

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

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I/P ENGINE, INC.,)	
	Plaintiff,)	
	v.)	Civ. Action No. 2:11-cv-512
)	
AOL, INC. et al.,)	REDACTED VERSION
	Defendants.)	
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PLAINTIFF I/P ENGINE, INC.’S OPPOSITION TO DEFENDANTS’ MOTION IN LIMINE #1 TO PRECLUDE PLAINTIFF FROM INTRODUCING EVIDENCE ON WILLFUL INFRINGEMENT, PRE-SUIT KNOWLEDGE, OR COPYING

Defendants seek to preclude Plaintiff I/P Engine, Inc. (“I/P Engine”) from introducing evidence at trial on willful infringement, pre-suit knowledge and copying. I/P Engine’s considerable evidence that Defendants knew or should have known about the patents-in-suit prior to the filing of the litigation is relevant and admissible for four independent reasons. First, this evidence supports I/P Engine’s claims of inducement and indirect infringement. Second, the evidence goes to secondary considerations of non-obviousness. Third, evidence that shows Google knew or should have known about the patents-in-suit is relevant to show Defendants’ unclean hands, which is relevant to rebut their affirmative defense of laches. Fourth, the evidence is relevant to a finding of willfulness and enhanced damages, as well as the possible award of attorneys’ fees.

I. I/P Engine’s Evidence of Defendants’ Pre-Suit Knowledge

I/P Engine has collected significant evidence that Defendants’ knew or should have known about the patents-in-suit prior to this litigation. First, Google owns a patent that cites as

prior art one of the patents-in-suit, U.S. Patent No. 6,314,420 (“the ‘420 patent”). Google owns U.S. Patent No. 7,647,242, which lists the ‘420 patent on its face. Ex. 1 (PTX 0416). The ‘420 patent was cited as a reference made of record in an office action dated September 30, 2003. Ex. 2 (PTX 0417). This evidence shows, without any question, that Google (and its patent attorneys) had actual knowledge of the ‘420 patent prior to the litigation, and prior to when Google started its infringement.

Second, similar to Google, AOL owns U.S. Patent No. 7,165,119 (the ‘119 patent). Ex. 3 (PTX 0420). During the prosecution of the ‘119 patent, AOL disclosed the ‘420 patent to the PTO. In fact, the specification of the ‘119 patent specifically referenced the ‘420 patent. Ex. 4 (PTX 0421). This evidence shows that AOL and its patent attorneys had actual knowledge of the ‘420 patent at least as early as Oct. 14, 2003, the filing date of the ‘119 patent.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

II. Evidence that Defendants Knew or Should Have Known About the Patents-In-Suit Supports I/P Engine’s Claims of Inducement and Indirect Infringement

I/P Engine has alleged claims of inducement and indirect infringement against Defendants in this case. The Supreme Court has held that induced infringement requires “knowledge that the induced acts constituted patent infringement.” *Global-Tech Appliances, Inc. v. SEB S.A.*, 131 S. Ct. 2060, 2061 (2011). Moreover, the Federal Circuit has stated that

knowledge of infringement goes to establishing liability for indirect infringement. *Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1273 (Fed. Cir. 2004) (stating that “[i]n order to prove vicarious liability for indirect infringement, a plaintiff who demonstrates direct infringement must also establish that the defendant possessed the requisite knowledge or intent to be held vicariously liable”). Evidence that Google knew or should have known about the patents-in-suit is therefore relevant to I/P Engine’s claims of inducement and indirect infringement.

III. Evidence that Defendants Knew or Should Have Known About the Patents-In-Suit Goes to Secondary Considerations of Non-Obviousness

One of the secondary considerations of non-obviousness is copying. *Iron Grip Barbell Co. v. USA Sports, Inc.*, 392 F.3d 1317, 1325 (stating that the Federal Circuit has “establish[ed] that copying by a competitor may be a relevant consideration in the secondary factor analysis”); *Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1327 (Fed. Cir. 2009). Google and AOL’s prior knowledge of a patent-in-suit is relevant circumstantial evidence that they copied the patented technology. *See, e.g., Geo M. Martin Co. v. Alliance Mach. Sys. Int’l LLC*, 618 F.3d 1294, 1305 (Fed. Cir. 2010) (accepting that evidence of copying included knowledge of a patented concept, a portion of which was then incorporated into a new technology). Evidence that Google and AOL knew or should have known about the patents-in-suit as early as 2003, which is prior to its implementation of the allegedly infringing AdWords system, is relevant because it goes to establishing copying as a secondary consideration of non-obviousness.

IV. Evidence that Defendants Knew or Should Have Known About the Patents-In-Suit is Relevant to Show Defendants’ Unclean Hands

Defendants have moved for summary judgment on laches (D.I. 237), and all Defendants have pled a laches affirmative defense for trial. D.I. 41 at ¶ 140; D.I. 42 at ¶ 140;

D.I. 43 at ¶ 140; D.I. 44 at ¶ 140; D.I. 45 at 20. In responding to this defense, I/P Engine intends to bring evidence that supports the “unclean hands doctrine,” which can “preclude application of the laches defense with proof that the [defendant] was itself guilty of misdeeds towards [plaintiff].” *See Serdarevic v. Advanced Med. Optics, Inc.*, 532 F.3d 1352 (Fed. Cir. 2008) (quoting *A. C. Aukerman Co. v. R. L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992)). Evidence that Google and AOL knew or should have known about the patents-in-suit goes to showing that they were “guilty of misdeed towards” the patentee and is therefore relevant.

V. Evidence that Defendants Knew or Should Have Known About the Patents-In-Suit is Relevant to a Finding of Willfulness, Enhanced Damages and the Possible Award of Attorney’s Fees

Evidence that Defendants knew or should have known about the patents-in-suit is relevant to a finding of willful infringement. *See K-Tec, Inc. v. Vita-Mix Corp.*, 2012 U.S. App. LEXIS 18773 at *27 (Fed. Cir. Sept. 6, 2012) (“To prevail on an allegation of willful infringement, the patentee must prove (1) that the accused infringer “acted despite an objectively high likelihood that its actions constituted infringement of a valid patent”; and (2) that this objectively defined risk was either known or so obvious that the accused infringer should have known about it.”) (citing *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007) (en banc)). Such evidence is also relevant to enhanced damages and attorney’s fees, which may be granted based on a finding of willful infringement. *See Seagate*, 497 F.3d at 1368-1380.

Defendants do not dispute the relevance of such evidence to a claim of willful infringement. Rather, Defendants’ sole argument for preclusion of this evidence is the incorrect assertion that I/P Engine never pled willful infringement. In fact, I/P Engine pled sufficient facts to show Defendants’ willful infringement of the patents-in-suit through notice pleading in their initial complaint. A complaint that adequately pleads willful infringement, even by the higher standard expressed in the recent cases of *Iqbal* and *Twombly*, must only assert alleged facts that

show (1) direct infringement of specific accused products and (2) that defendants had actual notice of the patent-in-suit.¹ *Gradient Enters. v. Skype Techs. S.A.*, 848 F. Supp. 2d 404, 409 (W.D.N.Y. 2012) (stating that when pleading willful infringement, even in light of *Iqbal* and *Twombly*, “courts have generally required a complaint to allege facts that, at a minimum, show direct infringement, i.e., that identify the patent in suit, and show the defendant’s actual knowledge of the existence of the patent.”); *Sony Corp. v. LG Electronics U.S. A., Inc.*, 768 F. Supp. 2d 1058, 1064 (C.D. Cal 2011) (finding that a complaint that “identifie[d] the specific accused products, and allege[d] that defendants had actual notice of the patents in suits, ... allege[d] sufficient facts to state a plausible claim for willful infringement”).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

I/P Engine’s Complaint also alleges sufficient facts to show Google’s knowledge of the patented technology as discussed previously. *See* D.I. 1 at ¶¶ 48-53 (alleging that Google new or should have known about the patents-in-suit because they were cited multiple times as prior art in the prosecution of a patent related to a patent asserted against Google in a prior litigation). Since I/P Engine properly pled willful infringement, Defendants’ argument for preclusion is without merit.²

¹ Defendants may argue that I/P Engine, despite pleading sufficient facts to support and place Defendants on notice of a claim of willful infringement, does not specifically use “willfulness” language in their complaint. This argument should be ignored by this Court because it is the type of “hyper-technical” analysis that the Supreme Court rejected in *Ashcroft v. Iqbal*, 556 U.S. 662 (U.S. 2009) (pointing out that the new “Federal Rule 8 marks a notable and generous departure from the hyper-technical, code-pleading regime of a prior era”).

² In their preclusion argument, Defendants attempt to inflate the importance of a statement made by I/P Engine’s counsel without providing full context of the conversation. Defendants repeatedly sought to secure an admission that I/P Engine did not intend to bring a claim of

VI. Conclusion

For the foregoing reasons, evidence that Defendants knew or should have known about the patents-in-suit prior to the filing of the litigation is relevant and admissible. Defendants' motion *in limine* should be denied.

Dated: September 27, 2012

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willful infringement at trial. I/P Engine refused to make such an admission, reserving their rights. Counsel's statement in no way changes the facts alleged in I/P Engine's Complaint or the sufficiency of the pleading.

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of September, 2012, the foregoing **PLAINTIFF I/P ENGINE, INC.'S OPPOSITION TO DEFENDANTS' MOTION IN LIMINE #1 TO PRECLUDE PLAINTIFF FROM INTRODUCING EVIDENCE ON WILLFUL INFRINGEMENT, PRE-SUIT KNOWLEDGE, OR COPYING**, was served via the Court's CM/ECF system, on the following:

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