

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

|  |   |                                 |
|--|---|---------------------------------|
| LEADER TECHNOLOGIES, INC., a Delaware corporation, | ) |                                 |
|  | ) |                                 |
| Plaintiff-Counterdefendant,                        | ) | Civil Action No. 08-862-JJF/LPS |
|  | ) |                                 |
| v.   | ) |                                 |
|  | ) | <b>PUBLIC VERSION</b>           |
| FACEBOOK, INC., a Delaware corporation,            | ) |                                 |
|  | ) |                                 |
| Defendant-Counterclaimant.                         | ) |                                 |

**OPENING BRIEF IN SUPPORT OF PLAINTIFF LEADER  
TECHNOLOGIES, INC.'S MOTION FOR SUMMARY  
JUDGMENT OF FACEBOOK'S FALSE MARKING COUNTERCLAIM**

OF COUNSEL:

Paul J. André  
Lisa Kobialka  
King & Spalding, LLP  
333 Twin Dolphin Drive  
Suite 400  
Redwood Shores, California 94065-6109  
(650) 590-7100

Philip A. Rovner (#3215)  
POTTER ANDERSON & CORROON LLP  
Hercules Plaza  
P.O. Box 951  
Wilmington, DE 19899  
(302) 984-6000  
[provner@potteranderson.com](mailto:provner@potteranderson.com)

*Attorneys for Plaintiff and Counterdefendant  
Leader Technologies, Inc.*

Dated: May 14, 2010  
Public Version: May 21, 2010

**TABLE OF CONTENTS**

|   | <u>Page</u> |
|---|-------------|
| I. STATEMENT OF THE NATURE AND STAGE OF PROCEEDINGS .....   | 1           |
| II. SUMMARY OF ARGUMENT .....   | 1           |
| III. STATEMENT OF FACTS .....   | 2           |
| A. Leader Marks its Leader2Leader® Product with the ‘761 Patent .....   | 2           |
| B. Facebook Has No Evidence of Any Intent to Deceive the Public .....   | 3           |
| 1. Facebook Served Discovery Regarding Alleged False Marking Prior to<br>Its Second Amended Answer and Found No Evidence of Any Intent to<br>Deceive the Public ..... | 3           |
| 2. Facebook Served Additional Discovery Regarding Its False Marking<br>Allegation and Still Found No Evidence of Any Intent to Deceive the<br>Public .....            | 4           |
| IV. ARGUMENT .....  | 5           |
| A. Facebook’s Only Evidence Is That Leader Has An Honest Good Faith<br>Belief in Its Marking Leader2Leader® with the ‘761 Patent .....                                | 5           |
| B. False Marking Claims Require Intent to Deceive the Public .....  | 6           |
| C. The Advice of Leader’s Counsel Negates Any Inference of an Intent to<br>Deceive the Public with its Marking Policy .....   | 7           |
| V. CONCLUSION .....   | 9           |

## TABLE OF AUTHORITIES

### CASES

|   |            |
|---|------------|
| <i>Arcadia Mach. &amp; Tool, Inc. v. Sturm, Ruger &amp; Co.</i> ,<br>786 F.2d 1124 (Fed. Cir. 1986) .....   | 6          |
| <i>Arcadia Mach. &amp; Tool, Inc. v. Sturm, Ruger &amp; Co.</i> ,<br>No. CV 84-5197, 1985 WL 5181 (C.D. Cal. June 25, 1985) .....   | 8          |
| <i>Bibow v. American Saw &amp; Mfg. Co.</i> ,<br>490 F. Supp. 2d 128 (D. Mass. 2007) .....  | 8          |
| <i>Brose v. Sears, Roebuck &amp; Co.</i> ,<br>455 F.2d 763 (5th Cir. 1972) .....  | 5, 8       |
| <i>Celotex Corp. v. Catrett</i> ,<br>477 U.S. 317 (1986) .....  | 5, 6, 9    |
| <i>Central Admixture Pharm. Servs., Inc. v. Advanced Cardiac Solutions, P.C.</i> ,<br>No. CV-00-2430-VEH, 2006 WL 4448613 (N.D. Ala. Jan 13, 2006)<br><i>aff'd</i> 482 F.3d 1347 (Fed. Cir. 2007) ..... | 5          |
| <i>Clontech Labs., Inc. v. Invitrogen Corp.</i> ,<br>406 F.3d 1347 (Fed. Cir. 2005) .....   | 5, 6, 7, 8 |
| <i>Forest Group v. Bon Tool Co.</i> ,<br>No. 05-4127, 2008 WL 2962206 (S.D. Tex. July 29, 2008) .....   | 7          |
| <i>Genlyte Thomas Group LLC v. Nat'l Serv. Indus., Inc.</i> ,<br>262 F. Supp. 2d 753 (W.D. Ky. 2003) .....  | 9          |
| <i>Pequignot v. Solo Cup Co.</i> ,<br>646 F. Supp. 2d 790 (E.D. Va. 2009) .....   | 7          |
| <i>Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.</i> ,<br>537 F.3d 1357 (Fed. Cir. 2008) .....   | 7          |

### STATUTES

|                          |        |
|--------------------------|--------|
| 35 U.S.C. § 292(a) ..... | passim |
|--------------------------|--------|

## **I. STATEMENT OF THE NATURE AND STAGE OF PROCEEDINGS**

Leader Technologies, Inc. (“Leader”) filed this action against Facebook, Inc. (“Facebook”) alleging infringement of U.S. Patent No. 7,139,761 (the “‘761 Patent”) on November 19, 2008. D.I. 1. Discovery opened on February 17, 2009. The final date to amend pleadings was November 20, 2009. D.I. 76. Facebook was allowed to amend its pleadings to add a claim of false marking on December 23, 2009. D.I. 190. The *Markman* hearing was held on January 20, 2010 and the Court issued a Claim Construction Order on March 9, 2010. D.I. 280-81. Expert discovery closed on May 7, 2010. D.I. 319. Trial is June 28, 2010. D.I. 76.

## **II. SUMMARY OF ARGUMENT**

Facebook cannot provide any evidence that Leader falsely marked its Leader2Leader<sup>®</sup> product with the specific intent to deceive the public. A false marking claim pursuant to 35 U.S.C § 292(a) requires that Facebook prove (1) a marking of an unpatented article with the word ‘patent’ or any word or number importing the same is patented (2) for the purpose of deceiving the public. Discovery in this case is complete and there is no evidence that indicates that Leader acted with intent to deceive. In fact, the evidence in this case refutes any inference that Leader had intent to deceive the public with its marking of Leader2Leader<sup>®</sup>. Mr. McKibben, Leader’s Chief Executive Officer and inventor of the ‘761 patented technology, has the sole responsibility for directing Leader’s patent marking policy. Mr. McKibben testified during his deposition that [REDACTED]

[REDACTED] No testimony, documents, or other information has been discovered to refute that testimony. Therefore, Facebook cannot make a sufficient showing that Leader had the specific intent to deceive the public, and thus fails to show an essential element

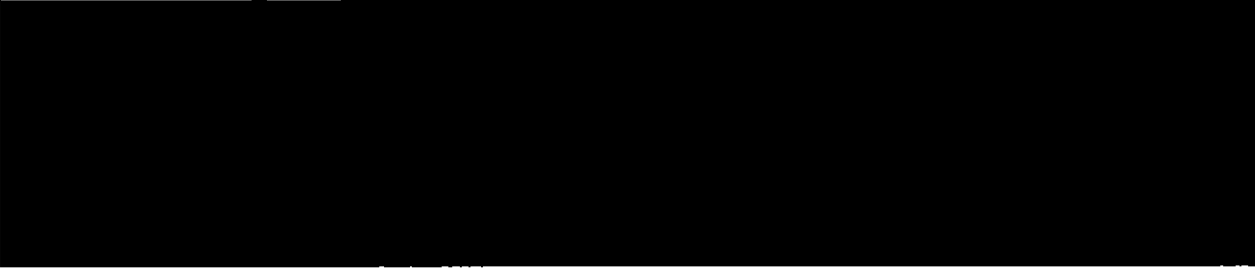
for which it has the burden of proof at trial. Leader respectfully requests that this Court grant its motion for summary judgment of Facebook's false marking claim because without proof of intent there is no triable issue of material fact, thus rendering all other facts immaterial.

### **III. STATEMENT OF FACTS**

#### **A. Leader Marks its Leader2Leader<sup>®</sup> Product with the '761 Patent**

Leader is a small technology company based in Ohio and incorporated in Delaware. D.I. 1 at 1. Mr. Michael McKibben, founder and C.E.O., founded Leader in 1997 to develop better solutions for large-scale collaboration. Declaration of Ryan Hopkins in Support of Plaintiff Leader Technologies' Motion for Summary Judgment of Facebook's False Marking Counterclaim ("Hopkins Decl."), Ex. A at 23:5-46:23. In 1999, Leader hired Mr. Jeffrey Lamb to help develop and code those ideas. *Id.* Mr. McKibben and Mr. Lamb had a definite and permanent idea of the complete and operative invention that would become the '761 Patent by summer of 1999. Hopkins Decl., Ex. B at 3. Mr. McKibben and Mr. Lamb realized that they had created several new technologies and hired outside patent counsel to record and protect their intellectual property. Leader filed its first provisional patent application on December 11, 2002. *Id.*, Ex. C. This provisional application became Leader's first patent application and issued as its first patent, the '761 Patent. D.I. 1, Ex. A. Mr. McKibben and Mr. Lamb assigned all rights in the '761 Patent to Leader. *Id.*


Leader's Leader2Leader<sup>®</sup> software is the collaboration product that emerged during the company's early years of research and development; however, it was not a commercially viable platform until 2003. Hopkins Decl., Ex. A at 75:1-76:13. Leader2Leader<sup>®</sup> powered by the Digital Leaderboard<sup>®</sup> engine practices the '761 patented technology. Hopkins Decl., Ex. D at Second Supplemental Response to Interrogatory No. 9. [REDACTED]




**B. Facebook Has No Evidence of Any Intent to Deceive the Public**

Facebook's Second Amended Answer to Complaint for Patent Infringement, Affirmative Defenses, and Counterclaims ("Second Amended Answer") added a false marking counterclaim pursuant to 35 U.S.C. § 292. D.I. 190. Facebook's false marking counterclaim alleges that Leader2Leader<sup>®</sup> does not practice the '761 Patent and that Leader marks Leader2Leader<sup>®</sup> with the '761 Patent with the intent of "deceiving the public and suppressing competition." D.I. 190 at 6. Facebook's entire false marking allegation lacks specificity, stating that "on information and belief" Leader marked its Leader2Leader<sup>®</sup> product with the intent to deceive the public. *Id.* Facebook cited no evidence to support its allegation. *Id.*

**1. Facebook Served Discovery Regarding Alleged False Marking Prior to Its Second Amended Answer and Found No Evidence of Any Intent to Deceive the Public**

Facebook served three Requests for Admission, one Interrogatory, and one Request for Production in October 2009 regarding Leader's marking of its products prior to its Second Amended Answer. Hopkins Decl., Ex. F (Request for Admission Nos. 21-23 at 4-5), Ex. G (Interrogatory No. 25 at 7-8), and Ex. H (Request for Production No. 90 at 9-10). Facebook's Requests for Admission asked Leader to admit that no analysis was conducted regarding marking its products and that Leader did not have a reasonable belief that Leader2Leader<sup>®</sup> is properly marked. *Id.*, Ex. F at 4-5. Leader denied all of these Requests, 



██████████ *Id.* Likewise, Leader identified that it had produced all responsive, non-privileged documents in response to Facebook's interrogatory and production request months prior to Facebook serving these discovery requests. Hopkins Decl., Exs. G-H.

**2. Facebook Served Additional Discovery Regarding Its False Marking Allegation and Still Found No Evidence of Any Intent to Deceive the Public**

The Court allowed Facebook to reopen and serve limited written discovery regarding Leader's marking of Leader2Leader<sup>®</sup> after its Second Amended Answer. D.I. 189; *see also* D.I. 212. Facebook served one additional Interrogatory and one additional Request for Production. Hopkins Decl., Ex. I (Interrogatory No. 36 at 2-3) and Ex. J (Request for Production No. 92 at 5-6). None of this discovery produced any new evidence or information that was not already available to Facebook prior to filing for its Second Amended Answer. *Id.* Facebook had no evidence of any intent to deceive the public when it added this false marking claim and continues to have no evidence to support its claim.

The deposition testimony of Leader's employees actually undermines Facebook's false marking allegation. Mr. McKibben testified during his deposition that ██████████

██████████ Hopkins Decl., Ex. A at 246:17-251:5. Mr. McKibben testified that ██████████

██████████ *Id.* Mr. McKibben further testified that ██████████

██████████ Hopkins Decl, Ex. M. Facebook has provided no evidence to contradict this testimony and no evidence to support its claim that Leader had intent to deceive the public, therefore, summary judgment is proper.

#### IV. ARGUMENT

##### A. Facebook's Only Evidence Is That Leader Has An Honest Good Faith Belief in Its Marking Leader2Leader<sup>®</sup> with the '761 Patent

Summary judgment is proper because Facebook has no evidence to support a material and essential element of its false marking claim, the intent to deceive. The moving party is entitled to summary judgment if the “nonmoving party has failed to make a sufficient showing on an essential element of her case with respect to which she has the burden of proof.” *Celotex Corp. v. Myrtle Nell Catrett*, 477 U.S. 317, 323 (1986). Facebook has the burden of proof at trial regarding its counterclaim of false marking pursuant to 35 U.S.C. § 292 which requires that Facebook establish two elements:

(1) Whoever marks upon, or affixes to, or uses in advertising in connection any unpatented article, the word “patent” or any work or number importing that the same is patented (2) for the purpose of deceiving the public . . . [s]hall be fined not more than \$500 for every such offense.

35 U.S.C. § 292(a). Leader's burden in this motion for summary judgment is only to demonstrate the absence of a material element of Facebook's counterclaim. *Id.* “The threshold for successfully establishing a false marking claim pursuant to §292 is extremely high,” because the claimant must prove that the party had the specific intent to deceive the public into believing something that the party knew to be false. *Central Admixture Pharmacy Servs., Inc. v. Advanced Cardiac Solutions, P.C.*, No. CV-00-2430-VEH, 2006 WL 4448613, at \*24 (N.D. Ala. Jan 13, 2006) *aff'd* (as to false marking claims) 482 F.3d 1347 (Fed. Cir. 2007); *Brose v. Sears, Roebuck & Co.*, 455 F.2d 763, 768-69 (5th Cir. 1972); *see also Clontech Labs., Inc. v. Invitrogen Corp.*, 406 F.3d 1347, 1352-53 (Fed. Cir. 2005). Facebook cannot provide any evidence of the key element under §292, the intent to purposely deceive the public with its patent marking. *See Clontech*, 406 F.3d at 1355. The only evidence discovered by Facebook is that Leader



has an honest good faith belief that Leader2Leader<sup>®</sup> practices the claims of the '761 Patent.<sup>1</sup> *Id.* (citation omitted).

### **B. False Marking Claims Require Intent to Deceive the Public**

The Federal Circuit precedent for false marking clearly delineates that the “[claimant] must show by a preponderance of the evidence that the party accused of false marking did not have a reasonable belief that the articles were properly marked.... Absent such proof of lack of reasonable belief, no liability under the statute ensues.” *Clontech*, 406 F.3d at 1352-53; *see also Arcadia Mach. & Tool, Inc. v. Sturm, Ruger & Co.*, 786 F.2d 1124, 1125 (Fed. Cir. 1986) (mismarking must be done for the purpose of deceiving the public). Facebook’s burden in reply to Leader’s motion for summary judgment is to “go beyond the pleadings” and “designate specific facts showing that there is a genuine issue for trial.” *Celotex*, 477 U.S. at 324. Facebook cannot meet this burden. Facebook’s cited evidence<sup>2</sup> in support of its Second Amended Answer relied upon its own conclusory statements and unsupported inferences. *See* D.I. 128 at 1-6; *see also* D.I. 129-2 at 10-20; D.I. 146 at 8-10. Facebook served additional written discovery regarding its false marking allegation after its Second Amended Answer. Facebook’s Interrogatory No. 36 requested that Leader identify each instance it had marked any product or service with the '761 Patent. Hopkins Decl., Ex. I at 2-3. Leader identified numerous

---

<sup>1</sup> Facebook has filed a motion for leave to amend its responsive pleading a third time to amend its false marking counterclaim. While the amendment is currently not before the Court, this proposed amendment also fails to cite any evidence of an intent to deceive the public, despite discovery being closed in this case. Therefore, even if the amendment were permitted, it should also be foreclosed on summary judgment because there is not intent to deceive.

<sup>2</sup> Facebook’s only cited evidence consists of (1) out of context responses by trial counsel to questions from the Court and (2) Leader’s Response to Interrogatory No. 18, attached as Hopkins Decl., Ex. E-1. The Court specifically asked if Leader’s trial counsel could state what claims of the '761 Patent were practiced by Leader2Leader<sup>®</sup>. D.I. 129-2 at 20-22. Counsel responded that he did not know off the cuff, but could provide that answer. *Id.* The answer was provided as Leader’s Supplemental Response to Facebook’s Interrogatory No. 9. Facebook’s failure to recognize privilege based objections in an interrogatory response does not infer any intent to deceive the public.

documents that demonstrate its marking practices. *Id.* Facebook also served Request for Production No. 92 that asked for all documents regarding Leader's efforts to mark any product or service with the '761 Patent. Hopkins Decl., Ex. J at 5-6. Leader responded that it had already produced all non-privileged documents responsive to this Request. *Id.* None of this discovery produced any new evidence or information that was not already available to Facebook prior to filing for its Second Amended Answer. *Id.*

Facebook cannot rely upon mere allegation or innuendo, but must provide evidence that Leader marked its product for the purpose of deceiving the public. *See Pequignot v. Solo Cup Co.*, 646 F. Supp. 2d 790, 795 (E.D. Va. 2009) (Evidence that is "merely colorable" or "not significantly probative" is insufficient to overcome a summary judgment motion regarding false marking)(citation omitted); *see also Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008) ("the inference [of deceptive intent] must not only be based on sufficient evidence and be reasonable in light of that evidence, but it must also be the single most reasonable inference able to be drawn from the evidence"). Facebook plead its false marking counterclaim on information and belief without factual support. Despite having taken additional written discovery and depositions, Facebook still cannot go beyond the pleadings and provide specific facts that are sufficient to establish the requisite intent to deceive. Instead, the provided discovery and the deposition testimony of Leader's employees demonstrate that Leader had a reasonable belief that it properly marked Leader2Leader® [REDACTED]

**C. The Advice of Leader's Counsel Negates Any Inference of an Intent to Deceive the Public with its Marking Policy**

Reliance on the advice of counsel has been found to negate the inference of intent to deceive the public. *See Forest Group, Inc. v. Bon Tool Co.*, No. U-05-4127, 2008 WL 2962206,

at \*5 (S.D. Tex. July 29, 2008); *see also Arcadia Mach. & Tool, Inc. v. Sturm, Ruger & Co., Inc.*, No. CV 84-5197, 1985 WL 5181, at \*1-2, 4 (C.D. Cal. June 25, 1985) (granting summary judgment based on lack of intent to deceive the public, in part, based on reliance on the advise of counsel). Mr. McKibben's deposition testimony [REDACTED]

[REDACTED] Hopkins Decl., Ex. A at 246:17-24; *see also Clontech*, 406 F.3d at 1352 (the inference of an intent to deceive is rebuttable).

Mr. McKibben was responsible for developing and implementing Leader's patent marking policy pursuant to the advice and analysis of counsel. Mr. Lamb, co-inventor of the '761 Patent, former employee, and part of the Leader2Leader<sup>®</sup> design and programming team, testified at his deposition [REDACTED]

[REDACTED] *See* D.I. 1, Ex. A ('761 Patent); *see also* Hopkins Decl., Ex. K at 30:7-31:18, 51:21-54:2, and 121:7-123:24. Mr. Timothy Fathbruckner, also a former employee of Leader, testified at his deposition that [REDACTED]

[REDACTED] Hopkins Decl., Ex. L at 117:16-118:21.

None of the deposition testimony of Leader's employees supports an inference that Leader "did not have an honest good faith belief in marking its products." *Clontech*, 406 F.3d at 1355; *see also Brose*, 455 F.2d at 768-69. After more than fifteen months of extensive discovery, Facebook has no evidence to contradict Mr. McKibben's testimony. Facebook cannot rely on the "mere speculation that a jury might perhaps conclude that [Leader's] employees are being disingenuous" with regard to Leader's marking policy. *Bibow v. American Saw & Mfg. Co.*, 490 F. Supp. 2d 128, 129 (D. Mass. 2007). Such a bald assertion of the required intent to

deceive “falls far short of sufficient evidence to survive summary judgment in a case brought under § 292.” *Id.*; see also *Genlyte Thomas Group LLC v. Nat’l Serv. Indus., Inc.*, 262 F. Supp. 2d 753, 756 (W.D. Ky. 2003)(citation omitted). Summary judgment is proper because Facebook has no evidence to establish that Leader had the requisite intent to deceive the public and therefore fails to establish an essential element of its counterclaim. *Celotex*, 477 U.S. at 317.


**V. CONCLUSION**

Leader respectfully requests this Court grant its motion for summary judgment of Facebook’s false marking counterclaim.

POTTER ANDERSON & CORROON LLP

OF COUNSEL:

Paul J. André  
Lisa Kobialka  
KING & SPALDING LLP  
333 Twin Dolphin Drive  
Suite 400  
Redwood Shores, CA 94065  
(650) 590-0700

By:   
Philip A. Rovner (#3215)  
Hercules Plaza  
P.O. Box 951  
Wilmington, DE 19899  
(302) 984-6000  
[provner@potteranderson.com](mailto:provner@potteranderson.com)

Dated: May 14, 2010  
966457

*Attorneys for Plaintiff and Counterdefendant  
Leader Technologies, Inc.*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

**CERTIFICATE OF SERVICE**

I, Philip A. Rovner, hereby certify that on May 21, 2010, the within document was filed with the Clerk of the Court using CM/ECF which will send notification of such filing(s) to the following; that the document was served on the following counsel as indicated; and that the document is available for viewing and downloading from CM/ECF.

**BY CM-ECF AND E-MAIL**

Thomas P. Preston, Esq.  
Steven L. Caponi, Esq.  
Blank Rome LLP  
1201 Market Street  
Wilmington, DE 19801  
[Preston-T@blankrome.com](mailto:Preston-T@blankrome.com)  
[caponi@blankrome.com](mailto:caponi@blankrome.com)

I hereby certify that on May 21, 2010 I have sent by E-mail the foregoing document to the following non-registered participants:

Heidi L. Keefe, Esq.  
Mark R. Weinstein, Esq.  
Jeffrey Norberg, Esq.  
Melissa H. Keyes, Esq.  
Cooley LLP  
Five Palo Alto Square  
3000 El Camino Real  
Palo Alto, CA 94306-2155  
[hkeefe@cooley.com](mailto:hkeefe@cooley.com)  
[mweinstein@cooley.com](mailto:mweinstein@cooley.com)  
[jnorberg@cooley.com](mailto:jnorberg@cooley.com)  
[mkeyes@cooley.com](mailto:mkeyes@cooley.com)

/s/ Philip A. Rovner  
\_\_\_\_\_  
Philip A. Rovner (#3215)  
Potter Anderson & Corroon LLP  
Hercules Plaza  
P. O. Box 951  
Wilmington, DE 19899  
(302) 984-6000  
[provner@potteranderson.com](mailto:provner@potteranderson.com)