

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
NORFOLK DIVISION

I/P ENGINE, INC. Plaintiff,

v.

AOL, INC., *et al.*, Defendants.

Civil Action No. 2:11-cv-512

**BRIEF IN SUPPORT OF DEFENDANTS' MOTION FOR LEAVE TO SUBMIT  
EVIDENCE AND OFFER OF PROOF IN SUPPORT OF DEFENDANTS' OPENING  
BRIEF ON ISSUES RAISED IN THE COURT'S AUGUST 14 ORDER**

On August 14, 2013, the Court ordered that “October 30, 2013 - The parties shall serve and file briefs and any supporting evidence, not to exceed fifteen (15) pages, addressing the issues raised in this order.” (Dkt. 963 at 8.) Both Plaintiff and Defendants interpreted this Order to mean that the parties were allowed to submit a fifteen page brief along with any supporting evidence. (Declaration of Kristan B. Burch (“Burch Decl.”) ¶¶ 4-5.) The parties jointly contacted the Court’s clerk to confirm this understanding. (*Id.* ¶¶ 6-7.) In an October 23, 2013 e-mail, the Court’s clerk stated that the 15-page limit for the filings due on October 30, 2013 applied to both the brief and the supporting evidence. (*Id.* ¶ 9.) While Defendants are mindful of the Court’s efforts to efficiently review this matter, the nature and importance of the issues involved are such that the parties need the opportunity to provide critical evidence that will allow a thorough and careful consideration of the complex issues involved. Defendants respectfully request that the Court grant Defendants leave to separately file, along with their fifteen page brief addressing the issues raised in the Court’s August 14, 2013 Order, the evidence Defendants rely on in support of the positions in their brief.<sup>1</sup> Defendants would not oppose a similar request from the Plaintiff.

**I. DEFENDANTS SHOULD BE GIVEN LEAVE TO SUBMIT THE EVIDENCE THEY RELY UPON IN THEIR OPENING BRIEF**

Defendants have made significant efforts to adhere to the Court’s page limit. In this single brief, however, Defendants must address both (1) why Plaintiff has not met its burden to show that the New AdWords system is a mere colorable variation of the Old AdWords system

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<sup>1</sup> In its August 14, 2013 Order, the Court also ordered that the parties’ responsive briefs not exceed ten pages. (Dkt. 963 at 8.) As Defendants have not received Plaintiff’s opening brief, Defendants do not know, at this point, whether there will be a need to submit additional evidence in excess of the Court’s ten allotted pages. If Defendants, however, do need to separately submit the supporting evidence for their opposition, Defendants would ask the Court for the opportunity to do so as well.

found to infringe by the jury and that the New AdWords system infringes the asserted patents; and (2) what a reasonable ongoing royalty rate would be. Defendants submit that to address these complex and significant issues, they need all fifteen pages that the Court allotted for the Opening Brief.

Moreover, in their brief, Defendants cited to numerous pieces of evidence that support and explain their positions. Besides evidence already in the record, the brief cites to excerpts from Mr. Bartholomew Furrow's September 20, 2013 deposition regarding the functionality of the New AdWords system, the declaration of Dr. Lyle Ungar regarding why the New AdWords system is more than a colorable variation from the Old AdWords system and why it does not infringe the asserted patents, and Dr. Keith Ugone's declaration regarding what a reasonable ongoing royalty rate would be.<sup>2</sup> The Federal Circuit agrees that "[w]here useful [for determining whether a modification is more than a colorable difference], a district court may seek expert testimony in making the determination." *TiVo Inc. v. EchoStar Corp.*, 646 F.3d 869, 882-883 (Fed. Cir. 2011) (en banc). Unfortunately, due to the complexity of the issues, the necessary evidence and briefing collectively number more than fifteen pages.

The length of these submissions is consistent with (though far less substantial than) the extensive evidence and record created in connection with the determination whether the accused products infringed in the first place and what a reasonable royalty would be. Trial on similar issues related to the Old AdWords system lasted three weeks. That trial was preceded by lengthy expert reports on both technical and damages issues and motions for summary judgment, motions *in limine*, *Daubert* motions, and motions for judgment as a matter of law. Here, while

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<sup>2</sup> In their brief, Defendants also cite Plaintiff's expert reports. Defendants would not oppose Plaintiff submitting such evidence to the Court for its consideration.

the issues before the Court now do not include the entirety of what was decided at trial, they are nonetheless quite significant.

For example, Dr. Ungar's declaration explains in detail how both New AdWords and Old AdWords function in order to provide a reasoned basis for his opinion of why New AdWords is more than just a colorable variation of Old AdWords. The technical description and analysis of the New AdWords system is further complicated by the intricacies of the New AdWords system, which utilizes a new auction system that [REDACTED]

[REDACTED]. Dr. Ungar not only explains why these changes mean that the New AdWords system is more than a mere colorable variation of the Old AdWords system, he further explains why the New AdWords system would not infringe the asserted patents.

Similarly, Dr. Ugone's Report addresses what the appropriate ongoing royalty rate would be assuming Plaintiff was able to prove that the New AdWords system was a mere colorable variation of the old system. Careful and detailed analysis of the many *Georgia Pacific* factors is required because applying either Plaintiff's or Defendants' proposed royalty rates could result in royalty obligations in excess of the entire damages verdict found by the jury.

In addition, both of Defendants' experts needed to respond to the supplemental reports of Plaintiff's experts. Indeed, Plaintiff's supplemental expert reports from Dr. Frieder and Dr. Becker (without their appendices) already total seventeen pages. Because the Court has not had the opportunity to review and take into account the excerpts from Mr. Bartholomew's September 20, 2013 deposition and the new declarations from Defendants' experts, Defendants respectfully

ask the Court to allow Defendants to submit these documents (attached to the Declaration of Howard Chen as Exhibits 1-3) along with Defendants' fifteen page brief.

**II. DEFENDANTS SHOULD BE GIVEN LEAVE TO SUBMIT THE EVIDENCE THEY RELY UPON IN THEIR OPENING BRIEF AS AN OFFER OF PROOF**

Alternatively, because the Court has not decided whether to have an evidentiary hearing regarding the issues raised in the parties' briefing, Defendants offer these documents as an offer of proof so that the Court can decide whether an evidentiary hearing is needed. If the Court were to have an evidentiary hearing regarding New AdWords, to the extent allowed by the Court, Defendants would offer the live testimony of Mr. Bartholomew Furrow, a Google engineer who was involved in the design and development of New AdWords, and Defendants' experts, Dr. Ungar and Dr. Ugone. These witnesses would testify consistently with the deposition testimony and declarations submitted herein.

**III. CONCLUSION**

For the reasons stated above, Defendants respectfully request that the Court either (1) grant Defendants' request to submit Exhibits 1-3 to the Chen Declaration along with Defendants' fifteen page brief or (2) accept these documents as an Offer of Proof of the evidence that Defendants intend to raise at the evidentiary hearing regarding New AdWords and any ongoing royalty rate.

DATED: October 30, 2013

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**CERTIFICATE OF SERVICE**

I hereby certify that, on October 30, 2013, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

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