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

BEDROCK COMPUTER TECHNOLOGIES LLC, PLAINTIFF, v. SOFTLAYER TECHNOLOGIES, INC., CITIWARE TECHNOLOGY SOLUTIONS, LLC, GOOGLE, INC., YAHOO!, INC., MYSPACE INC., AMAZON.COM INC., PAYPAL INC., MATCH.COM, INC., AOL LLC, and CME GROUP INC., DEFENDANTS.	§ § § § § § § § § § § § § § §	Case No. 6:09-cv-269-LED **JURY TRIAL DEMANDED**

DEFENDANT YAHOO! INC'S OFFER OF PROOF
CONCERNING THE EXCLUSION OF EVIDENCE OF
THE SECOND EX PARTE REEXAMINATION

Pursuant to Federal Rule of Evidence 103, Defendant Yahoo! Inc. ("Yahoo!") files this Offer of Proof. The Court has granted Plaintiff Bedrock Computer Technologies, LLC's ("Bedrock") motion to exclude certain evidence, testimony, reference, attorney argument, or other comment regarding the United States Patent and Trademark Office's Second Reexamination of the '120 patent. This evidence would raise serious questions regarding the validity of the '120 patent and also goes directly towards the issue of willfulness.

Two re-exams have been granted in this case by the United States Patent and Trademark Office. 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. The USPTO's order in the second reexam is based upon some common prior art. For example, 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." *See* DX-105. The acknowledgement that the Thatte reference would again be examined in the second reexamination is relevant to the jury's assessment as to whether the '120 patent was obvious or anticipated when issued in 1999.

Yahoo! made arguments pertaining to the issues of validity and willfulness during the first day of trial on April 27, 2011. *See* April 27, 2011 Morning Trial Tr. at 4:1-7 ("We think the second reexam should come in. Our client, objectively and subjectively, would look at the entire record in front of the Patent Office, not only the first reexam that's been issued, but the second reexam, which is pending. And it's pending on some of the same art which was the subject of the first reexam"). Similar arguments would have been presented during the course of trial, particularly in response to Bedrock's arguments that the first reexamination confirms the patent's validity.

Evidence presenting the facts of the second reexamination further relate to willfulness. The precluded exhibits would have been used to establish that a finding of infringement was not willful under the operative standard, including the objective recklessness standard. *Tyco Healthcare Group LP v. E-Z-EM, Inc*., Case No. 2:07-cv-262, 2010 U.S. Dist. LEXIS 57652, *6 (Jun. 8, 2010 E.D. Tex.) (Ward, J.). Following the Federal Circuit's ruling in *In re Seagate*, evidence of reexamination should be presented during trial to provide the jury with a complete

record for determining whether the accused infringer was reckless. *In re Seagate Technology*, LLC, 497 F.3d 1360, 1371 (Fed. Cir. 2007) ("If this threshold objective standard is satisfied, the patentee must also demonstrate that this objectively-defined risk (determined by the record developed in the infringement proceeding) was either known or so obvious that it should have been known to the accused infringer.").

Yahoo! Inc. would have presented evidence of the Second Reexamination to challenge the credibility and soundness of Bedrock's positions as to validity and willfulness. If allowed, Yahoo! would have specifically presented DX-105 and 147[1] and testimony about them and the second reexamination from Bedrock's witnesses, including Dr. Nemes and Dr. Jones who offered testimony about the validity of the '120 patent, in order to (1) question the validity of the '120 patent in light of the USPTO's decision to re-examine the claimed invention based on new questions of patentability, and (2) present its defense to allegations of willful infringement. Yahoo! would also present testimony from its witnesses for the same purposes, including testimony from one or more of David Filo, Joel Williams, and Nicholas Godici.

Dated: April 29, 2011

Respectfully submitted,

/s/ Christopher D. Bright
Christopher D. Bright

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[1] These exhibits are not attached due to the size of the file histories.

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ATTORNEYS FOR DEFENDANT YAHOO! INC.

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 document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on this the 29th day of April, 2011. Any other counsel of record will be served by first class mail.

/s/ Christopher D. Bright
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