

Exhibit F

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

TIVO INC.,

Plaintiff,

v.

AT&T INC,

Defendant.

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CIVIL ACTION NO. 2:09-CV-259

ORDER

Before the Court is Microsoft’s Motion to Intervene. Dkt. No. 22. Also before the Court are Plaintiff TiVo’s Response, AT&T Inc’s Notice of Joinder in Microsoft’s Motion, and Microsoft’s Reply. Dkt. Nos. 28, 29, and 30, respectively. Having considered the briefing and all relevant papers and pleadings, the Court finds that Microsoft’s motion should be **granted**.

I. BACKGROUND

On August 26, 2009, Plaintiff TiVo Inc. (“TiVo”) initiated this patent infringement lawsuit against Defendant AT&T Inc (“AT&T”) alleging that AT&T infringes certain claims of U.S. Patent No. 6,233,389 (“the ’389 patent”), U.S. Patent No. 7,493,015 (“the ’015 patent”), and U.S. Patent No. 7,529,465 (“the ’465 patent”) (collectively, “the patents-in-suit”). Dkt. No. 1.

The Abstract of the ’389 patent recites:

A multimedia time warping system. The invention allows the user to store selected television broadcast programs while the user is simultaneously watching or reviewing another program. A preferred embodiment of the invention accepts television (TV) input streams in a multitude of forms, for example, National Television Standards Committee (NTSC) or PAL broadcast, and digital forms such as Digital Satellite System (DSS), Digital Broadcast Services (DBS), or Advanced Television Standards Committee (ATSC). The TV streams are converted to an Moving

Pictures Experts Group (MPEG) formatted stream for internal transfer and manipulation and are parsed and separated it into video and audio components. The components are stored in temporary buffers. Events are recorded that indicate the type of component that has been found, where it is located, and when it occurred. The program logic is notified that an event has occurred and the data is extracted from the buffers. The parser and event buffer decouple the CPU from having to parse the MPEG stream and from the real time nature of the data streams which allows for slower CPU and bus speeds and translate to lower system costs. The video and audio components are stored on a storage device and when the program is requested for display, the video and audio components are extracted from the storage device and reassembled into an MPEG stream which is sent to a decoder. The decoder converts the MPEG stream into TV output signals and delivers the TV output signals to a TV receiver. User control commands are accepted and sent through the system. These commands affect the flow of said MPEG stream and allow the user to view stored programs with at least the following functions: reverse, fast forward, play, pause, index, fast/slow reverse play, and fast/slow play.

This case had been pending before the Honorable T. John Ward, who entered an order of recusal on February 10, 2010. Dkt. No. 32. Microsoft now seeks to intervene as a defendant as a matter of right under FED. R. CIV. P. 24(a)(2) or, alternatively, by permission under FED. R. CIV. P. 24(b)(2). Dkt. No. 22 at 5. Microsoft's proposed complaint-in-intervention seeks declaratory judgments of noninfringement and invalidity of the three patents-in-suit. Dkt. No. 23 at ¶¶ 12-41. Defendant AT&T does not oppose Microsoft's intervention. Dkt. No. 29. Plaintiff TiVo does not oppose Microsoft's intervention subject to certain conditions. Dkt. No. 28.

II. LEGAL PRINCIPLES

Federal Rule of Civil Procedure 24 ("Rule 24") allows for intervention in certain circumstances either as a matter of right or by permission. Rule 24 is aimed at preventing

multiple lawsuits when common questions of law or fact are involved. It does not permit, however, the creation of a whole new lawsuit by an intervenor. *Deus v. Allstate Ins. Co.*, 15 F.3d 506, 525 (5th Cir. 1994). In part, Rule 24 states:

(a) Intervention of Right. Upon timely application anyone shall be permitted to intervene in an action: (1) when a statute of the United States confers an unconditional right to intervene; or (2) when the applicant claims an interest relating to the property or transaction which is the subject of the action and the applicant is so situated that the disposition of the action may as a practical matter impair or impede the applicant's ability to protect that interest, unless the applicant's interest is adequately represented by existing parties.

(b) Permissive Intervention. Upon timely application anyone may be permitted to intervene in an action: (1) when a statute of the United States confers a conditional right to intervene; or (2) when an applicant's claim or defense and the main action have a question of law or fact in common. . . . In exercising its discretion the court shall consider whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

Rule 24(a) allows a party to intervene as a matter of right if four requirements are met; the failure to meet any of the requirements precludes intervention as a matter of right. *Sierra Club v. Espy*, 18 F.3d 1202, 1204-05 (5th Cir. 1994). The four requirements are: (1) the application must be timely; (2) the applicant must have an interest relating to the property or transaction that is the subject of the action; (3) the applicant must be so situated that the disposition of the action may, as a practical matter, impair or impede its ability to protect its interest; and (4) the applicant's interest must be inadequately represented by the existing parties to the suit. *Id.*

The determination of allowing permissive intervention under Rule 24(b) is wholly discretionary even where there is a common question of law or fact. *New Orleans Pub. Serv.*,

Inc. v. United Gas Pipe Line Co., 732 F.2d 452, 470-71 (5th Cir. 1984).

III. PARTIES' POSITIONS

Microsoft argues that TiVo's infringement claims target the use and distribution of Microsoft software and technology by AT&T. Dkt. No. 22 at 5. Specifically, Microsoft submits that TiVo's allegations that AT&T's U-verse products and services infringe the patents-in-suit implicate Microsoft's Mediaroom software, which runs on the set-top boxes used in the U-verse service. *Id.* According to Microsoft, the money damages and injunctive relief sought by TiVo "would directly and significantly injure Microsoft's interests." *Id.* at 5-6. Microsoft adds that AT&T's request that Microsoft indemnify AT&T "create[s] potential exposure for Microsoft to the damages [TiVo] seeks to recover from AT&T [] in this action." *Id.* at 6.

In arguing that it meets the first of the four intervention-as-of-right requirements, Microsoft points out that this lawsuit was commenced at the end of August 2009 with AT&T's answer not being filed until October 2009; thus, Microsoft argues, its motion "was reasonably filed near the initial period of the action." *Id.* at 9. With respect to the second requirement, Microsoft contends that it has a significant interest in the property and transaction at issue in this lawsuit. *Id.* at 11. As discussed, Microsoft claims that TiVo's infringement allegations implicate its Mediaroom software. Thus, "[a]s the developer of the Mediaroom software," Microsoft submits, "[it] has an interest in defending its own technology and in clarifying the intellectual property rights that apply to such technology." *Id.* Regarding the third requirement, Microsoft argues that "[a]n adverse judgment of infringement based in any way on the functionality of Mediaroom would adversely affect Microsoft in view of the demand for indemnification against

any judgment.” *Id.* at 13. Finally, AT&T does not represent Microsoft, and Microsoft has a broader interest than AT&T in protecting the Mediaroom software, Microsoft argues. *Id.* at 14.

In the alternative, Microsoft argues it should be allowed to intervene permissibly because “numerous common questions of law and fact exist.” *Id.* at 15. Microsoft describes these common issues as (1) the design and functionality of Mediaroom software in the U-verse boxes; (2) construction of disputed terms in the patents-in-suit; (3) invalidity of the asserted claims; and (4) non-infringement in connection with the Mediaroom software. *Id.*

In response, TiVo states that it “does not oppose Microsoft’s intervention subject to reasonable conditions relating to Microsoft’s representation that is intervention will not prejudice the rights of any existing party.” Dkt. No. 28 at 4. Specifically, TiVo requests that Microsoft and AT&T be treated as one entity for purposes of seeking discovery from TiVo, and that Microsoft’s intervention not be used as a basis for seeking a transfer of venue. *Id.*

TiVo’s stated lack of opposition notwithstanding, TiVo maintains that Microsoft has failed to show intervention as of right. TiVo contends that Microsoft has not met its burden of showing that it has sufficient interest, and assuming an interest, that AT&T cannot adequately represent its interest. *Id.* at 5. Specifically, TiVo argues that “Microsoft has failed to put forth any evidence regarding how its software relates to the claims of the asserted patents” and “there is nothing in the record that indicates what Microsoft’s software does, what its functions and features are, or what its role in the U-verse box is other than it ‘runs’ inside the box.” *Id.* Additionally, TiVo argues that Microsoft fails to rebut the presumption that AT&T will adequately represent its interests. *Id.* at 6.

Because Microsoft has failed to demonstrate intervention as of right, TiVo argues, the Court may impose ‘virtually any condition’ on Microsoft’s intervention. *Id.* (citing *Beauregard, Inc. v. Sword Servs., LLC*, 107 F.3d 351, 352 (5th Cir. 1997)). The two conditions TiVo proposes are: (1) that Microsoft and AT&T be treated as a single side for purposes of discovery and (2) that the Court should not allow Microsoft’s intervention to be used as a basis for a motion to transfer venue. *Id.* at 7.

In reply, Microsoft argues that “the record before the court establishes that the U-verse set-top boxes through which DVR service is made available run on Mediaroom software[,]” and that “Microsoft developed and licensed Mediaroom software to the subsidiaries of AT&T responsible for U-verse.” Dkt. No. 30 at 3. Microsoft submits that such interests are adequate to support intervention as of right. *Id.* With respect to the ability of AT&T to adequately protect the intervenor’s interests, Microsoft echoes its arguments that it has “unique and broader commercial interests in Mediaroom software compared to the interests of AT&T, which is limited to the U-verse service.” *Id.* at 4.

In its notice of joinder, AT&T adds that it “fully anticipates that virtually all of the debate in this case will focus on whether U-verse’s DVR functionality provided by Microsoft’s Mediaroom software infringes TiVo’s patents.” Dkt. No. 29 at 2.

IV. DISCUSSION

TiVo, through its own admission, does not oppose Microsoft’s intervention; however, TiVo would ask the Court to impose certain conditions to Microsoft’s intervention. *See* Dkt. No. 28-4 (Proposed Order submitted by TiVo granting Microsoft’s Motion to Intervene); *see also*,

Dkt. No. 28 at 4.

As an initial matter, the Court finds that Microsoft's claims and defenses share common questions of law and fact with the action by TiVo against AT&T. Specifically, TiVo alleges that certain claims of the patents-in-suit are infringed by AT&T's U-verse system, which employs Microsoft's Mediaroom software. See Dkt. No. 29-2 at 2 (Decl. of Eddy Barker) ("Microsoft's Mediaroom software provides the digital video recorder ("DVR") functionality in every U-Verse set-top box that includes DVR functionality."). TiVo does not dispute this, nor does TiVo contend that its infringement claims do not implicate the Mediaroom software. Moreover, Microsoft's proposed complaint-in-intervention seeks declaratory judgments of noninfringement and invalidity of the three patents-in-suit, which raises the same factual and legal questions as to the patents-in-suit as already before the Court. See Dkt. No. 19 at ¶¶35-41 (AT&T's answer asserting defenses of invalidity and noninfringement, among others).

Furthermore, there is no evidence that Microsoft's intervention will "unduly delay or prejudice the adjudication" of TiVo's claims. FED. R. CIV. P. 24(b). TiVo filed this lawsuit on August 26, 2009, AT&T answered on October 21, 2009, and Microsoft moved to intervene January 15, 2010. The Court does not find sufficient "untimeliness" to warrant denying Microsoft's motion. See *John Doe No. 1 v. Glickman*, 256 F.3d 371, 375-376 (5th Cir. 2001). Moreover, the Court has not held a scheduling conference nor issued a scheduling order in this case. See Dkt. No. 39.

Having found common questions of law and fact and no undue delay or prejudice, the remaining question before the Court is whether Microsoft's intervention should be subject to

certain conditions. TiVo cites *Beauregard, Inc. v. Sword Servs., LLC*, 107 F.3d 351, 352 (5th Cir. 1997) for the proposition that a Court may impose “virtually any condition” on intervention. While the *Beauregard* panel did conclude that “reasonable conditions may be imposed even upon one who intervenes as of right[,]” TiVo provides no support for its proposal that Microsoft and AT&T should be treated as one entity for discovery purposes. TiVo, instead, seeks to avoid doubling the discovery and increasing the cost of litigation. Dkt. No. 28 at 7. This argument lacks merit. As previously noted, a scheduling order has yet to be issued. Further, as of the date of Microsoft’s reply, the parties have not engaged in the meet and confer process or, to the Court’s knowledge, held a Rule 26(f) conference. Thus, TiVo’s discovery-related condition is, at best, premature.

TiVo also seeks to preclude Microsoft from moving to transfer venue as a condition of intervention. This argument similarly lacks merit. TiVo has not provided – and the Court has not found – support for the proposition that a party’s right to request a transfer of venue should be waived as a cost of intervention. TiVo’s only cited case, *Trans World Airlines, Inc. v. Civil Aeronautics Board*, 339 F.2d 56 (2d Cir. 1964), does not unequivocally stand for the proposition that an intervenor may not object to venue. Finally, TiVo’s proposed condition amounts to an unsupported prohibition on the original defendant AT&T as well. Thus, on one hand, TiVo argues that Microsoft’s intervention should not work to prejudice the rights of an existing party, and on the other, proposes a condition that could, in fact, prejudice AT&T, an existing party.

In sum, based on the common questions of law and fact and finding that no undue delay or prejudice will result, the Court allows permissive intervention by Microsoft as a defendant

pursuant to Rule 24(b)(2). The Court need not decide whether intervention must be permitted as a matter of right pursuant to Rule 24(a)(2).

V. CONCLUSION

For the foregoing, Microsoft's Motion to Intervene, Dkt. No. 22, is hereby **GRANTED**.

IT IS SO ORDERED.

SIGNED this 31st day of March, 2010.

A handwritten signature in black ink, appearing to read "David Folsom", written over a horizontal line.

DAVID FOLSOM
UNITED STATES DISTRICT JUDGE