UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TYLER DIVISION

Eolas Technologies Incorporated and The Regents Of The University Of California *Plaintiffs and Counterdefendants*, vs. Adobe Systems Inc.; Amazon.com, Inc.; CDW Corp.; Citigroup Inc.; The Go Daddy Group, Inc.; Google Inc.; J.C. Penney Corporation, Inc.; Staples, Inc.; Yahoo! Inc.; and YouTube, LLC, *Defendants and Counterclaimants*.	Civil Action No. 6:09-CV-446-LED JURY TRIAL DEMANDED

DEFENDANTS' RESPONSE TO PLAINTIFFS' MOTION TO CORRECT JUDGMENT PURSUANT TO RULES 59(e) AND 60(a)

INTRODUCTION

Defendants Amazon.com Inc., Google Inc., J.C. Penney Corporation, Inc., Yahoo! Inc., and YouTube, LLC ("Defendants") agree that the Court should amend its February 13, 2012, Judgment [Dkt. No. 1354] because it does not resolve all claims against all parties and thus is not final. Defendants further agree that an amended judgment should dispose of Defendants' counterclaims (other than those alleging patent invalidity) as moot.

The parties disagree, however, about whether Plaintiffs' infringement claims should be expressly dismissed "*with* prejudice" (even as the parties appear to agree that Plaintiffs' claims are extinguished). They should. Patent invalidity is an affirmative defense to patent infringement, and all of Plaintiffs' asserted claims have been fully and finally adjudicated invalid after a week-long jury trial.

ARGUMENT

I. PLAINTIFFS' INFRINGEMENT CLAIMS SHOULD BE DISMISSED "*WITH* PREJUDICE"

A. The Jury Verdict And Existing Judgment Resolve Plaintiffs' Infringement Claims In Favor of Defendants

On February 9, 2012, the jury found that Defendants proved by clear and convincing evidence that all asserted claims of the '906 and '985 Patents are invalid. Jury Verdict [Dkt. No. 1353]. The Court's February 13, 2012 Judgment [Dkt. No. 1354] orders that these claims of the patents-in-suit are invalid and further directs that "Plaintiffs take nothing." Plaintiffs' Motion disputes neither the scope of the jury's verdict nor the terms of the Court's judgment.

There should be no dispute that Plaintiffs' infringement claims based on these patents are extinguished. In *Marrin v. Griffin*, 599 F.3d 1290 (Fed. Cir. 2010), the district court granted summary judgment that the patent-in-suit was invalid and, as a consequence, was not infringed. 599 F.3d at 1293. The Federal Circuit affirmed, stating the rule that "[t]here can be no

infringement of claims deemed to be invalid." *Id.* at 1295; *see also Sonoscan, Inc. v. Sonotek, Inc.*, No. 90-00357-A, 1990 WL 359369, at *4 (E.D. Va. Aug. 30, 1990) (declaring the patent-in-suit invalid after a bifurcated trial of defendant's on-sale bar affirmative defense and dismissing "with prejudice" plaintiff's infringement claim because "[plaintiff] has no claim under an invalid patent"), *aff'd, Sonoscan, Inc. v. Sonotek, Inc.*, 936 F.2d 1261 (Fed. Cir. 1991). The same rule applies here with equal force. The jury's invalidity verdict disposes of Plaintiffs' claims of infringement as a matter of law.

B. Express Dismissal "*With* Prejudice" Of Plaintiffs' Infringement Claims Avoids Any Ambiguity Regarding Disposition of Plaintiffs' Infringement Claims

The Court ordered that "Plaintiffs take nothing" from Defendants. That order resolved Plaintiffs' infringement claims in favor of Defendants and is a final decision on the merits of those claims. Nevertheless, when Defendants raised the need for an amended final judgment to dispose of their counterclaims other than for invalidity, Plaintiffs would not agree that the form of the amended judgment should also include an express dismissal "*with* prejudice" of Plaintiffs' infringement claims. Although Plaintiffs have not suggested in their motion or otherwise that their infringement claims should be dismissed *without* prejudice, entry of an amended judgment dismissing Plaintiffs' claims "*with* prejudice" will make express that the jury's verdict has resolved Plaintiffs' infringement claims and that the judgment bars subsequent relitigation of those claims. *See Astron Indust. Assocs. v. Chrysler Motors Corp.*, 405 F. 2d 958, 960 (5th Cir. 1968) ("It is clear that a stipulation of dismissal with prejudice, or, for that matter, a dismissal with prejudice at any stage of a judicial proceeding, normally constitutes a final judgment on the merits which bars a later suit on the same cause of action").

In particular, an explicit dismissal *with* prejudice will make clear that Plaintiffs cannot assert, in any future litigation involving Defendants' accused products and technology, claims of

the patents-in-suit that they did not ultimately assert in this case. Such "claim splitting" is barred by *res judicata*, *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, No. 2011-1147, slip op. at 10 (Fed. Cir. Mar. 14, 2012), and an express dismissal *with* prejudice will avoid any confusion by successors-in-interest to the patents, other courts, or anyone else. Amending the judgment would thus remove any ambiguity about the final disposition of Plaintiffs' infringement claims and clarify the preclusive effect of the judgment.

CONCLUSION

For the foregoing reasons, Defendants respectfully request that the Court enter the Amended Final Judgment [Dkt. 1386-1] proposed by Plaintiffs with the modification (indicated herein by italics) that "Plaintiffs' claims for infringement and damages are dismissed *with prejudice* based on Defendants' invalidity affirmative defense and counterclaim." For convenience, Defendants submit a proposed form of judgment as Attachment A.

Dated: March 29, 2012

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this document was served on all counsel who have consented to electronic services on this the 29th day of March 2012. Local Rule CV-5(a)(3)(A).

/s/ Edward R. Reines
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