

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

RATES TECHNOLOGY INC.,

Plaintiff,

v.

GOOGLE INC.,

Defendant.

Case No. CV 05-4703 JS (JB)

JURY TRIAL DEMANDED

DEFENDANT GOOGLE INC.'S ANSWER AND COUNTERCLAIMS

Defendant Google Inc. ("Google"), through its counsel, for its Answer and Counterclaims to the Complaint for Patent Infringement of Plaintiff Rates Technology Inc. ("RTI"), states as follows:

ANSWER TO COMPLAINT

1. Google lacks knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 1 and therefore denies them.
2. Google admits the allegations of paragraph 2.
3. Google admits that the Complaint purports to state a claim for patent infringement under the patent laws of the United States of America, but denies that there is any factual or legal basis for any such claims.
4. Google admits that this Court has subject matter jurisdiction over the claims asserted in the Complaint, but denies that there is any factual or legal basis for any such claims.
5. Google admits the allegations of paragraph 5.
6. Google denies the allegations of paragraph 6.

7. Google admits that it conducts and solicits business within the State of New York and that it derives revenue from interstate or international commerce. Google lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 7 and therefore denies them.

8. Google is without knowledge or information sufficient to form a belief as to what “acts” or “consequences” are referenced by paragraph 8, and therefore denies the allegations of paragraph 8.

9. Google admits that venue is proper in this judicial district, but denies that venue is proper under 28 U.S.C. § 1391(a).

First Cause of Action For Patent Infringement

10. Google incorporates by reference its responses to the allegations in paragraphs 1 through 9, as set forth above.

11. Google admits that a document that purports to be a copy of U.S. Patent No. 5,425,085, entitled “Least Cost Routing Device For Separate Connection Into Phone Line,” was attached as Exhibit 1 to the Complaint. Google denies the remaining allegations of paragraph 11.

12. Google lacks knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 12 and therefore denies them.

13. Google denies the allegations of paragraph 13.

14. Google denies the allegations of paragraph 14.

15. Google denies the allegations of paragraph 15.

16. Google denies the allegations of paragraph 16.

17. Google admits that RTI used the threat of litigation and its associated costs in an attempt to license patents that RTI knows are invalid, unenforceable, and not infringed. Google denies the remaining allegations of paragraph 17.

Second Cause of Action For Patent Infringement

18. Google incorporates by reference its responses to the allegations in paragraphs 1 through 17, as set forth above.

19. Google admits that a document that purports to be a copy of U.S. Patent No. 5,519,769, entitled “Method And System For Updating A Call Rating Database,” was attached as Exhibit 2 to the Complaint. Google denies the remaining allegations of paragraph 19.

20. Google lacks knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 20 and therefore denies them.

21. Google denies the allegations of paragraph 21.

22. Google denies the allegations of paragraph 22.

23. Google denies the allegations of paragraph 23.

24. Google denies the allegations of paragraph 24.

25. Google admits that RTI used the threat of litigation and its associated costs in an attempt to license patents that RTI knows are invalid, unenforceable, and not infringed. Google denies the remaining allegations of paragraph 25.

Prayer for Relief

26. Google denies that RTI is entitled to any relief whatsoever from Google or this Court, either as requested in the Complaint or otherwise.

27. Google further denies each and every allegation contained in the Complaint to which Google has not specifically responded.

AFFIRMATIVE AND OTHER DEFENSES

Google alleges and asserts the following defenses in response to the allegations of the Complaint, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein:

28. Google has not infringed and does not infringe any claim of U.S. Patent No. 5,425,085 or U.S. Patent No. 5,519,769, either directly or indirectly, and either literally or under the doctrine of equivalents.

29. The claims of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are invalid for failure to comply with one or more of the conditions for patentability of the Patent Laws of the United States, as set forth in Title 35 of the United States Code, including without limitation, 35 U.S.C. §§ 101, 102, 103, and/or 112.

30. U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are each unenforceable under the doctrine of laches.

31. U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are each unenforceable because of inequitable conduct by the applicants, their attorneys, and/or agents during the prosecution and reexamination of those patents before the United States Patent & Trademark Office ("PTO"). The inequitable conduct includes RTI's failure to disclose material information to the PTO and misrepresentations concerning the prior art, made with an intent to mislead or deceive the patent examiner, including without limitation, the following:

a. On May 19, 1994, Gerald J. Weinberger and Roger C. Lee each signed a declaration submitted to the PTO during prosecution of U.S. Patent No. 5,425,085, representing to the PTO that, among other things: (i) "I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention

entitled: Least Cost Routing Device For Separate Connection Into Phone Line, the specification of which was filed on March 18, 1994 as application Serial No. 08/210,670”; and (ii) “I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).”

b. On May 19, 1994, Gerald J. Weinberger and Roger C. Lee each signed a declaration submitted to the PTO during prosecution of U.S. Patent No. 5,519,769, representing to the PTO that, among other things: (i) “I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled: Method And System For Updating A Call Rating Database, the specification of which was filed on April 4, 1994 as application Serial No. 08/223,082”; and (ii) “I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).”

c. Upon information and belief, as early as 1987, a founder of Open LCR.com, Inc. participated in the invention of a technology for routing calls from a telephone device to selected low-cost carriers, known as “Alpha-LCR” technology, which has been used commercially in Japan since approximately 1990. During prosecution and reexamination of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769, RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

d. Upon information and belief, on or about March 1999, RTI contacted Open LCR.com, Inc. in an attempt to enforce its purported rights in U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769, and Open LCR.com, Inc. informed RTI that one of its co-founders

was the inventor of LCR in Japan. Further, during the course of reexamination of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769, both Sharp Electronics Corporation and Open LCR.com, Inc. sent RTI user manuals documenting the Alpha-LCR prior art. RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

e. Upon information and belief, during the course of reexamination of U.S. Patent No. 5,519,769, RTI failed to disclose material facts to the patent examiner raised during the course of a declaratory judgment action filed by Mediacom Corp. against RTI on March 10, 1997 (“the Mediacom litigation”), with an intent to mislead or deceive the examiner. For example, on or about February 19, 1999, Mediacom Corp. moved for summary judgment of invalidity and non-infringement of the ’769 patent, and submitted declarations concerning the “Callmiser” prior art, including without limitation, the Declarations of John M. Lull and Michael T. Finnin, both dated February 4, 1999. RTI failed to disclose those declarations to the patent examiner, with an intent to mislead or deceive the examiner.

f. Upon information and belief, during the course of reexamination of U.S. Patent No. 5,519,769, RTI misrepresented the prior art to the patent examiner, with an intent to mislead or deceive the examiner. For example, on page 3 of paper #6 of the reexamination of U.S. Patent No. 5,519,769, received January 4, 2000, RTI characterized the Callmiser prior art by representing to the PTO that “[t]he rate information in these systems was apparently updated monthly, via mail. Hence, these routers were not updated by connecting to the rate provider.” Contrary to RTI’s representation to the patent examiner, however, according to documents disclosed to RTI in the Mediacom litigation the rate information in the Callmiser prior art was capable of being updated by modem.

32. U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are each unenforceable under the doctrine of patent misuse. RTI's conduct includes, for example, the conduct identified in paragraphs 65 through 87 below.

33. Upon information and belief, Google is expressly and/or impliedly licensed under U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769.

34. Upon information and belief, RTI's claims for damages for alleged infringement are barred in whole or in part by its failure to comply with 35 U.S.C. § 287.

COUNTERCLAIMS

Counterclaim Plaintiff Google Inc. ("Google") for its counterclaims against Rates Technology Inc. ("RTI") alleges as follows:

The Parties

35. Counterclaim Plaintiff Google is a corporation incorporated and existing under the laws of the State of Delaware with a principal place of business at 1600 Amphitheatre Parkway, Mountain View, California 94043.

36. Upon information and belief, Counterclaim Defendant RTI is a corporation incorporated and existing under the laws of the State of Delaware with a principal place of business at 50 Route 111, Suite 210, Smithtown, New York 11787.

COUNT I

Declaratory Judgment Action For A Declaration of Non-Infringement, Unenforceability, And Invalidity Of U.S. Patent No. 5,425,085

37. Google incorporates by reference and realleges the allegations of paragraphs 35 through 36 above, as though fully set forth herein.

38. This is an action for a declaration of noninfringement, unenforceability, and invalidity of the claims of U.S. Patent No. 5,425,085 arising under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and the Patent Laws of the United States, 35 U.S.C. § 100 *et seq.*

39. This Court has subject matter jurisdiction over this Counterclaim pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and 28 U.S.C. §§ 1331 and 1338(a).

40. This Court has personal jurisdiction over RTI because RTI has availed itself of the jurisdiction of this Court, has a principal place of business in this judicial district, and has engaged in acts giving rise to this controversy in this judicial district.

41. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c), and 28 U.S.C. § 1400(b), and because RTI filed its Complaint in this district.

42. On October 5, 2005, RTI initiated a civil action by filing a Complaint against Google in this Court alleging that Google infringed U.S. Patent No. 5,425,085.

43. Google has not infringed and does not infringe any claim of U.S. Patent No. 5,425,085, either directly or indirectly, and either literally or under the doctrine of equivalents.

44. The claims of U.S. Patent No. 5,425,085 are invalid for failure to comply with one or more of the conditions for patentability of the Patent Laws of the United States, as set forth in Title 35 of the United States Code, including without limitation, 35 U.S.C. §§ 101, 102, 103, and/or 112.

45. U.S. Patent No. 5,425,085 is unenforceable under the doctrine of laches.

46. U.S. Patent No. 5,425,085 is unenforceable because of inequitable conduct by the applicants, their attorneys, and/or agents during the prosecution and reexamination of that patent before the PTO. The inequitable conduct includes RTI's failure to disclose material information

to the PTO and misrepresentations concerning the prior art, made with an intent to mislead or deceive the patent examiner, including without limitation, the following:

a. On May 19, 1994, Gerald J. Weinberger and Roger C. Lee each signed a declaration submitted to the PTO during prosecution of U.S. Patent No. 5,425,085, representing to the PTO that, among other things: (i) “I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled: Least Cost Routing Device For Separate Connection Into Phone Line, the specification of which was filed on March 18, 1994 as application Serial No. 08/210,670”; and (ii) “I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).”

b. Upon information and belief, as early as 1987, a founder of Open LCR.com, Inc. participated in the invention of a technology for routing calls from a telephone device to selected low-cost carriers, known as “Alpha-LCR” technology, which has been used commercially in Japan since approximately 1990. During prosecution and reexamination of U.S. Patent No. 5,425,085, RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

c. Upon information and belief, on or about March 1999, RTI contacted Open LCR.com, Inc. in an attempt to enforce its purported rights in U.S. Patent No. 5,425,085, and Open LCR.com, Inc. informed RTI that one of its co-founders was the inventor of LCR in Japan. Further, during the course of reexamination of U.S. Patent No. 5,425,085, both Sharp Electronics Corporation and Open LCR.com, Inc. sent RTI user manuals documenting the Alpha-LCR prior

art. RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

47. U.S. Patent No. 5,425,085 is unenforceable under the doctrine of patent misuse. RTI's conduct includes, for example, the conduct identified in paragraphs 65 through 87 below.

48. Upon information and belief, Google is expressly and/or impliedly licensed under U.S. Patent No. 5,425,085.

49. As demonstrated by the October 5, 2005 Complaint filed by RTI in this action, and the defenses and counterclaims raised by Google, an actual and justiciable controversy exists between Google and RTI regarding the noninfringement, unenforceability, and invalidity of U.S. Patent No. 5,425,085.

50. A judicial declaration of noninfringement, unenforceability, and invalidity is necessary and appropriate to resolve this controversy.

COUNT II

Declaratory Judgment Action For A Declaration of Non-Infringement, Unenforceability, And Invalidity Of U.S. Patent No. 5,519,769

51. Google incorporates by reference and realleges the allegations of paragraphs 35 through 36 above, as though fully set forth herein.

52. This is an action for a declaration of noninfringement, unenforceability, and invalidity of the claims of U.S. Patent No. 5,519,769 arising under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and the Patent Laws of the United States, 35 U.S.C. § 100 *et seq.*

53. This Court has subject matter jurisdiction over this Counterclaim pursuant to the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, and 28 U.S.C. §§ 1331 and 1338(a).

54. This Court has personal jurisdiction over RTI because RTI has availed itself of the jurisdiction of this Court, has a principal place of business in this judicial district, and has engaged in acts giving rise to this controversy in this judicial district.

55. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c), and 28 U.S.C. § 1400(b), and because RTI filed its Complaint in this district.

56. On October 5, 2005, RTI initiated a civil action by filing a Complaint against Google in this Court alleging that Google infringed U.S. Patent No. 5,519,769.

57. Google has not infringed and does not infringe any claim of U.S. Patent No. 5,519,769, either directly or indirectly, and either literally or under the doctrine of equivalents.

58. The claims of U.S. Patent No. 5,519,769 are invalid for failure to comply with one or more of the conditions for patentability of the Patent Laws of the United States, as set forth in Title 35 of the United States Code, including without limitation, 35 U.S.C. §§ 101, 102, 103, and/or 112.

59. U.S. Patent No. 5,519,769 is unenforceable under the doctrine of laches.

60. U.S. Patent No. 5,519,769 is unenforceable because of inequitable conduct by the applicants, their attorneys, and/or agents during the prosecution and reexamination of that patent before the PTO. The inequitable conduct includes RTI's failure to disclose material information to the PTO and misrepresentations concerning the prior art, made with an intent to mislead or deceive the patent examiner, including without limitation, the following:

a. On May 19, 1994, Gerald J. Weinberger and Roger C. Lee each signed a declaration submitted to the PTO during prosecution of U.S. Patent No. 5,519,769, representing to the PTO that, among other things: (i) "I believe I am the original, first and sole inventor (if

only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled: Method And System For Updating A Call Rating Database, the specification of which was filed on April 4, 1994 as application Serial No. 08/223,082”; and (ii) “I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).”

b. Upon information and belief, as early as 1987, a founder of Open LCR.com, Inc. participated in the invention of a technology for routing calls from a telephone device to selected low-cost carriers, known as “Alpha-LCR” technology, which has been used commercially in Japan since approximately 1990. During prosecution and reexamination of U.S. Patent No. 5,519,769, RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

c. Upon information and belief, on or about March 1999, RTI contacted Open LCR.com, Inc. in an attempt to enforce its purported rights in U.S. Patent No. 5,519,769, and Open LCR.com, Inc. informed RTI that one of its co-founders was the inventor of LCR in Japan. Further, during the course of reexamination of U.S. Patent No. 5,519,769, both Sharp Electronics Corporation and Open LCR.com, Inc. sent RTI user manuals documenting the Alpha-LCR prior art. RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

d. Upon information and belief, during the course of reexamination of U.S. Patent No. 5,519,769, RTI failed to disclose material facts to the patent examiner raised during the

course of a declaratory judgment action filed by Mediacom Corp. against RTI on March 10, 1997 (“the Mediacom litigation”), with an intent to mislead or deceive the examiner. For example, on or about February 19, 1999, Mediacom Corp. moved for summary judgment of invalidity and non-infringement of the ’769 patent, and submitted declarations concerning the “Callmiser” prior art, including without limitation, the Declarations of John M. Lull and Michael T. Finnin, both dated February 4, 1999. RTI failed to disclose those declarations to the patent examiner, with an intent to mislead or deceive the examiner.

e. Upon information and belief, during the course of reexamination of U.S. Patent No. 5,519,769, RTI misrepresented the prior art to the patent examiner, with an intent to mislead or deceive the examiner. For example, on page 3 of paper #6 of the reexamination of U.S. Patent No. 5,519,769, received January 4, 2000, RTI characterized the Callmiser prior art by representing to the PTO that “[t]he rate information in these systems was apparently updated monthly, via mail. Hence, these routers were not updated by connecting to the rate provider.” Contrary to RTI’s representation to the patent examiner, however, according to documents disclosed to RTI in the Mediacom litigation the rate information in the Callmiser prior art was capable of being updated by modem.

61. U.S. Patent No. 5,519,769 is unenforceable under the doctrine of patent misuse. RTI’s conduct includes, for example, the conduct identified in paragraphs 65 through 87 below.

62. Upon information and belief, Google is expressly and/or impliedly licensed under U.S. Patent No. 5,519,769.

63. As demonstrated by the October 5, 2005 Complaint filed by RTI in this action, and the defenses and counterclaims raised by Google, an actual and justiciable controversy exists

between Google and RTI regarding the noninfringement, unenforceability, and invalidity of U.S. Patent No. 5,519,769.

64. A judicial declaration of noninfringement, unenforceability, and invalidity is necessary and appropriate to resolve this controversy.

COUNT III

Monopolization and Attempted Monopolization

65. Google incorporates by reference and realleges the allegations of paragraphs 35 through 36 above, as though fully set forth herein.

66. This is an action arising under the antitrust laws, Title 15, United States Code, 15 U.S.C. § 1 *et seq.*

67. This Court has subject matter jurisdiction over this Counterclaim pursuant to 28 U.S.C. §§ 1331 and 1337(a).

68. This Court has personal jurisdiction over RTI because RTI has availed itself of the jurisdiction of this Court, has a principal place of business in this judicial district, and has engaged in acts giving rise to this controversy in this judicial district.

69. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c), and because RTI filed its Complaint in this district.

70. RTI obtained both U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 through fraud on the PTO during the prosecution and reexamination of those patents. RTI's fraud included knowing and willful fraudulent omissions and misrepresentations concerning the prior art, made with an intent to mislead or deceive the patent examiner, including without limitation, the following:

a. On May 19, 1994, Gerald J. Weinberger and Roger C. Lee each signed a declaration submitted to the PTO during prosecution of U.S. Patent No. 5,425,085, representing

to the PTO that, among other things: (i) “I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled: Least Cost Routing Device For Separate Connection Into Phone Line, the specification of which was filed on March 18, 1994 as application Serial No. 08/210,670”; and (ii) “I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).”

b. On May 19, 1994, Gerald J. Weinberger and Roger C. Lee each signed a declaration submitted to the PTO during prosecution of U.S. Patent No. 5,519,769, representing to the PTO that, among other things: (i) “I believe I am the original, first and sole inventor (if only one name is listed below) or an original, first and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled: Method And System For Updating A Call Rating Database, the specification of which was filed on April 4, 1994 as application Serial No. 08/223,082”; and (ii) “I acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).”

c. Upon information and belief, as early as 1987, a founder of Open LCR.com, Inc. participated in the invention of a technology for routing calls from a telephone device to selected low-cost carriers, known as “Alpha-LCR” technology, which has been used commercially in Japan since approximately 1990. During prosecution and reexamination of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769, RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

d. Upon information and belief, on or about March 1999, RTI contacted Open LCR.com, Inc. in an attempt to enforce its purported rights in U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769, and Open LCR.com, Inc. informed RTI that one of its co-founders was the inventor of LCR in Japan. Further, during the course of reexamination of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769, both Sharp Electronics Corporation and Open LCR.com, Inc. sent RTI user manuals documenting the Alpha-LCR prior art. RTI was aware of the existence and materiality of the Alpha-LCR prior art technology, and failed to disclose that prior art to the patent examiner with an intent to mislead or deceive the examiner.

e. Upon information and belief, during the course of reexamination of U.S. Patent No. 5,519,769, RTI failed to disclose material facts to the patent examiner raised during the course of a declaratory judgment action filed by Mediacom Corp. against RTI on March 10, 1997 (“the Mediacom litigation”), with an intent to mislead or deceive the examiner. For example, on or about February 19, 1999, Mediacom Corp. moved for summary judgment of invalidity and non-infringement of the ’769 patent, and submitted declarations concerning the “Callmiser” prior art, including without limitation, the Declarations of John M. Lull and Michael T. Finnin, both dated February 4, 1999. RTI failed to disclose those declarations to the patent examiner, with an intent to mislead or deceive the examiner.

f. Upon information and belief, during the course of reexamination of U.S. Patent No. 5,519,769, RTI misrepresented the prior art to the patent examiner, with an intent to mislead or deceive the examiner. For example, on page 3 of paper #6 of the reexamination of U.S. Patent No. 5,519,769, received January 4, 2000, RTI characterized the Callmiser prior art by representing to the PTO that “[t]he rate information in these systems was apparently updated monthly, via mail. Hence, these routers were not updated by connecting to the rate provider.”

Contrary to RTI's representation to the patent examiner, however, according to documents disclosed to RTI in the Mediacom litigation the rate information in the Callmiser prior art was capable of being updated by modem.

71. Neither U.S. Patent No. 5,425,085 nor U.S. Patent No. 5,519,769 would have issued but for RTI's knowing and willful fraudulent omissions and misrepresentations concerning the prior art during the prosecution and reexamination of those patents.

72. RTI's attempted enforcement of fraudulently procured U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 strips RTI of any immunity to the United States Antitrust laws.

73. After issuance and reexamination of its fraudulently obtained patents, RTI brought this suit against Google with knowledge that both U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are invalid, unenforceable, and not infringed. For example:

a. RTI knew before bringing suit that both U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are invalid over at least the Alpha-LCR prior art technology and/or the "Callmiser" prior art.

b. RTI knew before bringing suit that both U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are unenforceable due to the inequitable conduct by the applicants, their attorneys, and/or agents during the prosecution and reexamination of those patents before the PTO. For example, Futurewei Technologies, Inc. explained RTI's inequitable conduct in detail in an action brought against RTI in the Northern District of California on March 18, 2004.

c. RTI knew before bringing suit that Google does not infringe either U.S. Patent No. 5,425,085 or U.S. Patent No. 5,519,769. For example, both patents claim specific methods and apparatus relating to least cost call routing, but no Google product or service provides least cost call routing, either as claimed by those patents or otherwise.

74. RTI's litigation against Google was and is objectively baseless. No reasonable litigant could realistically expect success on the merits, because RTI's asserted patents are clearly invalid, unenforceable, and not infringed.

75. RTI's litigation against Google was and is motivated by a subjective intent to abuse the litigation process to interfere with Google's business, rather than obtain judicial relief. For example, RTI improperly and illegally threatened and initiated this frivolous litigation against Google for the purpose of extorting a settlement payment from Google based solely upon litigation cost avoidance.

76. RTI's litigation against Google constitutes sham litigation, and strips RTI of any immunity to the United States Antitrust laws.

77. The relevant market for purposes of this counterclaim is the United States market for Voice-over-Internet Protocol ("VoIP") equipment and services (the "Relevant Market"). Upon information and belief, discovery is likely to show that various other markets and/or sub-markets exist, relating to equipment and services for transmitting voice communications over data and/or other networks, including without limitation, least cost routing equipment and services.

78. The Relevant Market consists of equipment and services that enable voice communications over the Internet and other data networks. Alternatives would thus require implementation of entirely new networks separate from the Internet and existing data networks. The Relevant Market is thus highly capital intensive, presents significant barriers to entry, and constitutes a distinct and identifiable product market.

79. As construed by RTI, the claims of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 are so broad that any manufacturer or provider of VoIP equipment and services in

the United States requires a license under those patents, or risks being sued by RTI for patent infringement. Accordingly, as construed by RTI, those patents dominate the Relevant Market.

80. RTI has asserted U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 against Google and dozens of other companies operating in the Relevant Market. Upon information and belief, RTI has engaged in a pattern of repeatedly threatening and initiating frivolous litigations against Google and other companies operating in the Relevant Market for the purpose of extorting settlement and license fees based solely upon litigation cost avoidance, with the specific intent of acquiring monopoly power within the Relevant Market. RTI has demanded billions of dollars in licensing fees from those companies.

81. Upon information and belief, RTI has successfully used the threat of litigation and its associated costs to enter patent license and settlement agreements with dozens of companies that do not infringe RTI's patents.

82. Upon information and belief, RTI and its licensees under U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 dominate the Relevant Market. RTI takes advantage of the highly capital intensive Relevant Market that presents significant barriers to entry, to force companies to either abandon the market, face the high cost of patent litigation, or pay RTI license and settlement fees for patents that are known to be invalid, unenforceable, and not infringed. RTI thus exhibits market power in the Relevant Market, and has monopolized or has a dangerous probability of successfully monopolizing that market.

83. RTI, through its pattern of threatening and initiating costly and frivolous patent infringement litigations against Google and other companies operating in the Relevant Market based upon patents that RTI knows are invalid, unenforceable, and not infringed, has willfully extended U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 beyond their lawful scope.

RTI has thereby willfully engaged in anticompetitive and predatory conduct designed to illegally maintain and/or extend its power in the Relevant Market.

84. Through its illegal anticompetitive conduct, RTI has monopolized and/or attempted to monopolize the Relevant Market, in violation of 15 U.S.C. § 2.

85. Upon information and belief, RTI's licensees have passed along all or part of their license fees to United States consumers in the Relevant Market in the form of higher prices and/or reduced services, among other things.

86. RTI's illegal anticompetitive conduct has caused and will continue to cause injury and damages to Google in the form of, for example, lost profits, damage to the reputation and goodwill of Google's business, and attorneys fees and other costs associated with this litigation.

87. Unless RTI is enjoined, RTI's unlawful conduct will continue and Google will continue to sustain injury and damages.

COUNT IV

Unfair Competition Under California Business & Professions Code §§ 17200 et seq.

88. Google incorporates by reference and realleges the allegations of paragraphs 35 through 87 above, as though fully set forth herein.

89. This is an action arising under the California Business and Professions Code § 17200 et seq.

90. This Court has subject matter jurisdiction over this Counterclaim pursuant to 28 U.S.C. §§ 1338(b) and 1367.

91. This Court has personal jurisdiction over RTI because RTI has availed itself of the jurisdiction of this Court, and has a principal place of business in this judicial district.

92. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c), and because RTI filed its Complaint in this district.

93. RTI has asserted U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 against Google and dozens of other companies operating in the Relevant Market, as defined above. Upon information and belief, RTI has engaged in a pattern of repeatedly threatening and initiating frivolous litigations against Google and other companies operating in the Relevant Market for the purpose of extorting settlement and license fees based solely upon litigation cost avoidance, with the specific intent of acquiring monopoly power within the Relevant Market. RTI has demanded billions of dollars in licensing fees from those companies.

94. Upon information and belief, RTI has successfully used the threat of litigation and its associated costs to enter patent license and settlement agreements with dozens of companies that do not infringe RTI's patents.

95. Upon information and belief, RTI and its licensees under U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 dominate the Relevant Market. RTI takes advantage of the highly capital intensive Relevant Market that presents significant barriers to entry, to force companies to either abandon the market, face the high cost of patent litigation, or pay RTI license and settlement fees for patents that are known to be invalid, unenforceable, and not infringed. RTI thus exhibits market power in the Relevant Market, and has monopolized or has a dangerous probability of successfully monopolizing that market.

96. RTI, through its pattern of threatening and initiating costly and frivolous patent infringement litigations against Google and other companies operating in the Relevant Market based upon patents that RTI knows are invalid, unenforceable, and not infringed, has willfully extended U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 beyond their lawful scope. RTI has thereby willfully engaged in anticompetitive and predatory conduct designed to illegally maintain and/or extend its power in the Relevant Market, including within the state of California.

Such anticompetitive conduct constitutes unfair competition and unfair business practices in violation of the California Business & Professions Code §§ 17200 *et seq.*

97. Upon information and belief, RTI's licensees have passed along all or part of their license fees to United States consumers in the Relevant Market in the form of higher prices and/or reduced services, among other things.

98. RTI's conduct was undertaken willfully and with anticompetitive intent.

99. RTI's illegal anticompetitive conduct has caused and will continue to cause injury and damages to Google in the form of, for example, lost profits, damage to the reputation and goodwill of Google's business, and attorneys fees and other costs associated with this litigation. RTI's illegal anticompetitive conduct will also cause harm to the consuming public and competition in the Relevant Market.

100. Unless RTI is enjoined, RTI's unlawful conduct will continue and Google, the consuming public, and competition in the Relevant Market will continue to sustain injury and damages.

101. Under California Business & Professions Code §§ 17200 *et seq.*, Google is entitled to an order enjoining RTI from making any false, misleading, defamatory, unfair or malicious statements pertaining to Google or its products and services, including allegations of patent infringement, and enjoining the exclusionary conduct alleged in paragraph 65 through 100 above. Google is also entitled to restitution for reasonable attorneys' fees and costs in connection with this Count, as well as all appropriate restitution and equitable relief.

PRAYER FOR RELIEF

WHEREFORE, Google prays for a judgment as follows:

- A. Dismissing RTI's Complaint against Google with prejudice;
- B. Denying all remedies and relief sought by RTI in its Complaint;

C. Declaring that Google has not infringed and does not infringe any claim of U.S. Patent No. 5,425,085, either directly or indirectly, and either literally or under the doctrine of equivalents;

D. Declaring that Google has not infringed and does not infringe any claim of U.S. Patent No. 5,519,769, either directly or indirectly, and either literally or under the doctrine of equivalents;

E. Declaring that each claim of U.S. Patent No. 5,425,085 is invalid under 35 U.S.C. §§ 101, 102, 103 and/or 112;

F. Declaring that each claim of U.S. Patent No. 5,519,769 is invalid under 35 U.S.C. §§ 101, 102, 103 and/or 112;

G. Declaring that U.S. Patent No. 5,425,085 is unenforceable under the doctrines of laches, inequitable conduct, and/or patent misuse;

H. Declaring that U.S. Patent No. 5,519,769 is unenforceable under the doctrines of laches, inequitable conduct, and/or patent misuse;

I. Declaring that Google is expressly and/or impliedly licensed under U.S. Patent No. 5,425,085;

J. Declaring that Google is expressly and/or impliedly licensed under U.S. Patent No. 5,519,769;

K. Declaring that this is an exceptional case pursuant to 35 U.S.C. § 285, and awarding Google its costs, expenses and disbursements in this action, including reasonable attorneys' fees;

L. Enjoining RTI from asserting either U.S. Patent No. 5,425,085 or U.S. Patent No. 5,519,769 against Google, and from making any statements or allegations concerning infringement of its patents by Google;

M. Adjudging that RTI has violated 15 U.S.C. § 2, and awarding damages and/or restitution to Google sufficient to compensate it for RTI's violation of 15 U.S.C. § 2, in an amount to be proven at trial, including trebled damages, attorneys fees, and prejudgment interest;

N. Adjudging that RTI has violated California Business & Professions Code §§ 17200 *et seq.*, and awarding restitution to Google sufficient to compensate it for RTI's violation of California Business & Professions Code §§ 17200 *et seq.*, in an amount to be proven an trial, including reasonable attorneys' fees and costs, as well as all appropriate equitable relief;

O. Awarding Google its costs in this action; and

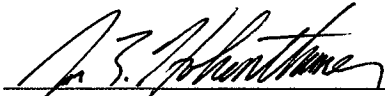
P. Awarding Google such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38, Google hereby demands a trial by jury for all triable issues in RTI's Complaint, as well as Google's Answer and Counterclaims.

Dated: February 7, 2006

Google Inc.

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CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of February, 2006, a true and correct copy of the foregoing DEFENDANT GOOGLE'S ANSWER AND COUNTERCLAIMS was served on the following counsel for Rates Technology Inc. via first class mail and e-mail:

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By: 