

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

BEDROCK COMPUTER)	
TECHNOLOGIES LLC,)	
)	
Plaintiff,)	Civil Action No. 6:09-cv-00269-LED
)	
v.)	
)	JURY TRIAL DEMANDED
SOFTLAYER TECHNOLOGIES, INC.,)	
<i>et al.</i> ;)	
Defendants.)	
)	
)	

DEFENDANT YAHOO! INC'S 12(b)(6) MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM FOR WILLFUL INFRINGEMENT IN RESPONSE TO PLAINTIFF'S THIRD AMENDED PETITION

Pursuant to Federal Rule of Civil Procedure 12(b)(6) Defendant Yahoo! Inc. (“Yahoo!”) respectfully moves this Court to dismiss the claim asserted by Plaintiff, Bedrock Computer Technologies, LLC (“Bedrock”) in its Third Amended Complaint (Dkt. No. 410) (“Complaint”) for willful infringement by Yahoo! resulting from post-filing knowledge of the patent-in-suit, U.S. Patent No. 5,893,120 (“the ‘120 Patent”). This motion is being filed *in lieu* of Yahoo!’s Answer to Bedrock’s Complaint.

I. BACKGROUND

On January 24, 2011, Bedrock filed its newest Complaint, alleging for the first time that Yahoo! is liable for willful infringement of the ‘120 Patent, due to notice of the patent resulting from Bedrock’s filing of this lawsuit and events that followed. *See* Complaint, ¶¶ 20-27 at pp. 4-8. Bedrock asserts that its claims of willful infringement are viable because they fall within the scope of “extenuating circumstances” described in *Webmap Technologies, LLC v. Google, Inc.*,

2010 WL 3768097 (E.D. Tex. Sept. 10, 2010) (Everingham, J.). Complaint, ¶24. Fact discovery in this case is closed and Bedrock made no prior allegation of willful infringement.

Willful infringement has already been the subject of Letter Briefs submitted to the Court. On January 12, 2011, Defendants filed Letter Briefs seeking permission to file Motions for Summary Judgment concerning (i) the lack of evidence for a claim of willfulness (Dkt. No. 384); (ii) non-infringement of the '120 Patent (Dkt. No. 382); and (iii) invalidity of the '120 Patent (Dkt. No. 386). On January 14, 2011, the U.S. Patent and Trademark Office (USPTO) issued a Notice of Intent to Issue and Ex Parte Reexamination Certificate concerning the '120 Patent. *See* Complaint, at Ex. B (Dkt. No. 410-2) at p. 3. On January 24, 2010, along with the Complaint, Bedrock filed Letter Briefs in opposition to Defendants' Letter Briefs and urged the Court to deny permission for Defendants to submit their motions for summary judgment on (i) no willfulness (Dkt. No. 413); (ii) non-infringement of the '120 Patent (Dkt. No. 418); and (iii) invalidity of the '120 Patent (Dkt. No. 411).

On February 1, 2011, the Court issued a Notice of Hearing for February 16, 2011 regarding Letter Brief Doc. 384 concerning Defendants' proposed Motion for Summary Judgment of no willful infringement. The same day, the Court granted Defendants' request for leave to file their motions for summary judgment of non infringement and invalidity, but denied six other requests for permission to file dispositive motions. Dkt. No. 450. Yahoo! stands behind its assertions set forth in Letter Brief No. 384, which is hereby incorporated by reference. As the deadline for Yahoo!'s response to Bedrock's Complaint is prior to the Court's February 16, 2011 hearing on the issue, Yahoo! files the present motion pursuant to FED. R. CIV. P. Rule 12(b)(6) in an abundance of caution to preserve its rights.

II. ARGUMENT

A. Bedrock's Claim of Willful Infringement Should Be Dismissed Under Precedent Followed in this Court

Bedrock's eleventh-hour attempt to claim that the facts of this case present the type of "extenuating circumstances" referred to in *Webmap* should not be allowed. Bedrock's claims fail to state a claim for which relief can be granted, *especially* in view of the Court's analysis in both *Webmap* and *Anascape, Ltd. v. Microsoft Corp.*, 2008 WL 7182476, at *3 (E.D. Tex. 2008) (Clark, J), because (1) Yahoo! has an objectively reasonable and good-faith basis for asserting that the claims of the '120 Patent are both not infringed and invalid as described in *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007) and, therefore, Yahoo! does not concede that Bedrock's claim for willfulness is adequate; (2) all claims of the patent-in-suit remain subject to *ex parte* reexamination by the U.S. Patent and Trademark Office; and (3) Bedrock has never alleged pre-suit willful infringement by Yahoo! (or any of the other defendants), and has never sought a preliminary injunction in this case.

1. **Bedrock's Claims of Yahoo!'s Alleged Willful Infringement Should Not Stand Because Yahoo! has an Objectively Reasonable and Good-Faith Basis That the Asserted Claims of the '120 Patent are Both Invalid and Not Infringed**

The procedure for determining whether post-filing infringement is willful tests the reasonableness of a defendant's non-infringement and invalidity theories at the time that the defendant is relying upon those theories. *See Webmap*, 2010 WL 3768097, at *4. "A substantial question about invalidity or infringement is likely sufficient not only to avoid a preliminary injunction, but also a charge of willfulness based on post-filing conduct." *Id.* quoting *Seagate*, 497 F.3d at 1374. "[P]roof of willful infringement permitting enhanced damages requires at least a showing of objective recklessness." *Seagate*, 497 F.3d at 1371. The defendants filed Letter Briefs seeking permission to file their Motions for Summary Judgment of non-infringement and

invalidity of the '120 Patent on January 12, 2011. (Dkt. Nos. 382 and 386, respectively). After reviewing Defendants' Letter Briefs, and Bedrock's Letter Briefs in opposition to same, the Court permitted the Defendants to file their full Motions for Summary Judgment regarding non-infringement and invalidity of the '120 Patent. *See* Dkt. No. 450. The fact that the Court permitted Defendants to file their Motions for Summary Judgment of non-infringement and invalidity in spite of Plaintiffs' opposition confirms that Defendants' invalidity and non-infringement theories are objectively reasonable and not reckless. This Court has also granted Defendants a hearing on their assertions of no willfulness; more evidence that Yahoo!'s position is not objectively reckless.

Moreover, Defendants chronicled their willfulness, invalidity, and non-infringement positions (1) two days prior to the USPTO's Notice of Intent to Issue Ex Parte Reexamination Certificate that Bedrock asserts as its "trigger" date for willful infringement, and (2) more than two weeks before Bedrock filed its amended pleadings.¹ These facts demonstrate Defendants' objectively reasonable and good-faith bases for non-infringement and invalidity prior to an assertion of willfulness raised by Bedrock or facts that would support an allegation of same. Therefore, Yahoo! rightfully challenges the adequacy of Bedrock's allegations of willfulness. *See Webmap*, 2010 WL 3768097 at *3 ("In *Affinity Labs*, the parties apparently agreed that Plaintiff's willfulness pleading was adequate Because Yahoo has not conceded that Plaintiff has adequately pled willfulness and Plaintiff's pleading contains none of the exceptional circumstances cited by the court in its *Affinity Labs* opinion, this case is different.").² As a result,

¹ Defendants' full summary judgment briefing was filed on February 8, 2011. *See* Dkt. Nos. 462 (invalidity) & 463 (non-infringement).

² Additional legal support regarding Defendants' legitimate defenses as a basis for negating willfulness may be found at page 2 of Plaintiffs' Letter Brief No. 384.

Yahoo! should not be held liable for a charge of willful infringement in this case based on the assertions in Bedrock's January 24, 2011 Complaint.

2. **Bedrock's Claims of Yahoo!'s Alleged Willful Infringement Should Not Stand Because All Claims of the Patent-in-Suit Are Still Subject to *Ex Parte* Reexamination by the U.S. Patent and Trademark Office.**

Bedrock relies on USPTO's Notice of Intent to Issue *Ex Parte* Reexamination Certificate as a basis for willfulness. As described above, the "exceptional circumstances" that Bedrock cites for proof of willfulness did not materialize until after Defendants chronicled their objectively reasonable belief of non-infringement and invalidity. However, Bedrock's basis, the USPTO's Notice of Intent to Issue a Certificate, is not the equivalent of the USPTO actually issuing the certificate. Therefore, as of the date of this motion, the reexamination of the '120 patent by the USPTO is not complete. For example, the Notice states on its face: "This proceeding is subject to reopening at the initiative of the Office or upon petition." Complaint, Ex. B (Dkt. No. 410-2) at p. 3. This circumstance is different from the case cited in *Webmap* as an example of "exceptional circumstances" where the patent had "exited reexamination." *Webmap*, 2010 WL 3768097 at **2-3 (citing *St. Clair Intellectual Prop. Consultants, Inc. v. Palm, Inc.*, 2009 WL 1649751, at *1 (D. Del. Jun. 10, 2009)(noting that "the PTO ultimately issued reexamination certificates...without any amendment to the claims" and discussing another court's "allowing amendment *after PTO issued reexamination certificates*")(emphasis added)). Even if the USPTO actually issues the certificate at some time in the future, however, the Defendants, including Yahoo!, have already negated willfulness through their objectively reasonable arguments asserted in their Letter Briefs, now the subject of the Court-authorized Motions for Summary Judgment.

3. **Bedrock's Claims of Yahoo!'s Alleged Willful Infringement Should Not Stand Because Bedrock Has Never Alleged Pre-suit willful Infringement by Yahoo! and Has Never Sought to Enjoin Yahoo! from its Allegedly Infringing Acts.**

As described in Defendants' Letter Brief No. 384, incorporated herein, and in addition to the reasons described above, Bedrock's claim of willful infringement should be dismissed because Bedrock has never alleged pre-suit willful infringement by Yahoo! Accordingly, there is no alleged pre-suit knowledge to rely on to bootstrap Bedrock's willfulness allegation to a date prior to the January 24, 2011 Complaint. In addition, Bedrock has never sought to enjoin Yahoo! from its allegedly infringing acts. *See Anascape, Ltd. v. Microsoft Corp.*, 2008 WL 7182476, at *3 (E.D. Tex. 2008)(Clark, J.); *Webmap*, 2010 WL 3768097 at *3 ("In this case, Plaintiff does not rely upon any allegation of pre-filing willful infringement and has made no effort to stop Yahoo's alleged continued willful infringement. Accordingly, under the court's reasoning in *Anascape*, Plaintiff is not entitled to accrue enhanced damages for willful infringement."); *See also Seagate*, 497 F.3d 1374 ("... when an accused infringer's post-filing conduct is reckless, a patentee can move for a preliminary injunction A patentee who does not attempt to stop an accused infringer's activities in this manner should not be allowed to accrue enhanced damages based solely on the infringer's post-filing conduct.").

III. SUMMARY

For the foregoing reasons, Yahoo! respectfully requests that this Court dismiss Bedrock's claim against Yahoo! for willful infringement of the '120 Patent pursuant to Fed. R. Civ. P. 12(b)(6).

Dated: February 10, 2011

Respectfully submitted,

/s/ John C. Low

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on February 10, 2011, a true and correct copy of the foregoing document entitled DEFENDANT YAHOO! INC'S 12(b)(6) MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM FOR WILLFUL INFRINGEMENT IN RESPONSE TO PLAINTIFF'S THIRD AMENDED PETITION has been sent to the following counsel of record by electronic mail via the CM/ECF system pursuant to the Federal Rules of Civil Procedure and Local Rule CV-5(a)(3). Any other counsel of record will be served by U.S. Mail.

/s/John C. Low
John C. Low