

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

Bedrock Computer Technologies LLC,

Plaintiff,

v.

SoftLayer Technologies, Inc., et al.,

Defendants.

Case No. 6:09-CV-269-LED

JURY TRIAL DEMANDED

**YAHOO!'S BENCH BRIEF IN SUPPORT OF EXCLUDING ALL REFERENCES
TO BOTH REEXAMINATIONS AS ADDRESSED IN DEFENDANTS'
MOTION IN LIMINE #4 [DKT. NO. 604] AND IN OPPOSITION
TO PLAINTIFF'S MOTION IN LIMINE 'A' AND 'I' [DKT. NO. 587]**

I. INTRODUCTION

Defendant Yahoo!, Inc. (“Yahoo!”) understands that in this jurisdiction, if a final office action has been released, evidence pertaining to the reexamination is generally permitted to be introduced at trial while reexaminations in progress are not. However, the reexamination proceedings in this case present rare and unusual circumstances and call for excluding evidence related to *both* the first and second reexamination. The situation is different from other cases because the United States Patent and Trademark Office (“USPTO”) is conducting a second reexamination of the ’120 patent *based on the exact same prior art the USPTO considered in the first reexamination*. The Examiner in the second reexamination realized that the USPTO likely made a material error in interpreting important teachings of the prior art when it issued the Notice of Intent to Issue Reexamination Certificate (“NIRC”) in the first reexamination proceeding, and in response the Examiner instituted a second reexamination to address those errors. The Examiner in the second reexamination did not coincidentally rely on the same prior art to find substantial new question of patentability. Rather, the Examiner in the second reexamination purposely acknowledged errors made in the first reexamination proceeding.

In considering the evidence regarding both reexaminations, Judge Love recognized the irreconcilable differences between the two, and excluded evidence of both reexaminations. Dkt. No. 680. Yahoo! submits that the Court should adopt Judge Love’s ruling and exclude evidence of both reexaminations. However, should the Court allow evidence of the first reexamination, the Court should also admit evidence of the second reexamination because they are inextricably intertwined.

II. IN GRANTING THE SECOND REEXAMINATION, THE USPTO REALIZED IT MADE A MATERIAL MISTAKE IN THE FIRST REEXAMINATION

The *ex parte* petition for the first reexamination (“first reexam”), Application No. 90/010,856, was filed with the USPTO on February 9, 2010. The petition for the second *ex parte* reexamination (“second reexam”), Application No. 90/011,426, was filed on January 10, 2011. The USPTO issued a NIRC in the first reexam on January 14, 2011. About one month later, on February 22, 2011, the USPTO issued an order granting the second reexam. In its order, the USPTO that prior art references, U.S. Patent No. 4,695,949 (“Thatte”) and U.S. Patent No. 6,119,214 (“Dirks”), which were at issue in the first reexam, raised a substantial new question of patentability, and therefore the USPTO granted the second reexam. The USPTO found that, even though the two references were considered in the first reexam, the petition for the second reexam presented the two references “in a new light.” Dkt. No. 608, Exh. A of Whitehurst Decl. at 9-10.

The USPTO explained that it saw the Thatte prior art “in a new light” because, even though the USPTO found that in the first reexam “Thatte allegedly did not teach the removal of records when the linked list was accessed because the insertion of records operation is suspended while reconciliation/removal is performed,” the USPTO now realizes that portions of Thatte suggest “an alternative interpretation whereby the reference count filter is inherently accessed while reconciliation/removal is taking place.” *Id.* at 10. The USPTO also explained that it saw the Dirks prior art “in a new light” because, even though the USPTO found that in the first reexam “Dirks allegedly did not teach the claimed linked list and Dirks was found to not be combinable with Morris,” the USPTO now realizes that portions of Dirks “suggest that a linked list may be inherently taught or that it may at least not be incompatible to combine Dirks with a reference teaching a similar system employing linked lists.” *Id.* at 11.

Thus, the USPTO recognized that it made a mistake in the first reexam by misinterpreting and/or not fully appreciating material teachings of Thatte and Dirks. By granting the second reexam petition, the USPTO acknowledged that it now sees these references “in a new light” to find a “substantial new question” of patentability.

III. THE SECOND REEXAM PROCEEDING IS INEXTRICABLY INTERTWINED WITH THE FIRST REEXAM PROCEEDING

During the first reexam, Bedrock submitted an expert declaration that did not give the USPTO all the relevant facts. The Requestor of the second reexam submitted an expert declaration in response to Bedrock’s expert declaration in the first reexam, which identified facts Bedrock’s expert ignored. Upon examining the facts in light of both declarations, the USPTO found the second reexam request raised a substantial new question of patentability for the ’120 patent in light of a more complete explanation of the same prior art examined in the first reexam. *See* Dkt. No. 608, Exh. A of Whitehurst Decl. at 9-11.

In the second reexam, the USPTO is continuing the examination it began in the first reexam to address the “new light” in which it now sees the prior art. In the second reexam, the USPTO *acknowledged* that, while Thatte was at issue in the first reexam, it nevertheless qualified as prior art for purposes of the second reexam:

US Patent No. 4,695,949 issued to Thatte et al on September 22, 1987 (hereafter “Thatte”) that *was cited in earlier reexamination*. Thatte qualifies as prior art under §102(b).

Id. at 5 (emphasis added). In justifying the second reexam, the USPTO also stated:

In this instant Reexamination, the Request has set presented [sic] Thatte in a new light and cited further portions of Thatte that suggesting an alternative interpretation . . . These cited teachings are new and non-cumulative and *are relevant to the reasons for confirmation of claims in the [first] proceeding*. Accordingly, they would be important to a reasonable Examiner in determining the patentability of the claims.

Id. at 10 (emphasis added).

In both reexams, the USPTO also found substantial new questions of patentability with respect to Dirks in combination with other references. The USPTO, in its decision to grant the second reexam, acknowledged “[i]n the [first] proceeding, Dirks was considered and was found to not teach the distinguishing features of the claimed record search means because Dirks allegedly did not teach the claimed linked list and Dirks was found to not be combinable with Morris.” *Id.* at 11. In the second reexam, the USPTO found that Dirks “suggest[s] that a linked list may be inherently taught or that it may at least not be incompatible to combine Dirks with a reference teaching a similar system employing linked lists.” The USPTO in the second reexam thus found that Dirks is “new and non-cumulative” and “relevant to the reasons for confirmation of claims in the [first] proceeding.” *Id.*

Even though the USPTO has issued a reexam certificate in the first reexam, the USPTO has now called into question its own findings and found for a second time a substantial new question of patentability on the same prior art. As such, evidence of the first reexam without evidence of the second reexam allows Bedrock to paint an incorrect picture to jury that the USPTO has confirmed the patentability of the claims of the ‘120 patent. Such a picture is incomplete and misleading as to the affect of the two reexaminations.

IV. THE USPTO PROCEEDED WITH THE REEXAM CERTIFICATE IN THE FIRST REEXAM BECAUSE THE USPTO’S STATED PROCEDURES REQUIRE IT TO DO SO

Despite realizing that it likely made a material mistake in the first reexam proceeding, the USPTO issued the reexam certificate in the first reexam (rather than merging the two reexam proceedings and withdrawing its notice of intent to issue a reexam certificate in the first proceeding) because the USPTO’s procedures—as set out in the MPEP and the CFR—require it to do so. Those procedures state that two co-pending reexam proceedings “will usually be

merged” only if the first one “has not been terminated.” 37 C.F.R. § 1.565(c). Here, the first reexam was terminated before the second reexam was granted. “A NIRC informs the patent owner and any third party requester that the reexamination prosecution has been terminated.” *See, e.g.*, MPEP 2287, paragraph 6. The first reexam terminated when the USPTO issued the NIRC on January 14, 2011, well before the USPTO granted the second petition for reexam on February 22, 2011. Under the USPTO’s rules, the two reexam procedures could not have been merged.

V. THE COURT SHOULD EXCLUDE EVIDENCE FROM BOTH REEXAMS, BUT IF IT ALLOWS EVIDENCE REGARDING THE FIRST REEXAM, THE COURT SHOULD ALLOW EVIDENCE REGARDING THE SECOND REEXAM

The Court should not allow evidence of either reexam. But if the Court allows evidence of the first reexam, it should also allow evidence of the second reexam. It would be fundamentally unfair and highly prejudicial to allow evidence of the first reexam while not allowing evidence of the second reexam, because to do so would provide the jury with an incomplete and inaccurate understanding of the reexam status and the USPTO’s position of the validity of claims that are currently under reexamination..

VI. CONCLUSION

For the forgoing reasons, the Yahoo! respectfully requests that the Court exclude mention of either reexam. However, to the extent the Court allows Bedrock to present evidence of the first reexam, Yahoo! should be allowed to present evidence of the second reexam.

Respectfully submitted, this the 22nd day of April 2011.

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CERTIFICATE OF SERVICE

This is to certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this Bench Brief via the Court's CM/ECF system per Local Rule CV-5(a)(3) on this 22nd day of April, 2011. Any other counsel of record will be served by first class mail.

/s/ Christopher D. Bright
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