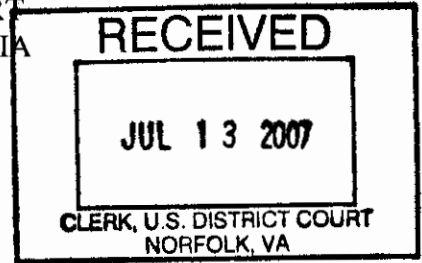


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division



LYCOS, INC.,)
)
 Plaintiff,)
)
 v.)
)
 TIVO INC.,)
 NETFLIX, INC., and)
 BLOCKBUSTER, INC.,)
)
 Defendants.)

Civil Action No. 2:07cv03 (RBS/JEB)

**BLOCKBUSTER, TIVO AND NETFLIX' REPLY IN SUPPORT OF
DEFENDANTS' JOINT MOTION TO TRANSFER VENUE**

Lycos, Inc. v. Tivo, Inc. et al

Doc. 38 Att. 37

FILED
IN CLERKS OFFICE
2007 AUG -9 A 11:36
U.S. DISTRICT COURT
DISTRICT OF MASS.

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. DISCUSSION	2
A. Deference to Lycos' Choice of Forum Is Not Warranted.....	2
B. Because Important Sources of Proof Are Located in Massachusetts and None Are Located in Virginia, Massachusetts Is the Most Convenient Forum	4
C. The Availability of Compulsory Process in the District of Massachusetts Weighs Heavily in Favor of Transfer	8
D. Interests of Justice Favor Transfer to Massachusetts.....	10
III. CONCLUSION.....	12

TABLE OF AUTHORITIES

	Page(s)
CASES	
<i>Cianbro Corp. v. Curran-Lavoie, Inc.</i> , 814 F.2d 7 (1st Cir. 1987).....	12
<i>Cognitronics Imaging Sys., Inc. v. Recognition Research, Inc.</i> , 83 F. Supp. 2d 689 (E.D. Va. 2000)	11
<i>Corry v. CFM Majestic Inc.</i> , 16 F. Supp. 2d 660 (E.D. Va. 1998)	4
<i>Glamorgan Coal Corp. v. Ratners Group PLC</i> , 854 F. Supp. 436 (W.D. Va. 1993)	9
<i>GTE Wireless, Inc. v. Qualcomm, Inc.</i> , 71 F. Supp. 2d 517 (E.D. Va. 1999)	10, 11
<i>Gulf Oil Corp. v. Gilbert</i> , 330 U.S. 501 (1947).....	9
<i>In re Norfolk Dredging Co.</i> , 240 F. Supp. 2d 532 (E.D. Va. 2002)	8
<i>Kahn v. General Motors Corp.</i> , 889 F.2d 1078 (Fed. Cir. 1989).....	12
<i>Katz v. Lear Siegler, Inc.</i> , 909 F.2d 1459 (Fed. Cir. 1990).....	12
<i>Koh v. Microtek Int’l, Inc.</i> , 250 F. Supp. 2d 627 (E.D. Va. 2003)	2, 8
<i>Milwaukee Elec. Tool Corp. v. Black & Decker (N.A.), Inc.</i> , 392 F. Supp. 2d 1062 (W.D. Wis. 2005)	4
<i>Precimed S.A. v. Orthogenesis, Inc.</i> , 2004 U.S. Dist. LEXIS 23357 (E.D. Pa. 2004)	4

TABLE OF AUTHORITIES
(continued)

	Page(s)
<i>Saint-Gobain Calmar v. Nat'l Prods. Corp.</i> , 230 F. Supp. 2d 655 (E.D. Pa. 2002)	3, 10
<i>Samsung Elecs., Co. v. Rambus, Inc.</i> , 386 F. Supp. 2d 708 (E.D. Va. 2005)	9
<i>Telepharmacy Solutions, Inc. v. Pickpoint Corp.</i> , 238 F. Supp. 2d 741 (E.D. Va. 2003)	2
<i>Whelen Techs., Inc. v. Mill Specialties, Inc.</i> , 741 F. Supp. 715 (N.D. Ill. 1990)	12
<i>Zimmer Enters., Inc. v. Atlandia Imps, Inc.</i> , 478 F. Supp. 2d 983 (S.D. Ohio 2007)	9
STATUTES	
28 U.S.C. § 1404(a)	12

I. INTRODUCTION

Defendants seek transfer of this case to a forum that maximizes the convenience of party and non-party witnesses and that affords the benefits of compulsory process for critical witnesses at trial. The District of Massachusetts is that forum.

Plaintiff Lycos does not dispute that the Eastern District of Virginia has no interest in this dispute, save that it is Lycos' current state of incorporation and that some of the parties' customers are there (as they are in every other jurisdiction).

Lycos also does not dispute the many, superior connections of the parties and non-parties in this case to the District of Massachusetts. Both of the named inventors of the patents-in-suit, one of whom is a non-party, live in Massachusetts. All of the prior art witnesses that have been identified by any party live in Massachusetts. Witnesses associated with ChoiceStream, the company that developed the software for the Blockbuster system accused of infringement, all live in Massachusetts. Lycos' own employees, documents, servers and other facilities, including its principal place of business, are all in Massachusetts.

Lycos also does not dispute that it has repeatedly argued for the superior convenience of Massachusetts over other venues in prior disputes. Likewise, Lycos' specification of Massachusetts as the forum for resolution of all disputes involving use of its web sites is confirmation of the fact that Massachusetts is a convenient forum for Lycos

By contrast, this District has no meaningful connections to this case. Lycos makes much of the fact that all defendants have customers in Virginia, but does not suggest that discovery of any such customer will be required, or that it is even contemplated, by any party.

In opposing transfer, Lycos relies heavily on conjecture about defendants' motives,¹ but it fails to explain to the Court why it chose to sue three unrelated defendants in a forum that was neither its home nor the home of any of the defendants or relevant witnesses. Neither the convenience of the parties and witnesses nor the interests of justice are served by permitting this case to proceed in a district with no significant connection to or interest in its resolution, particularly when a more convenient forum is available.

II. DISCUSSION

A. Deference to Lycos' Choice of Forum Is Not Warranted

Lycos claims it is entitled to a "presumption" that its chosen forum is the appropriate venue for this case. [Lycos Opp. at 8.] While a plaintiff's choice of venue may be given weight in some circumstances, Lycos enjoys no presumption here. As this Court has repeatedly made clear, a plaintiff's choice is given little weight where its claim has insignificant connections to the forum. *See Telepharmacy Solutions, Inc. v. Pickpoint Corp.*, 238 F. Supp. 2d 741, 743 (E.D. Va. 2003) (if "a plaintiff chooses a foreign forum and the cause of action bears little or no relation to that forum, the plaintiff's chosen venue is not entitled to such substantial weight."); *Koh v. Microtek Int'l, Inc.*, 250 F. Supp. 2d 627, 635 (E.D. Va. 2003) (same). Transfer to a venue with more substantial contacts is favored. *See Telepharmacy*, 238 F. Supp. 2d at 743-44.

Lycos asserts that Blockbuster, TiVo and Netflix have customers in the state who "pay ... substantial sums of money for their services" and provide "feedback" that is used in the accused systems. [Lycos Opp. at 7-8.] Even if true, these circumstances do not "connect" Lycos' patent infringement claims to the Eastern District of Virginia. The patents-in-suit

¹ At times, Lycos appears to fault TiVo and Netflix for not requesting transfer to California. [Lycos Opp. at 13.] This does nothing to advance its argument. Both California and Massachusetts are more convenient forums and have greater connection to this litigation than Virginia. Massachusetts, however, is undeniably a convenient forum for Lycos.

concern systems for filtering information in response to user profiles and for rating the value of information to a user. How each of the *defendants* uses data received from customers may be relevant to the question of infringement, but no party will require discovery from the *customers* themselves – in Virginia or elsewhere. The existence of customers in the forum is, therefore, irrelevant to the question of whether the District of Massachusetts is a more suitable venue than this District. *See Saint-Gobain Calmar v. Nat'l Prods. Corp.*, 230 F. Supp. 2d 655, 660 (E.D. Pa. 2002) (appropriate considerations in a § 1404(a) analysis include “the location of a product’s development, testing, research and production [and] the place where marketing and sales decisions were made, rather than where limited sales activity has occurred.”).

As defendants have explained, the activities relevant to Lycos’ charges of infringement include defendants’ design, development and production of the accused products and services, and sales and marketing decisions concerning those products and services. [See Defendants’ Mem. at 3-5, 13.] Lycos’ discovery will be directed to witnesses with knowledge of these matters and related documents. *No such relevant witnesses or documents are located in Virginia.* [Coleman Decl. ¶¶ 6, 7; Hunt Decl. ¶¶ 7-10; Kovar Decl. ¶¶ 4-7; Gallagher Decl. ¶¶ 6, 7.] Lycos does not contend otherwise.

Lycos relies on the *Beam Laser* case to argue that its decision to sue in Virginia should not be undermined by allegations that defendants’ accused products and services are used by customers in every state in the country. [Lycos Opp. at 8.] *Beam Laser* is inapposite here. Defendants do not contend that Lycos’ choice of venue should be given little weight because they have customers in other states as well as in Virginia. Rather, Lycos’ choice of venue deserves little weight because Virginia has no substantive connection to the dispute and no sources of proof are found there.

Lycos' recent incorporation in the state of Virginia does not support deference to its choice of forum. Virginia is not Lycos' home forum; Massachusetts, where Lycos has its principal place of business, all of its employees and all of its facilities, is its home. *See, e.g., Milwaukee Elec. Tool Corp. v. Black & Decker (N.A.), Inc.*, 392 F. Supp. 2d 1062, 1064 (W.D. Wis. 2005) (describing plaintiff's principal place of business, not its state of incorporation, as its "home forum" for purposes of venue analysis); *Precimed S.A. v. Orthogenesis, Inc.*, C.A. No. 04-1842, 2004 U.S. Dist. LEXIS 23357 (E.D. Pa. Nov. 17, 2004) (attached) (Delaware corporation's principal place of business in Pennsylvania considered its "home forum" for venue purposes). Nor is Virginia the home forum for any of the defendants. [See Defendants' Mem. at 3-5.] "A plaintiff's choice of forum, while usually entitled to substantial weight, is here of little moment because it is neither plaintiff's nor defendants' home forum." *Corry v. CFM Majestic Inc.*, 16 F. Supp. 2d 660, 666 (E.D. Va. 1998).

B. Because Important Sources of Proof Are Located in Massachusetts and None Are Located in Virginia, Massachusetts Is the Most Convenient Forum

Lycos opposes transfer on the ground that all venues are equally suitable for its case because sources of proof (which, except for defendants, it does not identify) are distributed throughout the country.² [Lycos Opp. at 10] While it dismisses as "invention" defendants' claim that Massachusetts is a more convenient forum, Lycos does not dispute that the party and non-party witnesses defendants have identified as critical to the case live in Massachusetts.

First, Lycos concedes that its principal place of business, all of its employees and all of its facilities are located in Massachusetts. [Lycos Opp. at 3.] As defendants have explained, they will require discovery of Lycos' documents and its witnesses with knowledge of the

² Lycos does not dispute that this action could have been brought in the District of Massachusetts.

company's acquisition of the asserted patents and its claims for damages, among other things. [Defendants' Mem. at 10.] Lycos does not dispute that Massachusetts is the forum most convenient for its own witnesses. It acknowledges that it specifies Massachusetts as the forum for resolution of disputes with its own customers, and does not deny it has argued for the superior convenience of Massachusetts over other venues in prior cases. [See Lycos Opp. at 10.]

Second, Lycos concedes that the named inventors of the asserted patents, Mr. Kosak and Dr. Lang, both reside in Massachusetts. [Lycos Opp. at 10-11.] The inventors will have information critical to defendants' case, including the conception and reduction to practice of the purported inventions, the prosecution of the patents-in-suit and the prior art. [Defendants' Mem. at 10.] Massachusetts is the most convenient forum for these witnesses as well.

Third, Lycos concedes that non-party ChoiceStream, the company that provides the software for the Blockbuster system accused of infringement, is located in Massachusetts. It also admits that Lycos "may need to take some discovery from ChoiceStream." [Lycos Opp. at 12.] However, Lycos speculates that "Blockbuster will likely possess much of the relevant information needed from ChoiceStream" and asserts, without support, that "[w]hatever code might have resulted from ChoiceStream will certainly reside with Blockbuster." [*Id.*] Lycos' unsupported assumptions are incorrect. Blockbuster does not have most of the technical information likely to be relevant to Lycos' infringement claims; ChoiceStream does. [Declaration of David Block, ¶¶ 3-6.] For example, Blockbuster does not have access to ChoiceStream's source code for the software ChoiceStream designed and developed for the accused Blockbuster system. [*Id.* ¶ 4.] Blockbuster also does not have access to the ChoiceStream models and algorithms that support the software. [*Id.* ¶ 5.] This information

resides with ChoiceStream and its employees in Massachusetts. [*Id.* ¶ 6.] Massachusetts is the most convenient forum for the ChoiceStream witnesses.

Fourth, Lycos does not dispute that all of the potential non-party prior art witnesses defendants have identified reside in Massachusetts. [*See Lycos Opp.* at 11.] Although Lycos pretends not to understand how the work of these witnesses, all of whom are associated with the MIT Media Lab, could possibly be relevant to this case, it has identified no other relevant prior art witnesses who reside in any other forum, and certainly none in Virginia. [*See Lycos Opp.* at 11-12.]

As defendants have explained, the MIT Media Lab in Cambridge, Massachusetts has been working in the area of information filtering and related technologies since the late 1980s. [Defendants' Mem. at 8; Rusnak Decl. ¶ 12, Ex. 11.] The researchers in the Media Lab have developed a number of systems with filtering and personalization features that are prior art to the Lycos patents. Once such system was described generally in the article *Newspace: Mass Media and Personal Computing* authored by, among others, Walter Bender and Jon Orwant. This article was attached as Exhibit 11 to the declaration of Mr. Rusnak, and discloses, among other things, a personalized newspaper system that filters news and other information for a user based on the user's profile and based on interactions between the user's profile and profiles of other users in the manner Lycos contends its patents cover. Professor Bender's research group implemented the system in the MIT Media Lab, where it was demonstrated and used. Professor Bender's other MIT colleagues, such as Andrew Lippman who collaborated with Professor Bender on the early *NewsPeek* system, and Pascal Chesnais, who collaborated to make technologies from *Newspace* available for all MIT freshmen, likewise are best able to describe how their systems operated, were conceived, and recognized by others in the field. Other

researchers at the MIT Media Lab, implemented systems which would further define the field, including Max Metral who implemented a high performance information filtering system for music recommendations, available to the public on an MIT web site as part of his research. Professor Henry Lieberman, also at the MIT Media Lab, implemented a system for filtering information from the World Wide Web.

The MIT Media Lab's work is highly relevant to defendants' claim that the Lycos patents are invalid over the prior art. The fact that one of the Lab's publications, the Sheth paper, was cited by the U.S. PTO in rejecting many of the original claims of the application that lead to the '799 patent demonstrates the materiality of the Media Lab's work to the question of invalidity. [See Defendants' Mem. at 8-9.] Defendants expect that other work by the Media Lab – work that the inventors did not disclose to the U.S. PTO – may be even more relevant to the issue of invalidity. In fact, the MIT Media Lab's prior art is so compelling that Netflix brought an example of it to Lycos' attention months ago during the settlement discussions that preceded service of Lycos' complaint in this case, belying Lycos' claim that defendants' focus on the work of the MIT Media Lab has been "concocted" for purposes of promoting transfer to Massachusetts. [Declaration of Darren E. Donnelly ("Donnelly Decl.") ¶ 3.]

Lycos disputes whether the location of relevant documents should have any bearing on the choice of venue, contending that it will produce its own documents from its lawyers' offices in Washington, D.C. [Lycos Opp. at 13.] However, the same is not true for non-party witnesses, such as the researchers at the MIT Media Lab, who will likely require that their documents be reviewed in and collected from the location in which they are currently kept – Massachusetts.

Ignoring defendants' affirmative defense of invalidity, Lycos contends that defendants' testimony alone will be "central" to the claims at issue in this case. [Lycos Opp. at 14.] Lycos

argues that because no defendant has a principal place of business in Virginia or Massachusetts, neither forum is more convenient than the other. [*Id.*] Relying again on *Beam Laser*, Lycos concludes that considerations of convenience do not favor transfer. [*Id.*] Again, *Beam Laser* is inapposite. Unlike that case, defendants here are not asking the Court to move the case from one equally inconvenient forum to another. Rather, defendants seek transfer of the action to a forum that is the most convenient for the greatest number of party and non-party witnesses.

The convenience of non-party witnesses, in particular, is entitled to great weight in the section 1404(a) analysis. *Koh*, 250 F. Supp. 2d at 637 (holding that the inconvenience of two potential witnesses who were non-parties was entitled to greater weight); *In re Norfolk Dredging Co.*, 240 F. Supp. 2d 532, 537 (E.D. Va. 2002) (location of non-party witnesses is determinative). By contrast, Lycos cannot point to a single witness with relevant information who lives in the Eastern District of Virginia. The convenience of witnesses favors transfer to Massachusetts.

C. The Availability of Compulsory Process in the District of Massachusetts Weighs Heavily in Favor of Transfer

Lycos disputes whether compulsory process is necessary for any of the non-party witnesses residing outside this District. Specifically, Lycos contends that it will be unnecessary for any of the MIT Media Lab witnesses to testify live at trial, and it asserts that Dr. Lang, currently a consultant to Lycos, promises to appear for trial in Virginia voluntarily. [Lycos Opp. at 10.]

Defendants expect that the testimony of the MIT Media Lab witnesses will be critical to their case at trial. The Media Lab prior art is not confined to printed publications describing its work, as Lycos suggests, but encompasses the filtering and personalization systems which were developed by the Lab and which show that the alleged invention was known and in use in this

country before the priority or conception date of the patents-in-suit. The full capabilities of the MIT Media Lab systems, including research goals, the contributions of many of Professor Bender's graduate students to the field, how users interacted with *Newspace*, and what functions its various components performed, are best understood by live testimony from the people who conceived, designed, and implemented the systems. In addition, how these researchers understood the field, and how they and their colleagues perceived the significance of their contribution, also is best presented by the people who did the original work — Professor Bender, Jon Orwant, and their MIT colleagues. Only in the District of Massachusetts can defendants be assured that process is available to compel this testimony at trial. *See Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 511 (1947) (“[T]o fix the place of trial at a point where litigants cannot compel personal attendance and may be forced to try their cases on deposition, is to create a condition not satisfactory to court, jury or most litigants.”); *Samsung Elecs., Co. v. Rambus, Inc.*, 386 F. Supp. 2d 708, 718 (E.D. Va. 2005) (“When reasonably possible, live testimony is preferred to other means of presenting evidence); *Glamorgan Coal Corp. v. Ratners Group PLC*, 854 F. Supp. 436, 438 (W.D. Va. 1993) (in a complex case, live testimony of non-party witnesses located outside the forum state preferred over a reading of their deposition testimony).

As regards Dr. Lang, his assurances that he is willing to voluntarily appear for trial in Virginia mitigate somewhat the potential prejudice arising from the lack of compulsory process in Virginia. However, Dr. Lang's present declaration affords defendants no means for enforcing his attendance at trial should he later become unwilling to appear voluntarily. *See, e.g., Zimmer Enters., Inc. v. Atlandia Imps, Inc.*, 478 F. Supp. 2d 983, 991-92 (S.D. Ohio 2007) (plaintiff's offer to facilitate non-party witness' appearance in court did not alleviate problem of lack of compulsory process for non-party witness' testimony).

For these reasons, the availability of compulsory process in Massachusetts continues to weigh heavily in favor of transfer to that forum.

D. Interests of Justice Favor Transfer to Massachusetts

Justice is better served by litigating this patent infringement suit in Massachusetts, where at least some of the challenged activities were conducted and where many relevant witnesses reside, rather than in a forum whose only connection to the claim is that the “stream of commerce” for the accused products and services passes through it. *See* Compl. ¶¶ 8, 12, 17. Patent infringement suits should be litigated in proximity to the location of the challenged activities. *See Saint-Gobain Calmar*, 230 F. Supp. 2d at 660. In determining the situs of the challenged activities, courts look to factors like “the location of a product’s development, testing, research, and production [and] the place where marketing and sales decisions [are] made, rather than where limited sales activity has occurred.” *Id.* The defendants’ challenged activities occurred in Massachusetts (ChoiceStream), California (Netflix and TiVo), and Texas (Blockbuster). Lycos could have chosen another location where these parties are subject to personal jurisdiction to bring this suit, but instead chose to sue three unrelated defendants in Virginia – a forum where neither Lycos nor any of the defendants has a principal place of business and where no relevant witnesses reside. Lycos has identified no interest of justice served by such a choice. *See GTE Wireless, Inc. v. Qualcomm, Inc.*, 71 F. Supp. 2d 517, 519-20 (E.D. Va. 1999) (granting a motion to transfer out of the Eastern District of Virginia where plaintiff failed to identify any witnesses in Virginia who appeared to have testimony that was either relevant or unique enough to warrant venue in the Eastern District of Virginia).

To the extent Lycos seeks to litigate in Virginia because of an expectation that the case will be set for any early trial date, this Court has repeatedly rebuked plaintiffs for choosing this District solely to gain such a tactical advantage:

This Court cannot stand as a willing repository for cases which have no real nexus to this district. The “rocket docket” certainly attracts plaintiffs, but the Court must ensure that this attraction does not dull the ability of the Court to continue to act in an expeditious manner.

Cognitronics Imaging Sys., Inc. v. Recognition Research, Inc., 83 F. Supp. 2d 689, 699 (E.D. Va. 2000). This Court has also warned against focusing on docket considerations as a factor³:

Docket conditions, although relevant, are a minor consideration when all other reasonable and logical factors would result in a transfer of venue. If the rule were otherwise, every company with a national market and a patent infringement claim would be entitled to venue in this District. The result would be untenable and thus this can never be the rule.

GTE Wireless, Inc., 71 F. Supp. 2d at 520. Lycos’ suggestion that defendants seek transfer in order to delay the case against Lycos’ wishes is inconsistent with Lycos’ own conduct. Lycos waited years to file its action (the asserted patents issued in 1999) and then delayed four full months before serving its complaint on defendants. [Rusnak Decl. ¶ 9, Ex. 8.] It should not be heard to complain of others’ purported efforts to delay the prosecution of this case.

Justice is also served by transfer of this case to Massachusetts because of the pendency of a declaratory judgment action on the same patents between Lycos and ChoiceStream. As ChoiceStream explained in its opposition to Lycos’ motion to dismiss or stay the Massachusetts action, Lycos cannot deny that it directly and explicitly implicated ChoiceStream, the manufacturer and indemnitor of the software product Blockbuster uses in its accused online recommendation system, in the infringement contentions it made to Blockbuster, or that ChoiceStream is not subject to personal jurisdiction in Virginia. [A copy of ChoiceStream’s opposition brief in the Massachusetts action is attached as Exhibit 1 to the Declaration of Brent L. VanNorman (“VanNorman Decl.”).] These considerations also favor transfer to Massachusetts, where that Court has jurisdiction over all parties.

³ The median time to trial for cases in the District of Massachusetts is close to the median time to trial for district courts nationwide. [Donnelly Decl. ¶ 4, Ex. 1.]

To the extent Lycos contends the so-called “first-to-file” rule precludes transfer of this action to Massachusetts, such an argument must fail. First, the first-to-file rule only applies in cases “[w]here identical actions are proceeding concurrently in two federal courts.” *Cianbro Corp. v. Curran-Lavoie, Inc.*, 814 F.2d 7, 11 (1st Cir. 1987). This action is not identical to the action pending in Massachusetts because ChoiceStream is not a party to this action, and the first-to-file rule does not apply. Second, even if the first-to-file rule were to apply, the Massachusetts action falls within an exception to that rule, which holds that a subsequent manufacturer’s declaratory judgment action should be given preference over a patentee’s suit against the manufacturer’s customer. The manufacturer’s presumed greater interest in defending its actions against charges of patent infringement justifies this preference. *Whelen Techs., Inc. v. Mill Specialties, Inc.*, 741 F. Supp. 715, 716 (N.D. Ill. 1990) (citing *Kahn v. General Motors Corp.*, 889 F.2d 1078, 1081 (Fed. Cir. 1989)); *Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1464 (Fed. Cir. 1990). As the supplier and manufacturer of the software used in the accused Blockbuster system, ChoiceStream has a crucial interest in obtaining a declaration of its rights against Lycos with respect to Lycos’ assertion of patent infringement against Blockbuster and ChoiceStream. Its action should be given preference. [See VanNorman Decl., Ex. 1, pp. 11-12.]

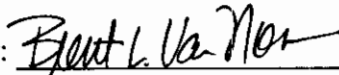
The interests of justice will be served best by transferring this case to Massachusetts.

III. CONCLUSION

Because the convenience of the parties and witnesses and the interests of justice strongly favor transfer of this case to a more convenient forum under 28 U.S.C. § 1404(a), defendants respectfully request that the Court transfer this action to the United States District Court for the District of Massachusetts.

Dated: July 13, 2007

NETFLIX, INC.


By: 
By Counsel

Gregory N. Stillman (VA Bar No. 14308)
Brent L. VanNorman (VA Bar No. 45956)
HUNTON & WILLIAMS LLP
500 East Main Street, Suite 1000
Norfolk, VA 23510
Telephone: (757) 640-5300
Facsimile: (757) 625-7720

Lynn H. Pasahow (CA Bar No. 054283)
Virginia K. DeMarchi (CA Bar No. 168633)
Darryl M. Woo (CA Bar No. 100513)
Darren E. Donnelly (CA Bar No. 194335)
Hector Ribera (CA Bar No. 221511)
Gaurav Mathur (CA Bar No. 242630)
FENWICK & WEST LLP
Silicon Valley Center
801 California Street
Mountain View, CA 94041
Telephone: (650) 988-8500
Facsimile: (650) 938-5200

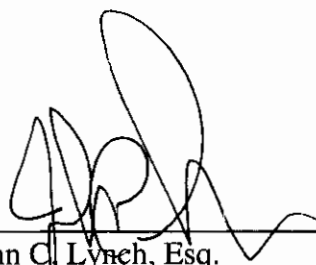
Attorneys for Defendant
NETFLIX, INC.

Dated: July 13, 2007


Eric C. Rusnak, Esq. (VA Bar No. 65895)
Shanda N. Hastings, Esq. (VA Bar No. 68229)
KIRKPATRICK & LOCKHART
PRESTON GATES ELLIS LLP
1601 K Street NW
Washington, D.C.
Telephone: (202) 778-9000
Facsimile: (202) 778-9100

Attorneys for Defendant **BLOCKBUSTER, INC.**

Dated: July 13, 2007



John C. Lynch, Esq.
TROUTMAN SANDERS LLP
150 W. Main Street, Suite 1600
Norfolk, VA 23510
Telephone: (757) 687-7765
Facsimile: (757) 687-1504

Dabney J. Carr, IV, Esq.
Robert A. Angle, Esq.
TROUTMAN SANDERS LLP
1001 Haxall Point
P.O. Box 1122
Richmond, VA 23218

Attorneys for Defendant TIVO, INC.

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of July, 2007, I caused a copy of the foregoing **BLOCKBUSTER, TIVO AND NETFLIX' REPLY IN SUPPORT OF DEFENDANTS' JOINT MOTION TO TRANSFER VENUE** to be served by First Class Mail, Postage Prepaid as follows:

Joel M. Freed
Raphael V. Lupo
Brian E. Ferguson
McDermott Will & Emery LLP
600 13th Street, NW
Washington, DC 20005-3096

Kristan B. Burch
Kaufman & Canoles, P.C.
150 W. Main St., Suite 2100
Norfolk, VA 23510

Counsel for Lycos, Inc.


Dabney J. Carr, IV
Robert Armistead Angle
Troutman Sanders LLP
1001 Haxall Point
P.O. Box 1122
Richmond, VA 23218-1122

John Curtis Lynch
Troutman Sanders LLP
150 W. Main St., Suite 1600
Norfolk, VA 23510

Counsel for TiVo Inc.

Eric Christopher Rusnak
Shanda Nicole Hastings
K&L Gates
1601 K Street, NW
Washington, DC 20006

*Counsel for
Blockbuster, Inc.*



Brent L. VanNorman

LEXSEE 2004 U.S. DIST. LEXIS 23357



Analysis
As of: Jul 13, 2007

PRECIMED S.A. AND PRECIMED, INC. v. ORTHOGENESIS, INC.,

CIVIL ACTION No. 04-1842

**UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
PENNSYLVANIA**

2004 U.S. Dist. LEXIS 23357

November 17, 2004, Decided

November 17, 2004, Filed; November 18, 2004, Entered

SUBSEQUENT HISTORY: Court dismissed at *Precimed S.A. v. Orthogenesis, Inc.*, 2005 U.S. Dist. LEXIS 7286 (E.D. Pa., Apr. 25, 2005)

DISPOSITION: Defendants' motions to dismiss or to transfer, denied.

COUNSEL: [*1] For Plaintiff, PRECIMED S.A., PRECIMED, INC.: CRAIG A. STYER, FOX ROTHSCHILD LLP, EXTON, PA. JOHN P. BLASKO, FOX ROTHSCHILD O'BRIEN & FRANKEL LLP, LAWRENCEVILLE, NJ.

For Defendant, ORTHOGENESIS, INC.: CHRISTOPHER A. ROTHE, DANN DORFMAN HERELL AND SKILLMAN, P.C., PHILADELPHIA, PA. STEVEN L. MARCHBANKS, LAW OFFICE OF STEVEN L. MARCHBANKS, SAN DIEGO, CA.

JUDGES: Michael M. Baylson, U.S.D.J.

OPINION BY: Michael M. Baylson

OPINION

Memorandum

Baylson, J.

I. Introduction

Plaintiffs Precimed S.A. and Precimed, Inc. ("Precimed") have brought an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. § 100, et seq. against Defendant Orthogenesis, Inc.'s ("Orthogenesis"). Presently before the Court is Orthogenesis' Motion to Dismiss for Lack of Personal Jurisdiction and Motion to Dismiss for Improper Venue or To Transfer for Convenience.

II. Factual Allegations

Precimed's complaint sets forth the following facts. Precimed S.A. is a Swiss corporation with its principal place of business at l'Echelette 7, CH-2534, Orvin, Switzerland. Precimed, Inc. is a wholly owned subsidiary of Precimed [*2] S.A. and is a Delaware corporation with its principal place of business at 102 Pickering Way, Suite 508, Exton, Pennsylvania.

Orthogenesis is a California corporation with its principal place of business at 4952 Windplay Drive, Suite C., El Dorado Hills, California.

Precimed owns by assignment *U.S. Patent No. 5,658,290*, entitled "Assembly Comprising Reamer Spindle and Reamer for Surgery" ("the '290 patent"), which was duly and legally issued on August 19, 1997, to

Andre Lehot. Reamer spindle and reamer assemblies covered by the '290 patent are among the surgical equipment Precimed manufactures and/or sells for use in minimally invasive orthopedic surgery.

According to the Complaint, Orthogenesis, without authority or license from Precimed and in violation of 35 U.S.C. § 271, offers to sell or sells within the United States a component of the patented assembly covered by one or more claims of the '290 patent, which is material to the invention, knowing the same to be especially made or adapted for use in infringement of the '290 patent, and which is not a staple article or commodity of commerce suitable for substantial noninfringing use (the "allegedly infringing [*3] product").

III. Legal Standard

When a defendant challenges an action for lack of personal jurisdiction, the plaintiff must prove, by a preponderance of the evidence, facts sufficient to establish personal jurisdiction. *Carteret Savings Bank, FA v. Shushan*, 954 F.2d 141, 146 (3d Cir. 1992). When deciding a motion to dismiss for lack of personal jurisdiction, the Court "must accept all of the plaintiff's allegations as true and construe the disputed facts in the favor of the plaintiff." *Id.* at 142 n. 1.

IV. Discussion

A. Personal Jurisdiction

Orthogenesis argues that personal jurisdiction is improper because Orthogenesis, a California corporation with no place of business, offices, or employees in Pennsylvania, has not committed patent infringement in Pennsylvania and thus has no contacts with the Commonwealth.

Precimed contends, however, that Orthogenesis has committed patent infringement in this District and has submitted: (1) the affidavit of William Warrender, which states that Warrender saw an advertisement for Orthogenesis' products in a national trade journal, perused Orthogenesis' website, [*4] and then purchased an allegedly infringing product from Orthogenesis in April 2004 by telephone that was shipped to his office in Fort Washington, Pennsylvania, (2) a copy of the packing slip from the shipment, and (3) a copy of the invoice for the purchase. (Def's Response to Pl's Motion to Dismiss for Lack of Personal Jurisdiction, Exhibit B). Precimed

has also presented the affidavit of Patrick White verifying submitted copies of advertisements for Orthogenesis' products published in national trade journals and on Orthogenesis' website. (Def's Response to Pl's Motion to Dismiss for Lack of Personal Jurisdiction, Exhibit C).

Orthogenesis argues that this sale is not sufficient to establish minimum contacts with Pennsylvania, because Warrender saw the advertisement in a national trade journal and "reached out" to California, and thus the contact resulted from the acts of others, unforeseen and unintended by Orthogenesis. Orthogenesis also contends that the product was sold to Warrender in California, on the grounds that it was "bought and paid for" in California. (Def's Reply to Plaintiff's Response to Motion to Dismiss for Lack of Personal Jurisdiction). However, Orthogenesis relies [*5] only on arguments in its brief and has not submitted any factual affidavit or other evidence rebutting the Warrender and White affidavits. Orthogenesis has only submitted a declaration of its CEO with general statements as to its place of business, and the location of its employees and documents. This is insufficient to refute plaintiffs' showing of jurisdiction. The Court must construe disputed facts in favor of the plaintiff and, regardless, the Court finds that Warrender's purchase of the allegedly infringing product occurred in Pennsylvania, as his affidavit states, because the submitted packing slip and invoice corroborate the affidavit.

However, even if the sale did not take place in Pennsylvania, there is no dispute that Orthogenesis shipped the product to the purchaser in Pennsylvania. Federal courts apply the relevant state statute to determine whether personal jurisdiction over the defendant is proper. *Fed. R. Civ. P. 4(e)*. Pennsylvania's long-arm statute "permits the exercise of jurisdiction over an individual or corporation that causes tortious injury in the state." *Angelo Fan Brace v. Allied Moulded Products*, 2004 U.S. Dist. LEXIS 7334, 2004 WL 884461 [*6] *1 (*E.D. Pa. April 23, 2004*)(citing *42 Pa. Cons. Stat. Ann. § 5322(a)(3)*). The Federal Circuit has held in patent infringement cases that when "the allegations are that defendants purposefully shipped [the allegedly infringing product] into [the forum state] through an established distribution channel" and "the cause of action is alleged to arise out of these activities," then "no more is usually required to establish specific jurisdiction." *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1565 (*Fed. Cir. 1994*)(citing *Burger King Corp. v. Rudzewicz*,

2004 U.S. Dist. LEXIS 23357, *6

471 U.S. 462, 472-73, 85 L. Ed. 2d 528, 105 S. Ct. 2174 (1985)); see also *North American Philips Corp. v. American Vending Sales, Inc.*, 35 F.3d 1576, 1578-79 (Fed. Cir. 1994).

Citing to this Federal Circuit precedent, courts in the Third Circuit have found that "the law is clear that, where a defendant infringer is shown to have sold the allegedly infringing product in the forum state, the forum may exercise personal jurisdiction over the defendant." *Osteotech, Inc. v. GenSci Regeneration Sciences, Inc.*, 6 F. Supp. 2d 349, 354 (D. N.J. 1998) [*7] (citing *Beverly Hills Fan Co.*, 21 F.3d at 1570-71, and *North American Philips Corp.*, 35 F.3d at 1578-79).

Because a state has an interest in preventing the importation of infringing products, patent infringement occurs in the state where infringing sales are made. When it sells its products in a state, the alleged infringer has fair warning that it can be sued there. Thus, if a plaintiff establishes that a defendant sold the accused product in the forum state, personal jurisdiction is proper there because the sale of an infringing article to a buyer in that state is deemed tortious conduct within the meaning of the long arm statute.

Angelo Fan Brace, 2004 U.S. Dist. LEXIS 7334, 2004 WL 884461 at *1 (citing *North American Philips Corp.*, 35 F.3d at 1578-79).

Orthogenesis' contention that the single sale relied upon by Precimed is not sufficient to establish specific personal jurisdiction is unpersuasive. "Where a defendant's forum-related conduct forms the basis of the alleged injuries and resulting litigation, the contacts need not be continuous and substantial. It is enough that [Orthogenesis] sold its product in [Pennsylvania] [*8] only once, because the product allegedly infringes [Precimed's '290 patent], which is the subject matter of the instant litigation." *Osteotech*, 6 F. Supp. 2d at 354; *VP Intellectual Properties, LLC v. Imtec Corp.*, 1999 U.S. Dist. LEXIS 19700, 1999 WL 1125204 *5 (D.N.J. 1999) ("Regardless of the quantity of products sold or the shipping method used, the sale of patented products to buyers in the forum state creates specific personal jurisdiction over an out-of-state seller."). The evidence of

the sale and shipment to Pennsylvania of an allegedly infringing product therefore establishes that this Court's exercise of personal jurisdiction over Orthogenesis complies with the requirements of the Pennsylvania long arm statute and comports with due process requirements.

B. Venue

Pursuant to 28 U.S.C. § 1400(b), venue is proper in patent infringement actions "in the judicial district where the defendant resides." ¹ The general venue statute, 28 U.S.C. § 1391(c), states that a corporate defendant resides in any judicial district where it is subject to personal jurisdiction. This corporate residence standard applies [*9] to § 1400(b). *Angelo Fan Brace*, 2004 U.S. Dist. LEXIS 7334, 2004 WL 884461 *1; *Saint-Gobain Calmar, Inc. v. National Products Corp.*, 230 F. Supp. 2d 655, 657 (E.D. Pa. 2002); see generally *V.E. Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574 (Fed. Cir. 1990), cert. den'd, 499 U.S. 922, 113 L. Ed. 2d 248, 111 S. Ct. 1315 (1991). As discussed above, Orthogenesis is subject to personal jurisdiction in this district. Orthogenesis thus "resides" in this district for the purposes of § 1400(b). Accordingly, venue in this district is proper.

¹ 28 U.S.C. § 1400 provides that:

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

C. Venue Transfer for Convenience

Orthogenesis alternatively requests that this action be transferred "to a proper court" for the sake of convenience, arguing [*10] in its brief, and providing its CEO's affidavit, that all its witnesses reside and work in California and that the relevant documents and patents in question are also in California. There is no showing as to which of California's three districts would be the proper forum.

Precimed counters that Precimed, Inc.'s principal place of business is in this judicial district, and that a plaintiff's choice of forum is entitled to greater deference

2004 U.S. Dist. LEXIS 23357, *10

when it is a plaintiff's home forum. Precimed also contends that its witnesses and relevant documents regarding the design, manufacture, and sale of the allegedly infringing product are either here or in Switzerland. Litigating in California, Precimed contends, would be as costly, burdensome, and inconvenient for Precimed as litigating in Pennsylvania would be for Orthogenesis, and Orthogenesis should have anticipated that it could be haled into court in any district in which it actively markets or sells its products. Thus, venue should not be transferred simply for the sake of increased convenience for Orthogenesis, Precimed argues.

Under 28 U.S.C. § 1404(a), "for the convenience of parties and witnesses, in the interest [*11] of justice, a district court may transfer any civil action to any other district or division where it might have been brought." The Third Circuit has echoed the Supreme Court's interpretation of § 1404(a) as "intended to vest district courts with broad discretion to determine, on an individualized, case-by-case basis, whether convenience and fairness considerations weigh in favor of transfer." *Jumara v. State Farm Insurance Co.*, 55 F.3d 873, 883 (3d Cir. 1995)(citing *Stewart Organization, Inc. v. Ricoh Corp.*, 487 U.S. 22, 30-31, 101 L. Ed. 2d 22, 108 S. Ct. 2239 (1988)).

For a transfer to be appropriate, venue must be proper in both fora. As discussed above, venue is proper in the Eastern District of Pennsylvania. The parties do not dispute that venue would be proper in California, where Orthogenesis is incorporated and has its principal place of business. The Court must therefore determine "whether the balance of convenience weighs in favor of a transfer." *Saint-Gobain*, 230 F. Supp. 2d at 658. In the Third Circuit, courts ruling on § 1404(a) motions consider a wide range of private and public interests, always keeping in mind that the plaintiff's [*12] choice of forum "is entitled to paramount weight and should not be disturbed unless the convenience factors weigh strongly in the movant's favor." *Unisys Corp. v. Storage Technology*, 1994 U.S. Dist. LEXIS 3193, 1994 WL 116105 *4 (E.D. Pa. 1994); *Jumara*, 55 F.3d at 879. In *Jumara*, the Third Circuit outlined the "many variants of the private and public interests protected by the language of § 1404(a)" that have been considered by courts:

The private interests have included: the plaintiff's forum preference as manifested in the original choice, whether the claim

arose elsewhere, the convenience of the parties as indicated by their relative physical and financial condition, the convenience of the witnesses -- but only to the extent that the witnesses may actually be unavailable for trial in one of the fora, and the location of books and records (similarly limited to the extent that the files could not be produced in the alternative forum).

The public interests have included: the enforceability of the judgment, practical considerations that could make the trial easy, expeditious, or inexpensive, the relative administrative difficulty in the two fora resulting [*13] from court congestion, the local interest in deciding local controversies at home, the public policies of the fora, and the familiarity of the trial judge with the applicable state law in diversity cases.

Jumara, 55 F.3d at 879-880 (citations omitted).

Turning first to the private interests at stake, Precimed has shown a preference for the Eastern District of Pennsylvania, where Precimed, Inc. has its principal place of business. Precimed argues that the claim also arose in this district, due to the sale of an allegedly infringing product in the district. As to the convenience of the parties, litigating the case in Pennsylvania is clearly more convenient for Precimed, but Orthogenesis has not shown that the inconvenience for Orthogenesis of litigating in Pennsylvania would be greater than the inconvenience for Precimed of litigating in California. Orthogenesis has submitted only the affidavits of its attorney, Steven Marchbanks, and of its CEO, Henry Fletcher, stating that Orthogenesis is a start-up company with limited assets, and that all witnesses reside in California and all the relevant patent documents are in California. It has not provided lists of [*14] the names and addresses of witnesses, affidavits showing the materiality of the matter to which these witnesses will testify, statements regarding the difficulties of having to defend in Pennsylvania, or affidavits regarding the relative ease of access to sources of documentary evidence, all of which have been suggested by the Third Circuit as appropriate support for a motion under § 1404(a). *Plum Tree, Inc. v. Stockment*, 488 F.2d 754, 757

2004 U.S. Dist. LEXIS 23357, *14

n. 2 (3d Cir. 1973). In such cases, where "all that appears from the record is that it would be proportionately more convenient and less costly to each party to litigate in its home forum," transfer is not justified. *Unisys Corp, 1994 U.S. Dist. LEXIS 3193, 1994 WL 116105 at *5* ("A movant's desire to shift the balance of inconvenience and expense to another party does not justify a transfer.").

As to the relevant public interests, both California and Pennsylvania have a local interest in the dispute, as all states have "an interest in discouraging patent infringement within [their] borders." *Amalia v. Conopco, Inc., 1995 U.S. Dist. LEXIS 144, 1995 WL 8055 *3 (E.D. Pa. 1995)*(citing *North American Philips v. American Vending Sales, Inc., 35 F.3d 1576 (Fed. Cir. 1994)*). [*15] The public policies of the fora and the familiarity of the trial judge with applicable state law do not weigh in favor of or against transfer, as federal patent law governs the dispute.

Therefore, while this case certainly could have been brought in California, Orthogenesis has not met its burden of showing that litigating in the Eastern District of Pennsylvania will cause inconvenience to the parties and witnesses such that the interests of justice would be served by disturbing Precimed's choice of forum. However, in order to reduce the burden of expense on

Orthogenesis, the Court will allow depositions to be taken either by video or will require that defendant's witnesses be deposed at or near its place of business.

V. Conclusion

For the foregoing reasons, the Court finds that Orthogenesis is subject to specific jurisdiction, and venue is proper, in this district. Orthogenesis has failed to demonstrate that transfer of venue is appropriate. Accordingly, defendant's motions are denied.

An appropriate order follows.

ORDER

AND NOW this 17th day of November, 2004 upon consideration of Defendant's Motion to Dismiss for Lack of Personal Jurisdiction (Docket [*16] No. 6) and Motion to Dismiss for Improper Venue, or to Transfer for Improper Venue or for Convenience (Docket No. 7), and the responses thereto, it is ORDERED that the motions are DENIED.

BY THE COURT:

s/ **Michael M. Baylson, U.S.D.J.**

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division

LYCOS, INC.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 2:07cv03 (RBS/JEB)
)	
TIVO INC.,)	
NETFLIX, INC., and)	
BLOCKBUSTER, INC.,)	
)	
Defendants.)	

DECLARATION OF DAVID BLOCK

I, David Block, declare as follows:


1. I submit this declaration in the above-identified case in support of the defendants' Joint Motion to Transfer Venue.
2. I am currently the Senior Vice President of Entertainment Products for ChoiceStream, Inc. ("ChoiceStream"). My roles for the company include overseeing the development of ChoiceStream's Entertainment products and the delivery of those products into ChoiceStream's customer deployments.
3. Most if not all of the information concerning Blockbuster's knowledge and use of ChoiceStream's technology resides with ChoiceStream in Massachusetts, and not with Blockbuster.
4. For example, none of ChoiceStream's customers, including Blockbuster, has access to ChoiceStream's source code.

5. Further, none of ChoiceStream's customers, including Blockbuster, has ever seen the applicable models and algorithms that support Choice Stream's technology.

6. These items and the persons with knowledge about them, including Michael Strickman (Chief Technology Officer) and Jay Patel (Chief Science Officer) remain with ChoiceStream in Massachusetts.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: July 12, 2007


David Block

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division

LYCOS, INC.,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 2:07cv03 (RBS/JEB)
)	
TIVO INC.,)	
NETFLIX, INC., and)	
BLOCKBUSTER, INC.,)	
)	
Defendants.)	

**DECLARATION OF DARREN E. DONNELLY RE BLOCKBUSTER,
TIVO AND NETFLIX' REPLY IN SUPPORT OF DEFENDANTS'
JOINT MOTION TO TRANSFER VENUE**

1. I, Darren E. Donnelly, declare as follows:
2. I am a partner in the law firm of Fenwick & West LLP and counsel for defendant Netflix, Inc. I have been admitted *pro hac vice* in this Court. I make this declaration in support of Blockbuster, Inc., TiVo, Inc., and Netflix, Inc.'s motion to transfer venue in this action from the Eastern District of Virginia to the District of Massachusetts. I have personal knowledge of the following facts, and if called as a witness, I could and would testify competently thereto.
3. In March 2007, I participated on behalf of Netflix in a meeting with counsel for Lycos to discuss possible settlement of this action. During that meeting, my colleague and I pointed out that systems developed by the MIT Media Lab in the early 1990s showed that the inventions in the Lycos patents were well known in the prior art. Shortly after that meeting, Lycos' counsel responded by letter describing Lycos' view of this prior art.

4. Attached hereto as Exhibit 1 is a true and correct copy of a table entitled "U.S. District Courts – Median Time Intervals From Filing to Disposition of Civil Cases Terminated" from the 2006 Annual Report of the Director retrieved from the website of the Administrative Office of the U.S. Courts at <http://www.uscourts.gov/judbususc/judbus.html>. This table reflects that the median time to trial disposition for civil cases in all the federal district courts during the 12-month period ending September 30, 2006 was 23.5 months, and that the median time to trial disposition for civil cases in the District of Massachusetts was 25 months.

I declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the foregoing is true and correct. Executed this 12th day of July, 2007, at Mountain View, California.

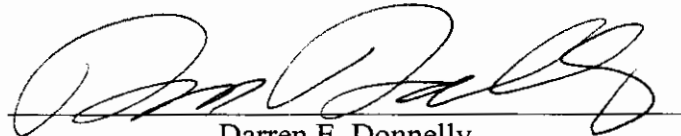

Darren E. Donnelly

Table C-5. (September 30, 2006—Continued)

Circuit and District	Total Cases			No Court Action			Court Action					
	Number of Cases	Median Time Interval In Months	Number of Cases	Median Time Interval In Months	Before Pretrial		During or After Pretrial		Trial			
					Number of Cases	Median Time Interval In Months	Number of Cases	Median Time Interval In Months	Number of Cases	Median Time Interval In Months		
5TH	21,584	8.8	5,644	6.6	13,396	8.2	2,138	13.6	406	20.5		
LA,E	2,598	11.6	105	3.2	1,322	7.3	1,115	15.5	56	21.0		
LA,M	1,199	6.4	611	6.8	560	11.7	20	20.0	8	-		
LA,W	1,655	12.8	571	9.2	1,015	12.8	29	20.0	40	25.0		
MS,N	904	12.3	201	6.3	574	12.2	94	18.0	35	21.5		
MS,S	4,010	6.2	1,871	6.9	2,065	6.6	33	22.4	41	18.8		
TX,N	2,766	7.4	152	6.8	2,557	7.5	3	-	54	20.0		
TX,E	1,737	9.0	335	4.3	1,328	10.1	37	12.5	37	15.0		
TX,S	4,353	8.6	1,201	5.6	2,280	8.3	787	10.8	85	19.4		
TX,W	2,362	9.5	597	7.5	1,695	10.7	20	11.0	50	16.0		
6TH	33,681	23.4	3,878	5.3	11,167	10.9	18,375	101.3	261	24.0		
KY,E	1,852	9.3	232	5.5	1,591	10.1	19	21.0	10	19.5		
KY,W	1,259	8.7	223	7.5	911	7.8	115	17.6	10	20.0		
MI,E	18,713	101.2	770	4.4	1,336	6.7	16,550	101.4	57	22.5		
MI,W	783	8.0	126	3.3	638	9.0	8	-	11	20.0		
OH,N	5,491	13.5	944	3.3	3,728	19.8	779	10.2	40	19.5		
OH,S	2,237	12.6	918	10.6	855	12.4	421	14.5	43	25.4		
TN,E	1,148	12.7	177	6.0	499	9.4	442	16.9	30	25.0		
TN,M	1,241	10.2	136	3.8	1,063	11.3	14	16.0	28	22.0		
TN,W	957	11.8	352	8.2	546	12.9	27	22.5	32	25.5		
7TH	13,032	7.2	3,901	5.6	7,504	7.9	1,382	12.1	245	25.0		
IL,N	6,598	6.5	2,360	5.0	3,632	6.9	503	12.0	103	28.0		
IL,C	745	8.7	297	7.5	425	8.3	10	22.0	13	27.0		
IL,S	839	8.4	224	6.9	576	8.5	21	20.8	18	20.0		
IN,N	1,264	10.8	238	5.4	705	9.5	297	16.0	24	20.0		
IN,S	2,114	10.8	556	6.7	1,246	10.3	282	13.9	30	23.0		
WI,E	1,030	8.8	171	3.6	740	8.0	83	14.0	36	66.0		
WI,W	442	4.4	55	2.5	180	3.0	186	5.0	21	11.4		
8TH	14,870	11.1	4,420	5.8	6,080	9.9	4,103	37.3	267	20.9		
AR,E	1,532	12.4	326	11.7	1,143	12.4	11	15.0	52	19.7		
AR,W	767	11.9	74	10.0	639	12.6	29	1.0	25	14.8		
IA,N	436	10.7	59	5.8	357	10.2	3	-	17	23.0		
IA,S	608	10.4	117	8.0	342	8.4	126	16.4	23	21.0		
MN	6,266	23.8	1,803	3.4	562	5.3	3,869	37.6	32	26.5		
MO,E	2,171	7.4	771	7.4	1,357	7.8	1	-	42	21.2		
MO,W	1,967	8.2	1,020	6.6	904	9.4	20	18.0	23	23.5		
NE	688	9.6	38	1.0	583	8.1	31	20.5	36	20.5		
ND	195	11.8	75	6.3	104	12.9	3	-	13	23.0		
SD	240	10.5	137	8.4	89	11.7	10	20.0	4	-		

Table C-5. (September 30, 2006—Continued)

Circuit and District	Total Cases			No Court Action			Court Action					
	Number of Cases	Median Time Interval In Months	Number of Cases	Median Time Interval In Months	Before Pretrial		During or After Pretrial		Trial			
					Number of Cases	Median Time Interval In Months	Number of Cases	Median Time Interval In Months	Number of Cases	Median Time Interval In Months		
9TH	26,221	8.5	10,667	6.8	15,412	9.5	1,651	14.0	491	25.9		
AK	303	9.2	92	7.3	206	10.4	1	-	4	-		
AZ	1,991	11.8	801	9.1	1,099	11.4	38	20.8	53	32.8		
CA,N	4,740	7.4	2,384	5.9	1,044	6.7	1,251	12.0	61	27.0		
CA,E	2,116	10.1	849	7.1	1,218	12.2	25	20.5	24	31.0		
CA,C	8,851	7.2	3,353	6.2	5,266	8.7	85	19.0	147	21.7		
CA,S	1,813	6.6	131	2.7	1,659	7.6	2	-	21	26.0		
HI	634	9.3	355	7.2	204	8.2	57	17.0	18	25.0		
ID	470	13.8	50	3.9	367	13.3	42	23.0	11	29.5		
MT	485	11.7	193	10.0	210	9.4	63	17.0	19	27.5		
NV	1,494	9.1	739	9.2	717	10.5	15	10.0	23	30.5		
OR	1,905	11.6	640	9.9	1,188	11.5	16	15.0	61	24.5		
WA,E	533	8.1	170	5.7	319	9.5	30	15.5	14	17.5		
WA,W	2,815	9.1	885	6.2	1,879	11.1	20	16.0	31	19.4		
GUAM	38	13.0	11	8.0	20	6.0	5	-	2	-		
NMI	33	8.6	14	7.0	16	8.4	1	-	2	-		
10TH	7,982	9.8	1,259	6.7	5,213	8.0	1,332	12.2	178	21.2		
CO	2,088	8.8	55	4.4	1,856	7.2	129	19.9	48	30.5		
KS	1,164	9.5	375	7.2	630	8.8	131	18.1	28	21.0		
NM	1,089	10.7	97	6.4	494	9.9	479	11.0	19	18.5		
OK,N	723	11.5	61	4.4	619	12.8	20	18.0	23	19.0		
OK,E	375	8.0	221	7.7	121	8.6	22	9.5	11	13.0		
OK,W	1,173	9.1	309	5.7	455	8.6	385	11.7	24	14.0		
UT	1,135	10.3	82	5.6	1,013	10.9	26	19.0	14	28.0		
WY	235	9.4	59	4.2	25	8.7	140	10.0	11	17.0		
11TH	18,817	8.3	2,642	6.4	14,501	7.3	1,358	13.4	316	20.9		
AL,N	2,322	9.6	751	6.5	1,493	10.2	42	18.5	36	24.0		
AL,M	796	11.0	252	7.2	458	10.9	64	15.0	22	16.5		
AL,S	581	8.8	78	7.9	471	8.8	23	15.2	9	-		
FL,N	761	7.6	185	5.1	560	7.2	9	-	7	-		
FL,M	4,752	8.6	478	5.5	4,100	8.4	102	16.7	72	19.8		
FL,S	5,267	6.7	57	2.6	4,748	5.0	378	7.6	84	17.2		
GA,N	3,083	9.5	582	5.9	1,724	8.0	717	13.6	60	23.0		
GA,M	700	11.3	137	8.8	540	12.5	5	-	18	22.0		
GA,S	555	8.0	122	5.2	407	8.8	18	29.7	8	-		

NOTE: MEDIAN TIME INTERVALS NOT COMPUTED WHEN FEWER THAN 10 CASES REPORTED. THIS TABLE EXCLUDES LAND CONDEMNATIONS, PRISONER PETITIONS, DEPORTATION PETITIONS, RECOVERY OF OVERPAYMENTS, AND ENFORCEMENT OF JUDGMENTS. FOR FISCAL YEARS PRIOR TO 2001, THIS TABLE INCLUDED DATA ON RECOVERY OF OVERPAYMENTS AND ENFORCEMENT OF JUDGMENTS.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division

LYCOS, INC.,)	
)	
Plaintiff,)	
v.)	Civil Action No. 2:07cv03 (RBS/JEB)
)	
TIVO INC.,)	
NETFLIX, INC., and)	
BLOCKBUSTER, INC.,)	
)	
Defendants.)	

**DECLARATION OF BRENT L. VanNORMAN RE BLOCKBUSTER,
TIVO AND NETFLIX'S REPLY IN SUPPORT OF
DEFENDANTS' JOINT MOTION TO TRANSFER VENUE**

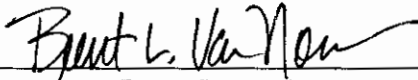
1. I, Brent L. VanNorman, declare as follows:

2. I am an associate in the law firm of Hunton & Williams LLP and counsel for defendant Netflix, Inc. I make this declaration in support of Blockbuster, Inc., TiVo, Inc., and Netflix, Inc.'s motion to transfer venue in this action from the Eastern District of Virginia to the District of Massachusetts.

3. Attached hereto as Exhibit 1 is a true and correct copy of ChoiceStream, Inc.'s Opposition to Defendant's Motion to Dismiss Plaintiff's Declaratory Judgment Complaint for Lack of Subject Matter Jurisdiction, or in the Alternative, to Stay the Case Pending Resolution of Prior Pending Related Litigation.

I declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the foregoing is true and correct.

Executed this 13th day of July, 2007.



 Brent L. VanNorman

EXHIBIT 1
Declaration of
Brent L. VanNorman
Defendant Netflix, Inc.
CA No. 2:07cv03(RBS/JEB)
07/13/2007

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

CHOICESTREAM, INC.,

Plaintiff,

v.

LYCOS, INC.,

Defendant.

Civil Action No.
1:07cv10824 - MLW

**CHOICESTREAM, INC.’S OPPOSITION TO DEFENDANT’S MOTION TO DISMISS
PLAINTIFF’S DECLARATORY JUDGMENT COMPLAINT FOR LACK OF SUBJECT
MATTER JURISDICTION, OR IN THE ALTERNATIVE, TO STAY THE CASE
PENDING RESOLUTION OF PRIOR PENDING RELATED LITIGATION**

Plaintiff ChoiceStream, Inc. (“ChoiceStream”) hereby provides its Opposition to Defendant Lycos, Inc.’s (“Lycos’s”) Motion to Dismiss Plaintiff’s Declaratory Judgment Complaint for Lack of Subject Matter Jurisdiction, Or in the Alternative, to Stay This Case Pending Resolution of Prior Pending Related Litigation (“Lycos’s Motion”) (Dkt. No. 5).

Lycos’s Motion is based on an incorrect application of the case law and an erroneous factual assumption—that “ChoiceStream merely provided consultation services and programming expertise to help Blockbuster build its infringing system.” Lycos’s Memorandum of Points and Authorities in Support of Defendant’s Motion (“Lycos’s Mem.”) (Dkt. No. 6) at 1. Based on its erroneous factual assumption, Lycos argues that Blockbuster, Inc., ChoiceStream’s customer, is the only infringer, and that there is no justiciable controversy for the Court to decide in this declaratory judgment action. To the contrary, ChoiceStream provided a software product, which Blockbuster used in its accused online recommendation system and which is the basis for

Lycos's infringement action against Blockbuster. In light of all the circumstances of this case, particularly Lycos's communications with Blockbuster and ChoiceStream, Cambridge-based ChoiceStream has a substantial basis for bringing the present declaratory judgment action. Moreover, since the Court's exercise of declaratory judgment jurisdiction is proper here, there is no reason to stay this case pending resolution of Lycos's case against Blockbuster and other defendants in the Eastern District of Virginia. For these reasons, Lycos's Motion should be denied in its entirety.

I. FACTUAL BACKGROUND

A. Lycos's Communications Directly Implicated ChoiceStream

In its brief, Lycos claims that it never "communicated, either directly or via counsel, with ChoiceStream (other than concerning this action) regarding the Lycos patents," and that it "has never accused ChoiceStream of infringing its patents, has never offered ChoiceStream, or demanded that it take, a license to Lycos' patents, and has never even hinted that ChoiceStream faces a threat of lawsuit from Lycos." Lycos's Mem. at 1. Lycos's communications prove otherwise, and in fact, Lycos's communications directly implicated ChoiceStream.

Blockbuster is a customer of ChoiceStream that utilizes ChoiceStream's RealRelevanceSM (formerly known as MyBestBets[®]) personalization platform system in its recommendation system for an online DVD rental business. Decl. of Mark Gallagher ("Gallagher Decl.") ¶ 6. Lycos has claimed that Blockbuster is infringing two of Lycos's patents by employing the system that ChoiceStream licensed to it, and Lycos filed suit against Blockbuster and two other defendants (Tivo, Inc. and Netflix, Inc.) in the Eastern District of

Virginia, Civil Action No. 2:07cv03,¹ alleging infringement of U.S. Patent Nos. 5,867,799 and 5,983,214 (“the Lycos patents”).

From the beginning, Lycos’s communications with Blockbuster clearly and directly implicated ChoiceStream in its infringement contentions. In a letter to Blockbuster discussing a possible meeting to discuss resolution of the parties’ dispute, Lycos stated that “Lycos believes Blockbuster’s recommendation system, *which is powered by Choicestream*, directly implicates the patents.” Decl. of Mark Blais (“Blais Decl.”) (Dkt. No. 6) Ex. 2 (emphasis added). Lycos has consistently called ChoiceStream “relevant” to Lycos’s infringement analysis. Blais Decl. ¶ 4; Dep. of Mark Blais (rough copy) (“Blais Dep.”) (Ex. A) at p. 18, line 21 to p. 20, line 5 (“ChoiceStream plays a part in its [Blockbuster’s] system in some capacity, so therefore it’s relevant.”).

The parties held a settlement conference on March 22, 2007, at the offices of ChoiceStream’s and Blockbuster’s counsel, K&L Gates.² At the settlement conference, Lycos provided a document it had prepared outlining the basis for its infringement contentions. Ex. B. First, Lycos indicated that its U.S. Patent No. 5,867,799 claimed “an apparatus, method, and computer program product.” *Id.* at 3.³ Lycos went on to analyze Blockbuster’s accused system,

¹ Although Lycos filed the Eastern District of Virginia action four months before ChoiceStream filed the present action, the summons was not served on Blockbuster until the day this action was filed.

² As Lycos’s representative has admitted, the request for settlement discussions was initiated by Lycos. Blais Dep. at p. 13, line 15 to p. 18, line 20. Thus, the settlement meeting was not, as Lycos asserts, “contrived more to mine information from Lycos for use by ChoiceStream rather than to conduct good faith talks on behalf of Blockbuster.” Lycos’s Mem. at 7.

³ The Lycos patents clearly include claims directed apparatus, method and computer program product. Lycos Mem. Ex. 1 (U.S. Patent No. 5,867,799) at col. 33, lines 1-20, col. 36, lines 10-43, col. 38, lines 23-47; Blais Dep. at p. 52, line 7 to p. 53, line 7.

always with reference to ChoiceStream. Each page of the analysis discusses Blockbuster's system "via *Choicestream*." *Id.* at 8-10 (emphasis added). Lycos stated that the Blockbuster Online recommendation system was "developed by *Choicestream*." *Id.* at 11. Lycos also focused on a wider array of *Choicestream*'s customers besides Blockbuster, including AOL, Yahoo! and Overstock.com. *Id.* at 8. Further, Lycos's supposed analysis of the accused Blockbuster system was founded *completely* on ChoiceStream's product. *Id.* at 9-10. The figures in the document alleged to show infringement were taken directly from ChoiceStream's documentation, with no reference whatsoever to Blockbuster's system. *Compare id.* to Lycos's Mem. Ex. 2 (ChoiceStream Corporate Fact Sheet) at 8 & 9; *see* Blais Dep. at p. 60, lines 5-8.

Nevertheless, Lycos asserts that "it is Blockbuster that is infringing the Lycos patents – and not ChoiceStream. Lycos's Mem. at 2; *see also* Blais Dep. at p. 75, line 22 to p. 76, line 4. In spite of its assertion, Lycos has been unable to promise that Lycos will not sue ChoiceStream for infringement of the Lycos patents. Blais Dep. at p. 75, lines 2-11.

Finally, the same counsel represents both Blockbuster and ChoiceStream with respect to Lycos's assertion of its patents. This was clear to both Lycos and its counsel from the outset. In fact, Lycos's representative at the settlement meeting, Mr. Blais, is sure that he assumed K&L Gates represented both Blockbuster and ChoiceStream at the time of the settlement meeting. Blais Dep. at p. 73 line 15 to page 74, line 2. Since ChoiceStream and Blockbuster share the same counsel, Lycos's infringement contentions were undoubtedly made directly to ChoiceStream as well as to Blockbuster.

B. ChoiceStream Provided Blockbuster with the Software Product That Forms the Basis of Lycos's Infringement Contentions

Lycos improperly asserts that "ChoiceStream merely provided consultation services and programming expertise to help Blockbuster build its infringing system." Lycos's Mem. at 2.

Lycos cites to page from ChoiceStream's website indicating that ChoiceStream supplies software expertise and programming. *Id.* at 5 n.4. Although this is true, it is not a limiting description of ChoiceStream's business activities, and in fact, ChoiceStream provides systems in the form of complete software products to its customers through licenses. Gallagher Decl. ¶ 4.⁴ Thus, ChoiceStream is the supplier or "manufacturer" of the product used by Blockbuster, which is the subject of Lycos's patent infringement claim against Blockbuster.⁵ As such, ChoiceStream has an obligation to indemnify Blockbuster with respect to Lycos's infringement claim pursuant to ChoiceStream's license agreement with Blockbuster. Gallagher Decl. ¶ 7.

II. ALL OF THE CIRCUMSTANCES POINT TO THIS COURT'S EXERCISE OF DECLARATORY JUDGMENT JURISDICTION

As Lycos acknowledges, the standard for a district court's exercise of declaratory judgment jurisdiction is "whether the facts alleged, *under all the circumstances*, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764, 771 (2007) (emphasis added) (quoting *Maryland Cas. Co. v. Pacific Coal & Oil Co.*, 312 U.S. 270, 273 (1941)). With the *MedImmune* decision, the Supreme Court rejected the "reasonable apprehension of suit" test that the Federal Circuit had *additionally* imposed in connection with a district court's exercise of declaratory judgment jurisdiction. *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F. 3d 1372, 1380 (Fed. Cir. 2007); *Teva Pharm.*

⁴ The further fact, as Lycos argued in its Memorandum at page 9, that ChoiceStream's customers, such as Overstock.com, may use other ChoiceStream technology in their systems does not mean that ChoiceStream only provides consultation and software programming services. Lycos's Mem. at 9.

⁵ ChoiceStream's software product is designed to be used with specific user preference systems, and thus is not a staple article of commerce. Gallagher Decl. ¶ 5.

USA, Inc. v. Novartis Pharm. Corp., 482 F. 3d 1330, 1337 (Fed. Cir. 2007) (examining all of the circumstances). Thus, the Supreme Court’s *MedImmune* decision *expanded* the scope of declaratory judgment jurisdiction in patent cases, and pre-Federal Circuit and non-Federal Circuit case law regarding the exercise of declaratory judgment jurisdiction *under all the circumstances*, rather than under the “reasonable apprehension of suit” test, is applicable.

All of the circumstances in this action point to the Court’s exercise of declaratory judgment jurisdiction. In particular, in its communications with Blockbuster and Blockbuster’s counsel (which is also counsel for ChoiceStream), Lycos directly and explicitly implicated ChoiceStream, the supplier and manufacturer of the software product used in the accused Blockbuster system, in Lycos’s infringement contentions. These communications were a *manifest charge* of indirect infringement against ChoiceStream. *Girdler Corp. v. E.I. du Pont de Nemours & Co.*, 56 F. Supp. 871, 873 (D. Del. 1944) (“Plaintiff, as manufacturer of apparatus to be used in practicing the process covered by the claims of the reissue patent, was manifestly charged with contributory and not direct infringement.”).

In light of Lycos’s pending action for patent infringement against ChoiceStream’s customer Blockbuster and its clear implication of ChoiceStream in its infringement contentions against Blockbuster, ChoiceStream has an injury-in-fact and an actual, justiciable controversy that can be fully resolved by a declaratory judgment. *See Teva*, 482 F.3d at 1346. Irrespective of whether or not Lycos “stated or suggested that it believed ChoiceStream was also infringing the Lycos patents” (Lycos’s Mem. at 4), Lycos made allegations of infringement of its patents to Blockbuster and ChoiceStream’s counsel that directly implicated the software product ChoiceStream provided to Blockbuster. In particular, ChoiceStream faces the real possibility of an action by Lycos for patent infringement, including for indirect infringement by inducement or

contributory infringement, and Lycos has not provided any assurances that it will not sue ChoiceStream for patent infringement. *BP Chem. Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 980 (Fed. Cir. 1993) (patentee's refusal to give assurances that it will not enforce its patent is relevant). Further, it is irrelevant whether Lycos directly threatened or accused ChoiceStream of infringement. *Id.* at 979 ("Declaratory judgment jurisdiction does not require direct threats."). Nevertheless, Lycos cannot plausibly claim that its communications with Blockbuster and common counsel for ChoiceStream and Blockbuster would not be perceived as a direct threat against ChoiceStream.

The following precedent is illustrative of ChoiceStream's stance in this action:

Unless the Declaratory Judgment Act is given a liberal interpretation in this field, patentees would be able to threaten a manufacturer's customers with suit and yet the patentee would be able to avoid suit by the injured manufacturer merely by failing to communicate an infringement threat directly to the manufacturer.

* * *

Since Sticker's product was allegedly not a staple and since its customers had been told that their unlicensed use of plaintiff's ladle feeders would make them infringers of this method, Sticker had a good reason to fear that it might be liable for contributory infringement, so that there is the requisite controversy under the Declaratory Judgment Act.

Sticker Indus. Supply Corp. v. Blaw-Knox Co., 367 F.2d 744, 746-47 (7th Cir. 1966); *See Nippon Elec. Glass Co. v. Sheldon*, 489 F. Supp. 119, 122 (S.D.N.Y. 1980); *see also Girdler*, 56 F. Supp. at 875 ("Where the patent owner makes his position clear with respect to a manufacturer's customer, the result is that the declaratory judgment plaintiff, as manufacturer, finds his competition threatened by such patent owner's assertions; and the other result is the customer's fear of suit against itself. When this happens, a real controversy exists over the scope of the patent as between the declaratory judgment plaintiff v. the owner of the patent.").

In addition, Lycos's infringement suit against Blockbuster, in light of ChoiceStream's indemnification of Blockbuster for its use of ChoiceStream's product, creates an injury-in-fact

that can be resolved through a declaratory judgment. *Nippon Elec.*, 489 F. Supp. at 122 (“Moreover, plaintiff entered agreements with Sony and Panasonic to indemnify them against any liability they may incur due to the subject patents. This circuit has previously held that such an agreement between a manufacturer and its licensee-customer creates an actual controversy such that the manufacturer may seek a declaratory judgment of the patent’s invalidity even when the indemnitor is not chargeable as a contributory infringer.”); *Joseph Bancroft & Sons Co. v. Spunize Co.*, 268 F.2d 522, 523 (2d Cir. 1959) (“Under paragraph 14 of its license agreement with Duplan, Bancroft was obligated to pay the attorneys fees and taxable costs of Duplan in the infringement suit brought by Spunize, and could have intervened therein. Consequently an actual controversy existed between Bancroft and Spunize as to the validity and the infringement by Duplan of Patent No. 2,715,309. The fact that Bancroft elected not to intervene or give advice to Duplan’s attorneys, does not, we think, negative the existence of an actual controversy between Bancroft and Spunize. Nor is it material that Spunize had never threatened to sue Bancroft for infringement.”); *Akzona Inc. v. E.I. du Pont de Nemours & Co.*, 662 F. Supp. 603, 612-13 (D. Del. 1987) (“Threats of suit against customers of Akzona have apparently required them to enter into indemnification agreements with purchasers of the fibers. Clearly, Akzona has an interest in the freedom of its customers to engage in commerce . . . Similarly Akzona itself would be subject to liability for inducing infringement of DuPont patents under 35 U.S.C. § 271(b) and (c).”); *Air Prods. & Chem. Inc. v. MG Nitrogen Servs., Inc.*, 133 F. Supp. 354, 357 (D. Del. 2001) (“[S]ince Air Products will ultimately be liable for Tesco’s infringement as a direct infringer, contributory infringer, or indemnitor, it has a significant interest in participating in this litigation. This court, therefore, has declaratory judgment jurisdiction pursuant to 28 U.S.C. § 2201.”).

Further case law supports this Court's exercise of declaratory judgment jurisdiction because Lycos cannot resolve its patent infringement dispute with ChoiceStream in its pending litigation against Blockbuster and other defendants in the District Court for the Eastern District of Virginia. Significantly, ChoiceStream is not subject to personal jurisdiction in Virginia. Lycos has asserted, without any substantiation whatsoever, that "ChoiceStream is subject to personal jurisdiction in Virginia." Lycos's Mem. at 12 n.11. However, at the time Lycos filed its action in the Eastern District of Virginia in January 2007, ChoiceStream had no significant contacts with Virginia. Gallagher Decl. ¶ 9. Lycos has not alleged any facts to the contrary. In light of this circumstance, the Supreme Court clearly stated, "If the patentee's suit against a customer is brought in a district where the manufacturer cannot be joined as a defendant, the manufacturer may be permitted simultaneously to prosecute a declaratory action against the patentee elsewhere." *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 186 (1952). Based on this controlling precedent alone, ChoiceStream's declaratory judgment action should proceed because it has not been established that the Eastern District of Virginia had personal jurisdiction over ChoiceStream.

Lycos makes several flawed arguments in its brief. First, Lycos generally misstates the standard for declaratory judgment jurisdiction by citing cases applying the now rejected "reasonable apprehension of suit test." E.g., *Phillips Plastics Corp. v. Kato Hatsujou Kabushiki Kaisha*, 57 F.3d 1051, 1054 (Fed. Cir. 1995) (cited in Lycos's Mem. at 7 for the proposition that "ChoiceStream's alleged nervous state of mind does not warrant invoking jurisdiction"); *Microchip Tech. Inc. v. Chamberlain Group, Inc.*, 441 F.3d 936, 942 (Fed. Cir. 2006) (cited in Lycos's Mem. at 10); *Dow Chem. Co. v. Viskase Corp.*, 892 F. Supp. 991, 995 (N.D. Ill. 1995) (cited in Lycos's Mem. at 8-9). Lycos also incorrectly argued that ChoiceStream has no

“adverse legal interest” with respect to Lycos because it “has not sought a declaration that it does not infringe indirectly.” Lycos’s Mem. at 10. ChoiceStream’s Complaint sufficiently alleges that it does not “infringe” Lycos’s patents under *any* of the provisions of 35 U.S.C. § 271, including direct infringement (subsection (a)) and indirect infringement by inducement (subsection (b)) or contributory infringement (subsection (c)). *See* 35 U.S.C. § 271 (titled “Infringement of patent”).

Finally, Lycos’s argument that there is no substantial controversy with respect to ChoiceStream because “the Lycos patents are directed to systems and methods that filter information from a larger source of information, and ChoiceStream does not make, use or sell any such systems or practice such methods” is baseless. Lycos’s Mem. at 1-2. ChoiceStream develops and licenses software products, including the one which Blockbuster uses in its online recommendation system and which is the subject of Lycos’s patent infringement suit against Blockbuster. Gallagher Decl. ¶ 4. ChoiceStream’s product is implicated with respect to the system and method claims asserted by Lycos against Blockbuster. Moreover, contrary to Lycos’s statements in its brief, the Lycos patent include claims that cover a computer program product. Indeed, Lycos told Blockbuster as much during the March 22, 2007, settlement meeting, where it represented that its patent “claims an apparatus, method, and computer program product for filtering informons based upon adaptive content and collaboration profiles, presenting a selected informon to a user, receiving feedback from the user, and updating the adaptive content and collaboration profiles.” Blais Dep. at p. 52, line 7 to p. 53, line 7. For these reasons, ChoiceStream is legitimately concerned that the software product it provides to its customers, including Blockbuster, can be the subject of an action by Lycos for either direct or indirect infringement.

For the reasons set forth above, ChoiceStream has an injury-in-fact and there is an actual controversy between ChoiceStream and Lycos that can be resolved by a declaratory judgment. ChoiceStream's action is not based solely on Lycos's lawsuit against Blockbuster in the Eastern District of Virginia, and under *all the circumstances*, the Court's exercise of declaratory judgment jurisdiction is proper. Lycos's motion to dismiss this action for lack of subject matter jurisdiction should be denied.

III. THERE IS NO FURTHER REASON TO DISMISS OR STAY THIS ACTION

Lycos also seeks to dismiss this action pursuant to the "first-to-file" rule, or in the alternative, to stay this case pending resolution of its action against three other defendants in the Eastern District of Virginia. Contrary to Lycos's assertions, the first-to-file rule does not even apply in this situation. Moreover, in light of the facts that declaratory judgment jurisdiction is proper in this Court and that ChoiceStream could not have been sued as a defendant in the Eastern District of Virginia action, there is no way this case can be viewed as a tactical measure to manipulate venue, but rather as ChoiceStream's legitimate action to have its rights adjudicated.

First, Lycos's invocation of the first-to-file rule is improper. The first-to-file rule only applies in cases "where identical actions are proceeding concurrently in two federal courts." *Cinbro Corp. v. Curran-Lavoie, Inc.*, 814 F.3d 7, 11 (1st Cir. 1987) (cited by Lycos); *Holmes Group, Inc. v. Hamilton Beach/Proctor Silex, Inc.*, 249 F. Supp. 2d 12, 15 (cited by Lycos) ("[W]here two identical actions are pending concurrently in two federal courts, the first-filed action is generally preferred, even if it is a request for a declaratory judgment."). The action in the Eastern District of Virginia is not identical to the present action because ChoiceStream is not a party to the Virginia action, and in fact could not have been included as a defendant because there is no personal jurisdiction over ChoiceStream in Virginia.

Even if the first-to-file rule were to apply, which it does not, the current action would fall within an exception to that rule. In particular, a subsequent manufacturer's declaratory judgment suit should be given preference over a patentee's suit against the manufacturer's customer. This "customer suit exception" is based on the manufacturer's presumed greater interest in defending its actions against charges of patent infringement. *Whelen Tech., Inc. v. Mill Specialties, Inc.*, 741 F. Supp. 715, 716 (N.D. Ill. 1990) (citing *Kahn v. General Motors Corp.*, 89 F.2d 1078, 1081 (Fed. Cir. 1989)); *Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1464 (Fed. Cir. 1990). The customer suit exception would apply here to negate the first to file rule because of ChoiceStream's legitimate interest in obtaining a declaratory judgment against Lycos with respect to its assertion of the Lycos patents against Blockbuster and ChoiceStream.⁶

ChoiceStream's present declaratory judgment action before this Court is not a "litigation tactic." ChoiceStream is properly seeking a declaratory judgment in a venue that is convenient for both itself and Lycos, which also has its principal place of business in Massachusetts. Further, ChoiceStream would not have been subject to personal jurisdiction as a defendant in Lycos's action in the Eastern District of Virginia. *See Kerotest*, 342 U.S. at 186 ("If the patentee's suit against a customer is brought in a district where the manufacturer cannot be joined as a defendant, the manufacturer may be permitted simultaneously to prosecute a declaratory action against the patentee elsewhere."). Lycos is the only party that has used litigation tactically by pursuing ChoiceStream's customer in a venue where ChoiceStream, which clearly has always been "relevant" and the significant interested party, could not be included as a defendant and where litigation away from its home forum would be inconvenient for

⁶ The case *Cellco P'ship v. Broadcom Corp.*, 2007 U.S. App. LEXIS 6347, at *3 (Fed. Cir. Mar. 19, 2007) (nonprecedential), is distinguishable because in that case the interested third party seeking to be the declaratory plaintiff was the *customer*, while the supplier or manufacturer was already a party to pending lawsuits.

ChoiceStream. With this properly filed declaratory judgment action, transfer of Lycos's action to this district makes imminent sense, and there is no reason to believe, as Lycos asserts, that "the adjudication of the merits of Lycos' claims against them will take significantly longer" here. Lycos's Mem. at 2. Thus, there is a properly situated motion to transfer venue pending before the court in Lycos's action in the Eastern District of Virginia.

Finally, Lycos's alternative request that this case be stayed is mentioned merely in passing in Lycos's brief, and Lycos has provided no legal authority to justify this action. In light of Lycos's infringement contentions, ChoiceStream's interest is in expeditious adjudication in the most convenient form, where both ChoiceStream and Lycos have their operations, relevant documents, and pertinent witnesses. There is no basis for staying this action in favor of the pending action in the Eastern District of Virginia.

IV. CONCLUSION

For all of the reasons set forth herein, ChoiceStream respectfully requests that the Court deny Lycos's Motion in its entirety.

Respectfully submitted,

CHOICESTREAM, INC.

By its attorneys,

Dated: July 13, 2007

/s/ Jeffrey L. Snow

Michael E. Zeliger

Jeffrey L. Snow

George S. Haight IV

Kirkpatrick & Lockhart Preston

Gates Ellis LLP

State Street Financial Center

One Lincoln Street

Boston, Massachusetts 02111-2950

Tel.: 617.261.3100

Fax: 617.261.3175

CERTIFICATE OF SERVICE

I hereby certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF), and paper copies will be sent to those indicated as non-registered participants on July 13, 2007.

/s/ Jeffrey L. Snow

Jeffrey L. Snow