

I. ARGUMENT IN SURREPLY

A. The Court Should Make Its Finding Under Rule 49.

Although both parties agree that Yahoo's counterclaim for invalidity should be resolved, the parties dispute the correct legal framework for that resolution. In its Motion, Yahoo argued that the Court should decide the issue of invalidity based on "whether a reasonable jury would have a legally sufficient evidentiary basis to find the accused claims invalid." *See* Mot. at 2. In addition to noting Yahoo's distorted view of Rule 50, Bedrock responded by pointing out that Rule 49, not Rule 50, now controls to Yahoo's counterclaim. *See* Res. at 16-17.¹ In its Reply, Yahoo again asks the Court to grant its JMOL on invalidity solely under Rule 50. *See* Rep. at 8-9. Yahoo asserts that Rule 50 applies based on its belief that this case did not involve a special verdict, but Yahoo is wrong. As the Second Circuit recognized, a jury that decides the material issues of fact in a case and is not asked nor given the opportunity to provide a general verdict in favor of either plaintiff or defendant can hardly be said to have returned a general verdict under Rule 49(b) *HCB Sport Collectibles v. All-American Collectibles*, No. 99-7090, 2000 U.S. App.

¹ By failing to object to the conditioning instruction to skip the invalidity question if the jury failed to find infringement, Yahoo waived a jury finding on the issue and placed the fact finding in the hands of the Court. *Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1535 (Fed. Cir. 1987) (When conditioning caused jury not to answer invalidity question on best mode, the best mode issue, by operation of Rule 49(a) reverted to the Court for decision); *see also Smith-Blair, Inc. v. R. H. Baker & Co.*, 232 F. Supp. 484, 487 (S.D. Cal. 1962) (finding waiver under Rule 49 when the court directed the jury not to answer questions of infringement if the jury affirmatively answered questions related to invalidity).

LEXIS 3462 *4-5 (2d Cir. Feb. 24, 2000) (noted in 9B Charles A. Wright & Arthur A. Miller, Federal Practice & Procedure § 2506 (3rd ed. 2008)).²

B. Yahoo Cannot Satisfy the Requirements of Rule 50(b).

Yahoo originally moved for JMOL under Rule 50(b), and Bedrock's response accordingly addressed the merits Yahoo's case under the JMOL standard. As a brief recap of Bedrock's response, the rigors of the JMOL standard, by themselves, justify denial of Yahoo's motion for JMOL:

- Yahoo's Rule 50(b) Motion can only be granted only if no reasonable jury could arrive at a verdict against Yahoo on its affirmative defense and counterclaim, *see McNair v. City of Cedar Park*, 993 F.2d 1217, 1219 (5th Cir. 1993);
- Yahoo's invalidity case hinged on its expert's subjective theories of structural equivalence, yet a jury would be free to disbelieve Yahoo's witnesses and experts, *see i4i Ltd. P'ship v. Microsoft Corp.*, 598 F.3d 831, 848 (Fed. Cir. 2010); and
- Yahoo must establish beyond dispute all of the essential elements of its invalidity case to obtain JMOL on its affirmative defense of invalidity, *see Bank of La. v. Aetna U.S. Healthcare Inc.*, 468 F.3d 237, 241 (5th Cir. 2006).³

² Moreover, under Rule 39(b), issues upon which the parties do not demand a jury trial "shall be tried by the court." FED. R. CIV. P. 39(b). The parties here effectively withdrew the issue of invalidity from the jury when they did not object to the conditioning of the invalidity question on a finding of infringement, and they therefore consented to trial by the Court. *See HCB Sport Collectibles*, 2000 U.S. App. LEXIS 3462 at *5-6.

³ In its Reply, Yahoo suggested that the "virtual certainty"/"beyond dispute" standard is erroneous, *see Rep.* at 9; however, the Fifth Circuit's view of Rule 50 in *Bank of La. v. Aetna* is well-established law. Moreover, because Rule 50 is not unique to patent law, the Federal Circuit would apply this view of Rule 50 vis-à-vis Yahoo's affirmative defense in review of this case. *See Finisar Corp. v. DirectTV Group, Inc.*, 523 F.3d 1323, 1328 (Fed. Cir. 2008).

Because Rule 50 should be unattainable to Yahoo and further because Rule 49 is the appropriate legal standard for resolving Yahoo's counterclaim, Bedrock will address the merits of Yahoo's counterclaim of invalidity to the Court as factfinder on the issue. The Court should deny Yahoo's motion for JMOL and should instead find under Rule 49(a) that Yahoo failed to prove invalidity by the requisite proof under the clear and convincing evidence standard.⁴

Bedrock respectfully requests that the Court enter judgment against Yahoo on its affirmative defense and counterclaim of invalidity. The Court's finding under Rule 49 is reviewable under the "clearly erroneous" standard of Rule 52(a). *See Spectra-Physics*, 827 F.2d at 1535.

C. Yahoo Failed to Adduce an Essential Element of Its Invalidity Defense.

A party seeking to invalidate a patent has a clear and convincing burden to present evidence that proves how the disclosures in the prior art read onto the claim limitations of the patent. *See* 35 U.S.C. § 282. A party seeking to invalidate a patent with equivalence theories under 35 U.S.C. § 112 ¶ 6⁵ must further present particularized testimony and linking argument.⁶

⁴ This Court is not bound by the parties' agreement to try to this case by the preponderance standard. Since the Court is now considering invalidity, the Court should apply the correct legal standard: clear and convincing evidence. The Court is not bound to accept as controlling a stipulation as to questions of law. *Estate of Sanford v. Commissioner*, 308 U.S. 39, 51 (1939); *Provident Financial Inc. v. Strategic Energy L.L.C.*, 404 Fed. Appx. 835, 839 n.3 (5th Cir. 2010) (unpublished) ("We note that we are not bound to accept stipulations as to questions of law."). "When an issue or claim is properly before the Court, the Court is not limited to the particular legal theories advanced by the parties, but rather retains the independent power to identify and apply the proper construction of governing law." *Kamen v. Kemper Fin. Servs. Inc.*, 500 U.S. 90, 99 (1991). In any event, the Court could also find that Yahoo failed to carry its burden under the preponderance standard for completeness of the record.

⁵ *See Network Appliance, Inc. v. Bluearc Corp.*, 374 F. Supp. 2d 825, 839 (N.D. Cal. 2005) (concluding that anticipation and infringement are governed by the same standard for claims governed by § 112 ¶ 6).

⁶ *See Mirror Worlds, LLC v. Apple, Inc.*, 2011 U.S. Dist. LEXIS 36451, at *30-31 (E.D. Tex. Apr. 4, 2011) (Davis, J.) (granting JMOL of no infringement under the doctrine of equivalence where plaintiff failed to present particularized testimony and linking argument).

It is not enough that Yahoo described the structure of the asserted prior art. A defendant relying on its expert's subjective conclusion must present the explanation underlying that expert's conclusion by: (i) accounting for the differences between the overall structure⁷ in the prior art and the overall structure in the claim limitation; and (ii) explaining why these differences are insubstantial. *See Texas Instruments v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1568 (Fed. Cir. 1996) (affirming the district court's grant of JMOL of no infringement because the plaintiff's expert failed to present "any particularized testimony explaining *why* the function and result were the same") (emphasis in original).

While Yahoo emphasizes that it described the structure of the asserted prior art, this alone is not enough. At no point did Yahoo identify any differences between the structure in the prior art and the structure in the Court's constructions. And at no point did Yahoo present any explanation as to why the differences between the structure in the prior art and the structure in the Court's construction are insubstantial. This is important because the parties largely agree as to how the asserted prior art worked; the point of dispute is whether the structures in the prior art are equivalent to the structures in the Court's construction. But because Yahoo failed to present its theories of equivalence, Bedrock was left with very little to rebut. To be sure, Yahoo presented only conclusory testimony that the unspecified, unidentified differences are insubstantial, but such evidence is deficient as a matter of law. As Yahoo failed to establish an essential element of its case of invalidity, the Court should find that Yahoo failed to prove that the asserted claims of the patent are invalid.

⁷ *See Odetics, Inc. v. Storage Tech. Corp.*, 185 F.3d 1259 (Fed. Cir. 1999) (noting that the individual components of the structure are not limitations; rather, the claim limitation is the overall structure).

D. Yahoo Presented No Evidence of Equivalence with Respect to the 1995 Linux Code.

Yahoo apparently misunderstands what is required to establish equivalence. Bedrock does not dispute that Yahoo’s expert, Mr. Joel Williams, described parts of the structure of the 1995 Linux code line-by-line. But how the structures in the prior art worked is not the dispute. Again, the dispute is whether those structures are equivalents. And to that issue, Mr. Williams did not identify any differences between the structure of the 1995 Linux code and the structures in the Court’s constructions, and he further did not explain why any unspecified, unidentified differences are insubstantial.⁸ Bedrock noted this deficiency in its Response, and Yahoo has not come forward with any testimony where Yahoo’s expert actually identified any differences between the 1995 Linux code and the structures in the Court’s constructions or explained why any differences are insubstantial. Instead, Yahoo again cites only to Mr. Williams’ testimony regarding the structures in the prior art without any regard or reference to the structures in the Court’s construction. As such, Yahoo failed to establish an essential element of its case of invalidity and failed to carry its burden. The Court should find that Yahoo failed to prove that the 1995 Linux code invalidates the asserted claims of the patent-in-suit.

E. Yahoo Failed to Establish Obviousness with the NRL Code.

The NRL code contains two different functions—`key_acquire()` and `key_search()`—neither of which is identical or equivalent to the structures in the Court’s construction. Yahoo’s witnesses did not dispute this at trial, *see* TT 5/9 p.m. at 207:12-15 (“Q. But there is no one structure in that code that includes all the elements of the claims of the ’120 patent, does it? A. That is correct.”), and Yahoo does not dispute this in its brief, *see* Mot. at 15 (admitting missing structure). At trial, Yahoo argued that the NRL code renders the patent obvious based on its

⁸ The testimony of David Filo and Alexy Kuznetsov are deficient for the same reasons.

theory that one of skill would have been motivated to combine these two functions, but as Bedrock explained in its Response, Yahoo's theories of obviousness were based on impermissible hindsight. *See* Res. at 10-11. In its Reply, Yahoo suggests that *KSR*'s discussion of "common sense" permits a defendant to employ hindsight in its obviousness analysis. *See* Rep. at 5. The Supreme Court in *KSR*, however, reiterated that hindsight has no place in an obviousness analysis. *See KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007) ("A factfinder should be aware, of course, of the distortion caused by hindsight bias and must be cautious of arguments reliant upon *ex post* reasoning.") As such, Yahoo's obviousness evidence—which treated the combination of the claim limitations as if they were the problem to be solved rather than the solution to another problem—is legally defective. *See* TT 5/9 p.m. at 198:20-22 (Yahoo's expert reasoning that one of skill would be motivated to combine the two functions to "get all the elements of the '120 patent.").⁹

In addition, Yahoo's evidence that the combination of the two functions would have been "a fairly easy thing to do" is irrelevant to the determination of obviousness. Ease of implementation of an invention is not the same as ease of conception of that invention. As illustration, a second-year electrical engineering student can easily arrange transistors and resistors on a breadboard to filter a signal, but it does not follow that the student could have conceived of the idea of a digital signal filter.

Moreover, the NRL code's teaching away of the patent is objective evidence of nonobviousness. Yahoo attempts to undermine this evidence by citing another comment in the NRL code that discusses the deletion of records during the scan of a linked list. *See* Rep. at 5.

⁹ Further, Yahoo has no evidence that, even if the *key_acquire()* and *key_search()* functions were combined, the result would have been identical or equivalent to the structures in the Court's construction.

This is not the dispute. In its Response, Bedrock even acknowledged that the *key_acquire()* function “traverses a linked list and removes expired records during that traversal.” *See Res.* at 10. The dispute is whether one skilled in the art would have been motivated to implement the *key_acquire()* function to operate on a linked list that was accessed through a hash function and a hash table and therefore meet all of the limitations of claim 1. As to that dispute, the NRL code itself makes clear that this combination would have been eschewed in favor of standalone garbage collection. *See DX 37* at DEF00007964 (garbage collection “should really be done by a function like *key_reaper()*”).

In sum, the only legally adequate evidence in the trial record is Bedrock’s evidence that the NRL code teaches away from the patent, and the Court should accordingly find that Yahoo failed to carry its burden in proving that the NRL code invalidates the asserted claims of the patent-in-suit.

F. Yahoo Failed to Establish Obviousness with Dr. Nemes’s Own 495 Patent.

The testimony below is the entirety of Yahoo’s expert’s testimony on this issue:

Q. And really quickly -- again, we are on time constraints here -- there’s one more reference I wanted to go through, it’s the ’495 patent. Did you also consider this reference?

A. Yes, sir, I did.

Q. And what is difference between the ’495 and ’120 patent?

A. They are essentially the same. As a matter of fact, they are identical. The only difference is the hashing technique that’s used. In the ’495 they use a linear probing, and in the ’120 it’s -- it’s the linked list. But they’re both well-known hashing techniques.

Q. So would Claims 1 and 2 be obvious in light of the ’495 patent?

A. Yes, sir, they would.

Q. So showing this being the next slide, really quickly, those are differences between the Claim 1 and Claim 2 -- Claim 1 of the '495 patent and Claim 1 of the '120 patent, are the differences significant?

A. No, they are not significant. Again, the only difference is the hashing technique is different. Other than that, they are the same.

Q. Now, if we go to the figures of the patent. I think we have Figure 3. Are the differences here significant?

A. No, they're the same. Again, the only difference is the hashing technique.

Q. That's Figure 3. What about Figures 5 and 7, is it the same?

A. They are the same. They are the same or very similar. Again, the only difference would be in the hashing technique.

Q. So does the '495 patent invalidate Claim 1 of the '120 patent.

A. Yes, sir. The '495 invalidates Claim 1 of the '120 patent.

TT 5/9 p.m. at 201:16-203:11. In this testimony, Yahoo's expert appears to conflate legal principles by discussing equivalence but concluding obviousness. In any event, the only proffered basis for Yahoo's obviousness contention is Yahoo's expert's mistaken belief that the only difference between the two patents is the collision resolution technique (i.e., linear probing vs. external chaining). As explained below, this is simply untrue.

Yahoo is wrong in its belief that "the only difference between the '120 patent and the '495 patent is the use of external chaining versus linear probing." *See* Rep. at 6. Although the '120 patent and the '495 patent both concern on-the-fly garbage removal and use different data structures to organize records, the on-the-fly garbage removal technique taught in the '495 patent is "confined to linear probing and is entirely inapplicable to external chaining." *See* PX 1 (the '120 patent at 2:30-31. Specifically, the '495 patent accomplishes actual removal of expired records from the hash table by "travers[ing], in reverse order, a consecutive sequence of records residing in the hash table array [and] continually relocating unexpired records to fill gaps left by

the removal of expired ones.” *See* ’120::2:31-35. As Bedrock noted in its Response, the actual removal of expired records is expressed in flow chart form in Figure 4 of the ’495 patent. *See* PX 4 at 2:66-68 (“FIG. 4 shows a general flow chart for garbage collecting remove procedure which forms part of the table searching operation of FIG 3.”).

Because the technique of the ’495 patent is entirely inapplicable to external chaining, the ’120 patent removes expired records in a much different way, namely, pointer adjustment. *See* PX 1 (the ’120 patent) at 7:43-45 (“The remove procedure causes actual removal of the designated element by adjusting the predecessor pointer so that it bypasses the element to be removed.”).¹⁰ Thus, far from Yahoo’s assertion that the ’120 patent is simply the combination of the ’495 patent with external chaining, the ’120 patent teaches that the technique of the ’495 patent is “entirely inapplicable to external chaining.” In other words, the ’495 patent ***could not be combined*** with external chaining. As such, the Court should find that Yahoo failed to carry its burden in proving that Dr. Nemes’s own ’495 patent invalidates the asserted claims of the patent-in-suit.¹¹

¹⁰ Yahoo incorrectly claims that Bedrock “argued vehemently against including Figure 4 as a structural requirement” during *Markman*. *See* Rep. at 7. This is not true. Bedrock argued, and the Court agreed, that the memory deallocation component of Figure 4 in the ’120 patent should not be corresponding structure because it did not perform the function of actual record removal. *See* Dkt. No. 300 (Bedrock’s Reply Claim Construction Brief) at 7. Judge Love correctly noted Bedrock’s position in its Claim Construction Order and Opinion. *See* Dkt. No. 369 (the Court’s *Markman* Order) at 31 (“Bedrock contends, the corresponding structure is the portion of Figure 4 and/or the pseudo-code of the Remove Procedure that relate to pointer adjustment.”).

¹¹ Yahoo cites *Lexion Med., LLC v. Northgate Techs., Inc.*, 292 Fed. Appx. 42, *23 (Fed. Cir. 2008) for the proposition that, if a patent is a simple and minor improvement of a prior patent, the later patent is obvious. *See* Rep. at 7. Yet, the ’120 patent was not a mere improvement of the ’495; rather, the ’120 patent uses a completely different record removal algorithm. *See* § I.F *supra*.

G. Yahoo Failed to Establish the Obviousness of Claim 2.

Lacking evidentiary support from the trial record, Yahoo attempted to advance unsupported attorney argument to support its contention that claim 2 is obvious. *See* Mot. at 27-28. Bedrock responded by noting the absence of evidentiary support. *See* Res. at 15-16. In its Reply, Yahoo purports to provide citations to its unsupported sentences, but these citations do not support Yahoo's arguments. This is a significant failure by Yahoo because these sentences are critical to Yahoo's contention for obviousness of claim 2.

Particularly, Yahoo still has no support for its argument that "the motivation existed to combine this art. Because the removal of expired records can be an expensive process, placing a hard limit on the number of removals, or garbage collection, occurring at any particular time would have been desirable in any number of the prior art systems and methods described above." *See* Mot. at 27. Yahoo cites the "Apple patent," DX 101 and the NRL code, DX 37, but these references are completely silent on whether motivation existed to combine this art, and these references do not (and cannot) speak for themselves to evidence what would have been "desirable" to those skilled in the art. Similarly, Yahoo still has no support for its argument that "A person of ordinary skill in the art would recognize that this simple ratio could be applied to dynamically setting the number of removals in the *ip_rt_hash_table* processing by, for example, computing the ratio of the number of entries in the *ip_rt_hash_table* to the number of active processes." *See* Mot. at 28. Again, the Apple patent and the NRL code do not and cannot speak to what a person of ordinary skill would or would not recognize. Again, these are not insignificant shortcomings. Without any evidence as to motivation to combine or how a combination would have been obvious to one skilled in the art, Yahoo simply has no obviousness case against claim 2. As such, the Court should find that Yahoo failed to carry its burden in proving that its asserted obviousness combinations render obvious claim 2.

II. CONCLUSION

For the foregoing reasons, Bedrock respectfully requests that the Court deny Yahoo's Motion for JMOL and instead find under Rule 49(a) that Yahoo failed to prove invalidity by the requisite proof under the clear and convincing evidence standard.

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Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of the forgoing document via the Court's CM/ECF system pursuant to the Court's Local Rules this 18th day of July, 2011.

/s/ Austin Curry

John Austin Curry