

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
LUFKIN DIVISION

ANASCAPE, LTD.

Plaintiff,

v.

MICROSOFT CORPORATION, and  
NINTENDO OF AMERICA INC.,

Defendants.

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Hon. Ron Clark

Civil Action No. 9:06-CV-00158-RC

**ORAL ARGUMENT REQUESTED**

**DEFENDANTS' JOINT MOTION FOR SUMMARY JUDGMENT OF NO  
WILLFUL INFRINGEMENT OF U.S. PATENT NO. 6,906,700**

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## I. SUMMARY

Pursuant to the Court's Order dated March 14, 2008, Defendants Nintendo of America Inc. ("Nintendo") and Microsoft Corp. ("Microsoft") submit this motion for summary judgment dismissing Plaintiff Anascape, Ltd.'s ("Anascape") claim for willful infringement.<sup>1</sup>

Anascape cannot meet its burden of proving by clear and convincing evidence that either Nintendo or Microsoft acted despite an objectively high likelihood of infringement of the '700 patent. Neither Nintendo's nor Microsoft's *pre-suit* conduct can support a finding of willfulness since it is undisputed that Anascape did not notify either defendant of the '700 patent until the Complaint was filed in this action. And, there is no record evidence that either Nintendo or Microsoft had knowledge of the '700 patent prior to the filing of this action. Given that there is no record evidence to support a finding that either defendant had pre-suit knowledge of the '700 patent, neither Nintendo's nor Microsoft's pre-suit conduct can give rise to a claim of willful infringement.

Moreover, no reasonable jury could find that either Nintendo or Microsoft acted despite an objectively high likelihood of infringement of the '700 patent *after* this lawsuit was filed. To begin with, Anascape never sought to preliminarily enjoin either defendant from allegedly infringing the '700 patent. Coupled with the complete absence of any evidence of any pre-suit conduct on the part of Nintendo or Microsoft that could give rise to a willfulness finding, Anascape's failure to move for a preliminary injunction dooms its willfulness claim as a matter

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<sup>1</sup> This motion is limited to Anascape's claim of willful infringement, and does not seek dismissal of Anascape's claim for enhanced damages under 35 U.S.C. §284. The issue of enhanced damages is for the Court (not the jury) to decide post-trial if the jury finds the asserted claims of the '700 patent valid, enforceable and infringed.

of law.

Finally, the PTO's decision to reexamine the '700 patent further bolsters the lack of willfulness under *Seagate's* objective recklessness standard. In that ruling, the PTO found the existence of more than forty substantial new questions as to the patentability (*i.e.*, validity) of the '700 patent, including as to all of the claims of the '700 patent asserted against Microsoft and Nintendo in this action.

## II. UNDISPUTED MATERIAL FACTS

1. U.S. Patent No. 6,906,700 ("the '700 patent") issued on June 14, 2005. *See, e.g.*, Doc. #1 ¶ 20 and Ex. L.

2. On July 31, 2006, Anascape commenced this action, alleging that Nintendo and Microsoft have willfully infringed the '700 patent. *See id.* ¶ 26.

3. Anascape has admitted that, prior to filing this action, it did not provide notice of the '700 patent to Nintendo or Microsoft. *See* Pl.'s Resp. to Def.'s Req. Admis. No. 18 (Ex. 1); Pl.'s Resp. to Microsoft's Req. Admis. No. 39 (Ex. 2).

4. There is no record evidence indicating that Nintendo or Microsoft had knowledge of the '700 patent prior to the filing of this action, *i.e.*, at any point in time from the '700 patent's issuance on June 14, 2005 until the filing of this lawsuit on July 31, 2006.

5. In this action, Anascape has not moved for a preliminary injunction to enjoin Nintendo or Microsoft from any alleged infringement of the '700 patent.

6. On July 13, 2007, the United States Patent and Trademark Office granted Microsoft's Request for *Inter Partes* Reexamination of the '700 patent. *See* Order Granting Request for *Inter Partes* Reexamination (July 13, 2007) (Ex. 3). In this ruling, the PTO found that more than forty substantial new questions exist as to the patentability the '700 patent,

including all of the claims asserted against Microsoft and Nintendo, *i.e.*, claims 1-11, 21, 26-29 and 31. *See, e.g., id.* at ¶¶ 1 and 25.

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### III. ISSUES PRESENTED

1. Whether Nintendo is entitled to summary judgment dismissing Anascape’s claim of willful infringement of the ‘700 patent.

2. Whether Microsoft is entitled to summary judgment dismissing Anascape’s claim of willful infringement of the ‘700 patent.

### IV. ARGUMENT

#### A. LEGAL STANDARDS

To establish willful infringement,

[a] patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent *and* 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.

*TGIP, Inc. v. AT&T Corp.*, 527 F. Supp. 2d 561, 578 (E.D. Tex. 2007) (Clark, J.) (quoting *In re Seagate Tech. LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (emphasis added). “The state of mind of the accused infringer is not relevant to [the objectively high likelihood] inquiry.” *Seagate*, 497 F.3d at 1371.

Although willfulness is a question of fact, *Pall Corp. v. Micron Separations*, 66 F.3d 1211, 1221 (Fed. Cir. 1995), this question, like any other factual issue, is amenable to dismissal as a matter of law where, as here, there is no evidence from which a reasonable jury could find willfulness. *See, e.g., TGIP, Inc. v. AT&T Corp.*, 527 F. Supp. 2d 561, 578 (E.D. Tex. 2007) (granting JMOL of no willfulness); *Trading Tech. Intl, Inc. v. eSpeed, Inc.*, 2008 WL 63233

(N.D. III. Jan. 3, 2008) (same) *Pivonka v. Cent. Garden & Pet Co.*, 2008 WL 486049 (D. Colo. Feb. 19, 2008) (granting summary judgment of no willful infringement); *VNUS Med. Tech., Inc. v. Diomed Holdings, Inc.*, 527 F. Supp.2d 1072 (N.D. Cal. 2007) (same); *Franklin Elec. Co., Inc. v. Dover Corp.*, 2007 U.S. Dist. LEXIS 84588 (W.D. Wisc Nov. 15, 2007) (same).

**B. THERE IS NO EVIDENCE – LET ALONE CLEAR AND CONVINCING EVIDENCE – FROM WHICH A REASONABLE JURY COULD FIND THAT EITHER NINTENDO OR MICROSOFT ACTED DESPITE AN OBJECTIVELY HIGH LIKELIHOOD THAT ITS ACTIONS CONSTITUTED INFRINGEMENT OF A VALID PATENT**

Willfulness ordinarily depends on the alleged infringer’s pre-litigation conduct. *See Seagate*, 497 F.3d at 1374. Nintendo’s and Microsoft’s pre-litigation conduct cannot give rise to any claim for willful infringement for the straightforward reason that there is no evidence that either Nintendo or Microsoft had pre-suit knowledge of the ‘700 patent. In fact, Anascape has admitted that it did not give Nintendo or Microsoft notice of the ‘700 patent until this suit was filed. *See* Pl.’s Resp. to Nintendo’s Req. Admis. Nos. 17-18 (Ex. 1); Pl’s Response to Microsoft’s Req. Admis. No. 39 (Ex. 2). The willful infringement inquiry is based on the alleged infringer’s actions *after* he had actual knowledge of the patent-in-suit. *Imonex Servs., Inc. v. W.H. Munzprefer Diermar Trenner GmbH*, 408 F.3d 1374, 1377 (Fed. Cir. 2005). Here, there can be no pre-suit willfulness since, without knowledge of the ‘700 patent, neither Nintendo nor Microsoft could have acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.<sup>2</sup>

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<sup>2</sup> Nintendo’s and Microsoft’s limited contact with the inventor of the ‘700 patent, Mr. Armstrong, all happened prior to the issuance of the ‘700 patent. The only contact between Anascape and Nintendo prior to the filing of this action was an exchange of two letters between the parties in 2002 and a single meeting between Mr. Armstrong and Howard Cheng (an employee of a Nintendo subsidiary) in 1997. *See* NAA 00000234-236 (Ex. 4); Pl. Resp. to Nintendo’s Interrog No. 3 (Ex. 5). The only contact between Anascape and Microsoft prior to

Further, neither Nintendo's or Microsoft's conduct *after* the filing of this action on July 31, 2006 can support a claim of willful infringement because Anascape never sought to preliminarily enjoin either defendant. "A patentee who does not attempt to stop an accused infringer's activities [by seeking a preliminary injunction] should not be allowed to accrue enhanced damages based solely on the infringer's post-filing conduct." *Seagate*, 497 F.3d at 1374. As noted above, there is no evidence of any pre-filing conduct on the part of either Nintendo or Microsoft that can give rise to a claim of willful infringement. The absence of any pre-filing conduct, coupled with the fact that Anascape did not move for a preliminary injunction against Nintendo or Microsoft, establishes that, as a matter of law, Anascape cannot prove willful infringement against either defendant.

The PTO's decision to reexamine the '700 patent further confirms the lack of willfulness under *Seagate*'s objective recklessness standard. An alleged infringer does not act with objective recklessness where he has a reasonable basis to believe that his actions were legitimate. *Abbott Laboratories v. Sandoz, Inc.*, 2007 WL 4287503, at \*3 (N.D. Ill. Dec. 4, 2007). "A substantial

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the filing of this action consisted of some e-mails, letters, and conversations that occurred years before the issuance of the '700 patent on June 14, 2005. *See* Pl.'s Resp. to Microsoft's Interrog. No. 2 (Ex. 6); Microsoft's Second Supp. Resp. to Pl.'s Interrog. No. 1 (Ex. 7); MS-ANAS0019477; MS-ANAS0019350; ANAS0019342; MS-ANAS0019338 (Ex. 8). None of these contacts are relevant to the question of willfulness because they all occurred prior to the issuance of the '700 patent. *See State Industries, Inc. v. A.O. Smith Corp.*, 751 F.2d 1226, 1236 (Fed. Cir. 1985) ("To willfully infringe a patent, the patent must exist and one must have knowledge of it"); *see, e.g., Trading Tech.*, 2008 WL 63233, at \*4 ("When defendants first launched Futures View [the accused product], plaintiff's patent had not yet issued. While defendants knew of plaintiff's patent application, this knowledge alone is not enough to demonstrate willfulness.") (citations omitted).

question about invalidity or infringement is likely not only to avoid a preliminary injunction, but also a charge of willfulness based on post-filing conduct.” *Seagate*, 497 F.3d at 1374.

The fact that the PTO, as the administrative entity overseeing the examination and issuance of patents, has found multiple substantial new questions as to the patentability of all claims of the ‘700 patent demonstrates that Nintendo and Microsoft had objectively reasonable bases for believing that their actions did not infringe a *valid* patent, thus negating a finding of willful infringement. *See Pivonka*, 2008 WL 486049, at \*2 (granting summary judgment of no willfulness where the PTO Board of Patent Appeals and Interferences issued a preliminary order determining that the claims of one of the related patents-in-suit are unpatentable as obvious); *Lucent Techs., Inc. v. Multimedia Patent Trust*, 2007 U.S. Dist. LEXIS 95934, at \*18 (S.D. Cal. Oct. 30, 2007 (granting summary judgment of no willfulness where the PTO granted *ex parte* reexamination requests); *Abbott Laboratories*, 2007 WL 4287503, at \*1, \*3 (granting Rule 12(b)(6) motion to dismiss a claim of willful infringement where a Federal Circuit opinion had found substantial questions of validity as to certain claims of the patent-in-suit); *see also TGIP*, 527 F. Supp. 2d at 579 (granting JMOL of no willfulness and noting that the PTO “requir[ed] changes” to the patent-in-suit during reexamination). Indeed, the PTO’s decision to reexamine the ‘700 patent is dispositive with respect to Nintendo’s and Microsoft’s post-filing conduct. *See Lucent*, 2007 U.S. Dist. LEXIS 95934, at \*18.<sup>3</sup>

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<sup>3</sup> The fact that the PTO’s determination is not yet final is of no moment in assessing its importance to the viability of Anascape’s willfulness claim. Irrespective of whether the PTO’s decision is, at the end of the day, correct, the fact that the PTO made this determination establishes, as a matter of law, that Nintendo and Microsoft have acted in an objectively reasonable manner by concluding, after they learned of the ‘700 patent through the filing of this litigation, that the ‘700 patent is invalid. *See Lucent*, 2007 U.S. Dist. LEXIS 95934, at \*17 (rejecting argument that PTO reexamination orders should not be given significant weight

## V. CONCLUSION

For the foregoing reasons, Nintendo's and Microsoft's motion for summary judgment of no willful infringement should be granted.

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Respectfully submitted,

By: /s/ James S. Blank  
James S. Blank  
james.blank@lw.com  
LATHAM & WATKINS LLP  
885 Third Avenue  
New York, NY 10022  
Tel.: (212) 906-1200  
Fax: (212) 751-4864

Robert J. Gunther, Jr.  
robert.gunther@wilmerhale.com  
WILMER HALE  
399 Park Avenue  
New York, NY 10022  
Tel: (212) 230-8830  
Fax: (212) 230-8888

Robert W. Faris  
rwf@nixonvan.com  
Joseph S. Presta  
jsp@nixonvan.com  
NIXON & VANDERHYE, P.C.  
1100 North Glebe Road  
8th Floor  
Arlington, VA 22201  
Tel.: (703) 816-4000  
Fax: (703) 816-4100

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because statistics suggest that the majority of reexamination requests are granted; “[t]he statistics do not persuade the Court that the PTO failed to fulfill its statutory duty of deciding there is a substantial new question of patentability”).

Lawrence L. Germer  
llgermer@germer.com  
Texas Bar No. 07824000  
Charles W. Goehringer, Jr.  
cwgoehringer@germer.com  
GERMER GERTZ L.L.P.  
550 Fannin, Suite 400  
P.O. Box 4915  
Beaumont, Texas 77704  
Tel.: (409) 654-6700  
Fax: (409) 835-2115

Attorneys for Defendant and Counterclaimant  
Nintendo of America Inc.

By: /s/ John D. Vandenberg \_\_\_\_\_  
J. Christopher Carraway (admitted *pro hac vice*)  
[christopher.carraway@klarquist.com](mailto:christopher.carraway@klarquist.com)  
Joseph T. Jakubek (admitted *pro hac vice*)  
[joseph.jakubek@klarquist.com](mailto:joseph.jakubek@klarquist.com)  
Stephen J. Joncus (admitted *pro hac vice*)  
[stephen.joncus@klarquist.com](mailto:stephen.joncus@klarquist.com)  
Richard D. McLeod (Bar No. 24026836)  
[rick.mcleod@klarquist.com](mailto:rick.mcleod@klarquist.com)  
Derrick W. Toddy (admitted *pro hac vice*)  
[derrick.toddy@klarquist.com](mailto:derrick.toddy@klarquist.com)  
John D. Vandenberg (admitted *pro hac vice*)  
[john.vandenberg@klarquist.com](mailto:john.vandenberg@klarquist.com)  
KLARQUIST SPARKMAN, LLP  
121 S.W. Salmon Street, Suite 1600  
Portland, Oregon 97204  
Telephone: 503-595-5300

J. Thad Heartfield (Bar No. 09346800)  
[thad@jth-law.com](mailto:thad@jth-law.com)  
Law Offices of J. Thad Heartfield  
2195 Dowlen Road  
Beaumont, Texas 77706  
Telephone: 409-866-3318  
Facsimile: 409-866-5789

Clayton E Dark Jr. (Bar No. 05384500)  
[clay.dark@yahoo.com](mailto:clay.dark@yahoo.com)  
Clayton E Dark Jr., Law Office  
207 E Frank Ave # 100

Lufkin, TX 75901  
Telephone: 936-637-1733

Stephen McGrath, Esq. (admitted *pro hac vice*)  
MICROSOFT CORPORATION  
One Microsoft Way, Building 8  
Redmond, Washington 98052-6399  
Telephone: 425-882-8080  
Facsimile: 425-706-7329

Attorneys for Defendant and Counterclaimant  
Microsoft Corporation