence of the AutoTrader.com litigation to the PTO, or
20 AutoTrader.com's motion for summary judgment of invalidity, its invalidity contentions and
21 several of the prior art references cited therein, its charge of inequitable conduct, or its expert
22 report on invalidity, or the AutoTrader.com court's claim constructions. The only reasonable
23 inference that can be drawn from such conduct is an intent to deceive the PTO.

24 75. The existence of the AutoTrader.com litigation and material information arising
25 therefrom, including the prior art referenced in that litigation, was material to the patentability of
26 the '034 and '591 patents. The failure to disclose this material information to the PTO amounts
27
28

1 to a breach of the duty of candor and good faith and was done with deceptive intent. The '034 and
2 '591 patents therefore are unenforceable as a result of inequitable conduct.

3 76. An actual controversy exists between GraphOn and craigslist with respect to the
4 enforceability of the Patents-in-Suit, due to the failure to disclose to the patent office the
5 existence of the eBay litigation, the AutoTrader.com litigation, and material information arising
6 from the eBay litigation and the AutoTrader.com litigation.

7 77. craigslist seeks a declaration that the Patents-in-Suit are unenforceable.

8 **COUNT V**

9 **DECLARATORY JUDGMENT OF UNENFORCEABILITY**

10 78. craigslist incorporates and realleges the allegations in each of the preceding
11 paragraphs as if set forth herein in their entirety.

12 79. The intentional failure of Wesinger and Coley, their patent counsel including
13 Irvine, Nicholas, Brisson, and D'Alessandro, and/or other individuals associated with the filing
14 and prosecution of the applications for the Patents-in-Suit to disclose to the PTO during the
15 prosecution of the patent application material information, including the existence of the '956
16 patent and the prosecution thereof, and the existence of the eBay and AutoTrader.com litigations
17 and material information arising therefrom, collectively constituted a pattern of inequitable
18 conduct.

19 80. On information and belief, the inventors, their patent counsel including Irvine,
20 Nicholas, Brisson, and D'Alessandro, and/or other individuals associated with the filing and
21 prosecution of the application for the Patents-in-Suit engaged in this pattern of inequitable
22 conduct in order to secure issuance of the Patents-in-Suit.

23 81. The pattern of inequitable conduct in which the inventors, their patent counsel
24 including Irvine, Nicholas, Brisson, and D'Alessandro, and/or other individuals associated with
25 the filing and prosecution of the application for the Patents-in-Suit engaged renders the Patents-
26 in-Suit unenforceable.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DATED: April 29, 2010

PERKINS COIE LLP

By: Christopher Kao
Christopher Kao (SBN 237716)
CKao@perkinscoie.com
Brian Hennessy (SBN 226721)
BHennessy@perkinscoie.com

Attorneys for Plaintiff
craigslist, Inc.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

DEMAND FOR JURY TRIAL

craigslist hereby demands a jury trial of all issues in the above-captioned action which are triable to a jury.

DATED: April 29, 2010

PERKINS COIE LLP

By: Christopher Kao
Christopher Kao (SBN 237716)
CKao@perkinscoie.com
Brian Hennessy (SBN 226721)
BHennessy@perkinscoie.com

Attorneys for Plaintiff
craigslist, Inc.