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

15 YAHOO INC.,  
 16  
 Plaintiff,  
 17  
 v.  
 18 FACEBOOK, INC.,  
 19  
 Defendant.

Case No. CV-12-01212-JSW

**FACEBOOK, INC.’S MOTION TO  
 STRIKE AND/OR DISMISS YAHOO  
 INC.’S CLAIMS AND DEFENSES OF  
 INEQUITABLE CONDUCT**

21 FACEBOOK, INC.,  
 22  
 Counterclaim-plaintiff,  
 23  
 v.  
 24 YAHOO INC.,  
 25  
 Counterclaim-defendant.

Date: June 22, 2012  
 Time: 9:00 a.m.  
 Ctrm: 11  
 The Honorable Jeffrey S. White

1 **NOTICE OF MOTION**

2 **PLEASE TAKE NOTICE THAT** on June 22, 2012, at 9:00 a.m., in Courtroom 11, 450  
3 Golden Gate Avenue, San Francisco, California, defendant and counterclaimant Facebook, Inc.  
4 (“Facebook”) will and hereby moves for an Order striking and/or dismissing the portions of the  
5 “Reply and Counter Counterclaims” filed by plaintiff Yahoo Inc. (“Yahoo”) alleging that U.S.  
6 Patent Nos. 8,005,896 and 8,150,913 are unenforceable due to inequitable conduct. Because  
7 Yahoo’s inequitable conduct allegations do not comply with applicable pleading standards under  
8 Federal Rule of Civil Procedure 9(b) and Federal Circuit authority, Facebook seeks an order  
9 striking and/or dismissing them. This motion is based on the following Memorandum of Points  
10 and Authorities, the Court’s record in this action, the Declaration of Heidi L. Keefe filed  
11 concurrently with this motion, all matters of which the Court may take judicial notice, and any  
12 other evidence and arguments presented at the hearing of the motion and allowed by the Court.

13 **MEMORANDUM OF POINTS AND AUTHORITIES**

14 **I. INTRODUCTION**

15 Yahoo claims that two of the ten patents Facebook asserts are unenforceable due to  
16 inequitable conduct. But all of these allegations are unsupportable and/or deficient. First, Yahoo  
17 claims these patents do not list Joseph Liauw as an inventor and that there is no sworn statement  
18 by Mr. Liauw in the Patent Office records explaining his omission.<sup>1</sup> Yahoo’s claim is  
19 demonstrably false. Yahoo made this allegation without actually reviewing the publically  
20 available Patent Office records,<sup>2</sup> because these records include the exact sworn statement from  
21 Mr. Liauw Yahoo claims is missing.

22 Yahoo next contends that both patents are unenforceable due to the addition of text into  
23 the ’913 application, but has provided no coherent theory or facts suggesting deceptive intent.

24 \_\_\_\_\_  
25 <sup>1</sup> See Para 57 of Yahoo Reply and Counter Counterclaims (Dkt. No. 28 at 12:4-11).

26 <sup>2</sup> The prosecution record also confirms that Yahoo did not perform a proper investigation  
27 prior to asserting its inequitable conduct defenses. In preparing to file this motion, Facebook obtained  
28 the official ’311 provisional file history from the Patent Office to confirm that Mr. Liauw’s statement  
was still in the file – which it is. (Keefe Decl., at ¶ 2, Ex. A.) The prosecution record revealed  
only one request to inspect the ’311 provisional prosecution history – the one filed by Facebook.  
(*Id.*)

1           Accordingly, Yahoo’s inequitable conduct allegations should be dismissed for failing to  
2 meet the standards for pleading and proving them. *See Exergen Corp. v. Wal-Mart Stores, Inc.*,  
3 575 F.3d 1312, 1327-28 (Fed. Cir. 2009); *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d  
4 1276, 1289-90 (Fed. Cir. 2011) (en banc).

5           **II. STATEMENT OF FACTS**

6           On March 12, 2012, Yahoo filed its Complaint accusing Facebook of infringing ten  
7 patents allegedly owned by Yahoo. (Dkt. No. 1.) On April 3, Facebook filed its Answer and  
8 Counterclaim wherein Facebook denied Yahoo’s allegations of infringement and asserted various  
9 affirmative defenses of invalidity and unenforceability. (Dkt. No. 16 at 1-11.) Facebook also  
10 asserted counterclaims against Yahoo for Yahoo’s infringement of ten patents owned by  
11 Facebook. (Dkt. No. 16 at 11-19.)

12           On April 27, Yahoo filed its Reply to Facebook’s patent infringement counterclaims and  
13 asserted various affirmative defenses. Yahoo’s Seventh Affirmative Defense alleges that U.S.  
14 Patent No. 8,005,896 (the “’896 patent”) and U.S. Patent No. 8,150,913 (“’913 patent”) asserted  
15 by Facebook are unenforceable due to inequitable conduct. This defense is based on two  
16 theories: (1) the allegedly intentional failure to name Joseph Liauw as an inventor on the ’896 and  
17 ’913 patents; and (2) the allegedly improper addition of new material into the application that  
18 matured into the ’913 patent. (Dkt. No. 28 at 11-13, 13-18.) Yahoo’s Nineteenth and Twentieth  
19 “Counter-Counterclaims” seek declarations that the ’896 and ’913 patents are unenforceable for  
20 the same reasons as Yahoo’s affirmative defenses, including its inequitable conduct defense.  
21 (Dkt. No. 28 at 11-18, 29-30.) Neither of Yahoo’s inequitable conduct theories has any merit.

22           **a. Yahoo’s “Known Inventor” Theory**

23           Yahoo’s first inequitable conduct theory, entitled “Intentional Failure to Name a Known  
24 Inventor,” accuses inventor Chris Cheah and attorney C. Douglass Thomas of deliberately failing  
25 to list a third party, Joseph Liauw, as an inventor on the ’896 and ’913 patents. (Dkt. No. 28 at  
26 11-13.) Yahoo relies on nothing more than the fact that Mr. Liauw was listed as an inventor on  
27 the provisional patent application but was not listed as an inventor on the subsequent utility  
28 application. (Dkt. No. 28 at 11-12.) Yahoo claims that since all of the disclosures are

1 substantively the same, Mr. Liauw should have been listed as an inventor on the '896 and '913  
2 patents, and that by not listing him, Messrs Cheah and Thomas violated their duty of candor. (*Id.*)

3 Yahoo's inequitable conduct theory is based on a series of demonstrably false statements,  
4 principally the assertion that Mr. Liauw never submitted a written statement acknowledging that  
5 he was mistakenly named as an inventor on the provisional application – when in fact he did (as  
6 shown below). In particular, Yahoo alleges that:

7 PTO regulations require that “[i]f multiple inventors are named in a provisional  
8 application, each named inventor must have made a contribution, individually  
9 or jointly, to the subject matter disclosed in the provisional application.” 37  
10 C.F.R. § 1.45(c). These regulations further require that “deleting the name or  
11 names of the inventor or inventors” in a provisional application requires,  
12 among other things “[a] statement by the person or persons whose name or  
13 names are being deleted that the inventorship error occurred without deceptive  
14 intention on the part of such person or persons.” 37 C.F.R. § 1.48(e). **No such  
15 statement was provided by Mr. Liauw in prosecution of the '311  
16 provisional or the '456 application.**

17 (Dkt. No. 28 at 12:4-11 (emphasis added).)

18 Yahoo's allegations are directly contradicted by the publicly-available and judicially-  
19 noticeable prosecution history records at the Patent Office. Those records confirm that on July 5,  
20 2001, the applicant submitted a Petition and Fee to Correct Originally Named Inventors Under 37  
21 C.F.R. § 1.48(e) seeking to delete Mr. Liauw as an inventor. (Keefe Decl., at ¶ 2, Ex. A.) The  
22 petition was accompanied by the following signed statement from Mr. Liauw:

23 **STATEMENT OF PERSON BEING DELETED AS INVENTOR REGARDING**  
24 **CORRECTION OF INVENTORSHIP UNDER 37 C.F.R. 1.48(a)**

25 Assistant Commissioner for Patents  
26 Washington, D.C. 20231

27 Sir:

28 I, Joseph Liauw, hereby state that I was incorrectly named as an inventor in the above-  
referenced patent application, and that this error in inventorship occurred without deceptive  
intention on my part.

Date: 6/11/2001 Joseph Liauw

(Keefe Decl., at ¶ 2, Ex. A.) The Patent Office subsequently issued a revised Filing Receipt for

1 the provisional application listing Mr. Cheah as the sole inventor. (*Id.*)

2 Yahoo's allegation that no statement of an inventorship error "was provided by Mr. Liauw  
3 in prosecution of the '311 provisional" (Dkt. No. 12:10-11) forms the foundation of its  
4 inequitable conduct defense and its allegations of deceptive intent. Mr. Liauw's signed statement  
5 above, which remains in the prosecution file of the '311 provisional, definitively demonstrates the  
6 falsity of Yahoo's assertion.

7 **b. YAHOO'S "NEW MATTER" THEORY**

8 Yahoo's second theory of inequitable conduct is based on the assertion that Mr. Cheah  
9 and Mr. Douglass failed to inform the Patent Office that additional text was added to the  
10 application for the '913 patent when it was filed on August 22, 2011. (Dkt. No. 28 at 13-18.)  
11 More particularly, Yahoo complains about revisions to the "Abstract" and "Summary of the  
12 Invention" portions of the application reflecting the language of the proposed '913 claims. Yahoo  
13 asserts that the '913 patent is unenforceable because it was called a "continuation" of earlier  
14 applications when, according to Yahoo, the claims of the '913 patent relied on the newly-added  
15 text that was not supported by disclosures in the earlier applications. (*Id.* at 16-18.) "But for this  
16 intentional deception," Yahoo alleges, "none of the claims of the '913 patent would have been  
17 granted." (Dkt. No. 28 at 15:19.) It further alleges that the '896 patent is unenforceable based on  
18 the doctrine of "infectious unenforceability." (*Id.* at 18:4.) These allegations are directly  
19 contradicted by statements Yahoo previously made contending the disclosures to all be  
20 substantively identical. Moreover, Yahoo provides no analysis of the actual claimed subject  
21 matter of the '913 patent or a comparison with the disclosures of the original application. In fact,  
22 although Yahoo asserts that "[r]edline comparisons of the disclosure of the '913 patent and each  
23 of the six applications to which it claims priority are attached to this Answer as Exhibits A-1  
24 through A-6," Yahoo failed to attach the referenced exhibits. (Dkt. No. 28 at 15.)

25 **III. LEGAL STANDARD**

26 The Federal Circuit has significantly increased the standards for pleading and proving  
27 inequitable conduct in two recent cases. *See Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d  
28 1312 (Fed. Cir. 2009); *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir.

1 2011) (en banc). In *Exergen*, the Federal Circuit held that inequitable conduct is subject to the  
2 heightened pleading standard of Rule 9(b). “A pleading that simply avers the substantive  
3 elements of inequitable conduct, without setting forth the particularized factual bases for the  
4 allegation, does not satisfy Rule 9(b).” *Exergen Corp.*, 575 F.3d at 1326-27. An accused  
5 infringer raising such a charge must instead identify “the specific who, what, when, where, and  
6 how of the material representation or omission committed before the PTO.” *Id.* at 1327.  
7 Moreover, because inequitable conduct requires intent to deceive the Patent Office, the accused  
8 infringer also must set forth “sufficient allegations of underlying facts from which a court may  
9 reasonably infer that a specific individual (1) knew of the withheld material information or of the  
10 falsity of the material misrepresentation, and (2) withheld or misrepresented this information with  
11 a specific intent to deceive the PTO.” *Id.* at 1328-29.

12 In the second case, *Therasense*, the Federal Circuit heightened the standards for finding  
13 both intent and materiality. To prevail on a claim of inequitable conduct, an accused infringer  
14 must now show: (1) that persons involved in prosecution of the patent “made a deliberate decision  
15 to withhold” material information; (2) that the PTO “would not have allowed a claim had it been  
16 aware of the undisclosed [information]; and (3) that “the patentee acted with the specific intent to  
17 deceive the PTO.” *Therasense, Inc.*, 649 F.3d at 1290-91 (internal quotations and citation  
18 omitted). A court “may not infer intent solely from materiality,” and specific intent to deceive  
19 must be “the single most reasonable inference able to be drawn from the evidence.” *Id.* at 1290  
20 (quoting *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir.  
21 2008)).

22 This Court has recognized that a motion to strike under Federal Rule of Civil Procedure  
23 12(f) is an appropriate vehicle to challenge the sufficiency of an inequitable conduct defense. *See*  
24 *Zep Solar Inc. v. Westinghouse Solar Inc.*, No. C 11–06493 JSW, 2012 WL 1293873, at \*2 (N.D.  
25 Cal. Apr. 16, 2012) (White, J.) (granting motion to strike inequitable conduct defense under Rule  
26 12(f)). The Court may also dismiss, under Rule 12(b)(6), a deficient inequitable conduct defense  
27 that has been pleaded as a declaratory judgment counterclaim seeking a finding of  
28 unenforceability. *See Qarbon.com Inc. v. eHelp Corp.*, 315 F. Supp. 2d 1046, 1050-51 (N.D. Cal.

1 2004).

2 **IV. ARGUMENT**

3 **A. Yahoo’s Groundless “Known Inventor” Theory Should Be Dismissed**

4 Had Yahoo reviewed the prosecution file for the ’311 provisional application, it would  
5 have immediately discovered – contrary to the false allegations in its Reply – that there was no  
6 deception whatsoever. As explained in Part II.A above, Mr. Liauw submitted a signed statement  
7 to the Patent Office clarifying he was mistakenly named on the provisional application as a co-  
8 inventor. The Patent Office responded by issuing a corrected filing receipt for the provisional  
9 application that listed Mr. Cheah as the sole inventor. (Keefe Decl. at ¶ 2, Ex. A.)

10 The provisional prosecution file documents that contradict Yahoo’s pleading are subject to  
11 judicial notice and may properly be considered in connection with the present motion. “The  
12 district court will not accept as true pleading allegations that are contradicted by facts that can be  
13 judicially noticed or by other allegations or exhibits attached to or incorporated in the pleading.”  
14 *DocMagic, Inc. v. Ellie Mae, Inc.*, 745 F. Supp. 2d 1119, 1133 (N.D. Cal. 2010) (internal  
15 quotation and citation omitted); *see also Britesmile, Inc. v. Discus Dental, Inc.*, No. C 02-03220  
16 JSW, 2005 WL 1083194, at \*3 (N.D. Cal. May 9, 2005) (White, J.) (noting that “documents  
17 subject to judicial notice ... may be considered on a motion to dismiss.” (citing *Mullis v. U.S.*  
18 *Bankr. Ct.*, 828 F.2d 1385, 1388 (9th Cir. 1987)); *Coinstar, Inc. v. Coinbank Automated Sys.,*  
19 *Inc.*, 998 F. Supp. 1109, 1114 (N.D. Cal. 1998) (taking judicial notice of documents from patent  
20 file history).

21 Yahoo’s inequitable conduct allegations based on Mr. Liauw depend entirely on the  
22 assertion that no statement of an inventorship error “was provided by Mr. Liauw in prosecution of  
23 the ’311 provisional or the ’456 application” (Dkt. No. 12:10-11), which is demonstrably false  
24 based on judicially noticeable Patent Office records. Because this foundational allegation is false,  
25 Yahoo cannot establish either of the elements of an inequitable conduct defense. Further  
26 amendment of this theory would be therefore futile and the Court should dismiss it with  
27 prejudice.

28

1           **B.      Yahoo’s “New Matter” Theory Should Also Be Dismissed**

2           Yahoo’s other theory of inequitable conduct is similarly baseless and should be dismissed.  
3           Yahoo contends that the claims of the ’913 patent-in-suit depend on teachings that were added to  
4           the specification of the ’913 application when it was filed on August 22, 2011. Yahoo claims that  
5           these additional disclosures (which are confined to the “Summary” and “Abstract” portions) were  
6           essential to at least five claim elements in the issued claims of the ’913 patent. (Dkt. No. 28 at  
7           14, ¶¶ 64-65.) Yahoo further claims that none of the earlier-filed applications, including the  
8           ’311 provisional, “disclose anything resembling these and other limitations in the claims of the  
9           [application for the ’913 patent].” (*Id.*) There are a number of problems with Yahoo’s defense  
10          that warrant its dismissal.

11          To begin with, Yahoo’s second theory of inequitable conduct fails to allege any facts or  
12          details supporting the allegation that the revisions to the “Abstract” and “Summary of the  
13          Invention” constituted improper “new matter,” or that they were made with a “specific intent to  
14          deceive the PTO.” *Exergen Corp.*, 575 F.3d at 1328-29. The revisions to the introductory  
15          portions of the application were appropriate because they are supported by the portions of the  
16          application that were derived from earlier applications. (*See, e.g.*, ’913 patent, Cols. 6-8, 26-27;  
17          Fig. 4, 12A, 19A-1 and accompanying text.) *See Schering Corp. v. Amgen Inc.*, 222 F.3d 1347,  
18          1352 (Fed. Cir. 2000) (revisions to specification supported by original application were not “new  
19          matter”); 4-11 Donald S. Chisum, *Chisum on Patents* § 11.04 (2012) (revisions to specification  
20          that “merely clarify or make definite that which an originally-filed application expressly or  
21          inherently disclosed” are not “new matter”). Yahoo accordingly has failed to plead any “specific  
22          facts” or circumstances that could “plausibly suggest” a specific intent to deceive the Patent  
23          Office. *Exergen*, 575 F.3d at 1330-31.

24          In a similar case, the district court in *Softview LLC v. Apple Inc.*, Civil Action No. 10-389-  
25          LPS, 2011 WL 4571793 (D. Del. Sept. 30, 2011) dismissed an inequitable conduct claim  
26          substantially identical to the one asserted by Yahoo here. The court found that the accused  
27          infringer’s theory was “based on a mere disagreement with [the patent holder’s] prosecution  
28          counsel as to whether certain amendments impermissibly added ‘new matter’” but found that



1 “[t]his disagreement does not give rise to a reasonable inference that prosecution counsel knew he  
2 was amending to add new matter and intended to deceive the PTO of this fact.” *Id.* at \*1.  
3 Yahoo’s inequitable conduct claim similarly amounts to nothing more than Yahoo’s “mere  
4 disagreement” as to whether the claims of the ’913 patent were supported by the disclosures of  
5 the earlier applications to which it claimed priority, which does not state a claim of inequitable  
6 conduct.

7 Yahoo’s second theory is also directly contradicted by its inequitable conduct theory  
8 relating to the inventorship of Mr. Liauw. As explained in the preceding section, Yahoo’s first  
9 inequitable conduct theory alleges that Mr. Liauw should have been named as an inventor on the  
10 ’913 patent because he was initially named as such on the ’311 provisional application. *See* Part  
11 IV.A, *supra*. Yahoo affirmatively alleges that Mr. Liauw’s name should have been carried over  
12 to the ’913 and ’896 patent applications because those applications “contain all of the substantive  
13 disclosures of the ’311 provisional and claim priority to that provisional application.” (*Id.* at 12, ¶  
14 59.) Yahoo’s second theory, on the other hand, directly contradicts that statement by asserting  
15 that the claims of the ’913 patent “were very different from anything that had previously  
16 appeared” in the ’311 provisional, and that the provisional did not disclose “anything resembling”  
17 five limitations in the claims. (*Id.* at 14-15, ¶ 65.)

18 Yahoo cannot have it both ways. Federal Circuit law is clear that Mr. Liauw could be an  
19 inventor “only if he contributes to the conception of the claimed invention.” *Eli Lilly & Co. v.*  
20 *Aradigm Corp.*, 376 F.3d 1352, 1358-59 (Fed. Cir. 2004) (emphasis added). The law is equally  
21 clear that “conception must encompass all limitations of the claimed invention.” *Singh v. Brake*,  
22 317 F.3d 1334, 1340 (Fed. Cir. 2003) (emphasis added). By claiming that Mr. Liauw was an  
23 inventor on the ’913 and ’896 patents solely because he was listed as such on the provisional,  
24 Yahoo is alleging that the provisional disclosed all elements of the claimed invention. Its second  
25 theory, on the other hand, contends that the ’311 provisional was so fundamentally different from  
26 the later-filed applications that it was lacking at least five limitations of the claimed invention.  
27 Yahoo did not plead these two theories in the alternative, and no reasonable investigation could  
28 support both theories. The irreconcilable contradiction between these theories violates the

1 fundamental purpose of the heightened pleading standard under Rule 9(b) – to require the  
2 plaintiff to articulate a clear and coherent theory and identify “the specific who, what, when,  
3 where, and how of the material misrepresentation or omission committed before the PTO.”  
4 *Exergen Corp.*, 575 F.3d at 1327. Yahoo’s contradictory theories of inequitable conduct fail to  
5 satisfy this standard.

6 **V. CONCLUSION**

7 For the foregoing reasons, Facebook respectfully requests that the Court strike Yahoo’s  
8 Seventh Affirmative Defense to Facebook’s patent infringement counterclaims, as well as its  
9 Nineteenth and Twentieth “Counter-Counterclaims” to the extent they rely on allegations of  
10 inequitable conduct.

11 Dated: May 16, 2012

Respectfully submitted,

13 /s/ Stephen C. Neal

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