

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

Eolas Technologies Incorporated,	§	
	§	
Plaintiff,	§	Civil Action No. 6:09-CV-00446-LED
	§	
vs.	§	
	§	
Adobe Systems Inc., Amazon.com, Inc.,	§	JURY TRIAL
Apple Inc., Argosy Publishing, Inc.,	§	
Blockbuster Inc., CDW Corp.,	§	
Citigroup Inc., eBay Inc., Frito-Lay, Inc.,	§	
The Go Daddy Group, Inc., Google Inc.,	§	
J.C. Penney Company, Inc., JPMorgan	§	
Chase & Co., New Frontier Media, Inc.,	§	
Office Depot, Inc., Perot Systems Corp.,	§	
Playboy Enterprises International, Inc.,	§	
Rent-A-Center, Inc., Staples, Inc., Sun	§	
Microsystems Inc., Texas Instruments Inc.,	§	
Yahoo! Inc., and YouTube, LLC	§	
	§	
Defendants.	§	

**PLAINTIFFS THE REGENTS OF THE UNIVERSITY OF CALIFORNIA AND
EOLAS TECHNOLOGIES INCORPORATED’S RESPONSE IN OPPOSITION
TO DEFENDANTS’ SUPPLEMENTAL MOTIONS IN LIMINE REGARDING THE
INVALIDITY TRIAL [DKT. NO. 1273]**

Plaintiffs The Regents of the University of California and Eolas Technologies Incorporated (collectively “Plaintiffs”) file this Response in Opposition to Defendants’ Supplemental Motions in Limine Regarding the Invalidity Trial [Dkt. No. 1273] and in support thereof would show as follows:

I. Supplemental Limine No. 1: No presentation in the invalidity-only trial of any argument, evidence, testimony, or reference to licenses that are the product of settlements.

For the same reasons set forth in Plaintiffs’ Response in Opposition to Defendants’ Motions in Limine to Defendants’ issue 4 [Dkt. No. 1236], supplemental limine number 1 should

be denied. Granting Defendants’ supplemental limine number 1 would preclude the presentation of evidence to rebut Defendants’ arguments that the patents-in-suit are obvious, and thus, invalid. Such licenses demonstrate market acceptance and commercial success, which support a finding of nonobviousness. *See Star Sci., Inc. v. R.J. Reynolds Tobacco Co.*, 655 F.3d 1364, 1376 (Fed. Cir. 2011) (holding that “the record contains many secondary considerations that support nonobviousness,” for example, “as evidenced by Brown & Williamson’s licenses, which cost millions of dollars, Williams’ invention had achieved considerable market acceptance and commercial success”); *see also Datatrans Corp. v. Wells Fargo & Co.*, No. 2:06-CV-72 DF, 2010 U.S. Dist. LEXIS 143587, at *9 (E.D. Tex. Sept. 27, 2010) (holding that “[l]icensing, long-felt need, and copying are all secondary considerations probative of non-obviousness” and finding that “Plaintiff presented sufficient evidence at trial to support a ‘nexus’ between Plaintiff’s licensing and the secondary consideration of licensing. In particular, Plaintiff showed that its licenses covered the patents-in-suit.”).

Contrary to Defendants’ implications, it is not Plaintiffs’ burden to prove the patents-in-suit are valid. Rather, Plaintiffs intend to rely upon the licenses to **counter** Defendants’ assertion of obviousness. Rule 408’s prohibition on using settlement evidence “to prove or disprove the validity” of a “disputed claim” speaks to the admissibility of evidence to prove or disprove a cause of action, not a patent “claim.” FED. R. CIV. P. 408. Defendants are improperly attempting to shift the burden to Plaintiffs—it is not the Plaintiffs’ burden to prove the patents are valid. *See* 35 U.S.C. §282; *Tokai Corp. v. Easton Enters.*, 632 F.3d 1358, 1367 (Fed. Cir. 2011). Defendants’ attempt to preclude Plaintiffs from rebutting Defendants’ claims of obviousness are improper.

The fact that any of the licenses Plaintiffs plan to discuss at trial arose out of litigation does not make them unreliable indicators of non-obviousness. In *Datapoint Corp. v. Picturitel Corp.*, Judge Fitzwater explained,

[t]he license agreement is relevant to the subject matter of the pending action. The terms of the agreement relate at least to the issues of patent validity and damages. **Patentees like Datapoint often use license agreements obtained in settlement of litigation to show the commercial success and nonobviousness of a patent.**

No. 3:93-CV-2381-D, 1998 U.S. Dist. LEXIS 1145, at *6 (N.D. Tex. Jan. 23, 1998) (emphasis added) (citing *Am. Standard Inc. v. Pfizer Inc.*, 8 U.S.P.Q.2D (BNA) 2019, 2020-21 (S.D. Ind. 1988) (“Such agreements to license allegedly infringing products can be probative evidence of these factors relevant to the validity of a patent.”)).

Plaintiffs intend to offer into evidence and establish the *prima facie* proof of the nexus between the licenses Defendants seek to preclude and the asserted patent claims because the licenses cover the patents-in-suit—a fact the Defendants do not deny. *Brown & Williamson Tobacco Corp. v. Philip Morris, Inc.*, 229 F.3d 1120, 1130 (Fed. Cir. 2000) (“[I]f the marketed product embodies the claimed features, and is coextensive with them, then a nexus is presumed and the burden shifts to the party asserting obviousness to present evidence to rebut the presumed nexus.”); *Datatresury Corp.*, at *9 (E.D. Tex. Sept. 27, 2010) (finding that “Plaintiff presented sufficient evidence at trial to support a ‘nexus’ between Plaintiff’s licensing and the secondary consideration of licensing. In particular, Plaintiff showed that its licenses covered the patents-in-suit.”). The Plaintiffs’ licensing of the patents-in-suit and commercial success of products that embody the patents must be considered in determining whether the patents-in-suit are obvious. *Geo M. Martin Co. v. Alliance Mach. Sys. Int’l LLC*, 618 F.3d 1294, 1304 (Fed. Cir. 2010) (“Secondary considerations of non-obviousness must be considered when present.”).

Defendants' concern of juror confusion is for naught as the licenses Plaintiffs intend to rely upon to rebut Defendants' claim that the patents are obvious cover the patents-in-suit, and thus, sufficiently establish a *prima facie* nexus to the asserted claims. See *Datatreasury Corp. v. Wells Fargo & Co.*, at *9 (E.D. Tex. Sept. 27, 2010).¹

II. Supplemental Limine No. 2: No presentation in the invalidity-only trial of any argument, evidence, testimony, or reference to whether commercial products or proposed alternatives fall within the scope of the patents-in-suit, including reference to the Microsoft verdict.

Plaintiffs do not intend to present evidence or argue to the jury in the validity trial that Defendants' websites infringe the patents-in-suit. Accordingly, Plaintiffs are not acting contrary to the Court's bifurcation Order and Defendants' concern over the possibility of conflicting jury findings is for naught.

Rather, Plaintiffs intend to offer relevant evidence of secondary considerations to establish nonobviousness. Evidence chronicling the failure of others in the market to successfully design around the patents-in-suit has been admitted in other cases as it is relevant to secondary considerations of non-obviousness. Cf. *In re Brimondine Patent Litig.*, 666 F. Supp. 2d 429, 446 (D. Del. 2009); *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 526 F. Supp. 2d 162, 175 (D. Mass. 2007); *Elan Corp. PLC v. Andrx Pharms., Inc.*, 2008 U.S. Dist. LEXIS 94525, *273 (S.D. Fla. Aug. 12, 2008).

For these reasons, Plaintiffs request the Court deny Defendants' supplemental limine no. 2.

¹ Defendants' reliance on *Honeywell Int'l, Inc. v. Nikon Corp.*, No. 04-1337-JJF, 2009 U.S. Dist. LEXIS 17115, at *5-8 (D. Del. Mar. 4, 2009) is misplaced. In *Honeywell*, the Special Master excluded the licenses as evidence of commercial success under Fed. R. Evid. 403, noting that Honeywell's failure to present evidence of a sufficient nexus to the patents-in-suit would lead to juror confusion. Here, juror confusion will be avoided because the nexus is established because the licenses only cover the patents-in-suit. See *Datatreasury Corp. v. Wells Fargo & Co.*, at *9 (E.D. Tex. Sept. 27, 2010).

III. Supplemental Limine No. 3: No presentation of any argument, evidence, testimony, or reference to prior litigation that involves any party or counsel currently involved in this case.

It is Plaintiffs' understanding that Defendants' supplemental limine number 3 would apply equally to Plaintiffs and Defendants. Given this understanding, Plaintiffs agree that, except for impeachment purposes, the parties should be precluded from presenting any argument, evidence, testimony, or making reference to prior litigation that involves any party or counsel currently involved in this case.

Plaintiffs oppose Defendants' efforts to preclude reference to prior litigation that involves any party or counsel currently involved in this case, when such reference is being used to impeach a witness' testimony with prior inconsistent statements. The Court should, therefore, deny the portion of Defendants' supplemental limine number 3 that would preclude Plaintiffs from referencing prior litigation that involves any party or counsel in the current case for impeachment purposes.

IV. CONCLUSION

The foregoing establishes that Defendants' supplemental limine numbers 1 and 2 should be denied and supplemental limine number 3 be granted, in part, to preclude the parties from presenting any argument, evidence, testimony, or making reference to prior litigation that involves any party or counsel currently involved in this case except for impeachment purposes.

Dated: January 23, 2012

McKool Smith, P.C.

/s/ Mike McKool

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document, attachment, and exhibits were filed electronically in compliance with Local Rule CV-5(a) and served via email on all counsel of record on January 23, 2012.

/s/ Lindsay Martin
Lindsay Martin

