

EXHIBIT R

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3 UNITED STATES DISTRICT COURT

4 EASTERN DISTRICT OF VIRGINIA

5 NORFOLK DIVISION

6 *****

7 I/P ENGINE, INC., *

8 Plaintiff, * Civil Action No.

9 Vs. * 2:11-cv-512

10 AOL, INC., et al., *

11 Defendants. *

12 *****

13

14 AUDIO/VISUAL DEPOSITION of LYCOS, INC.,

15 by and through its designee MARK BLAIS

16 Tuesday, July 31, 2012 at 9:00 a.m.

17 Goulston & Storrs

18 50 Rowes Wharf, 7th Floor

19 Boston, Massachusetts

20

21 ----- Jacqueline P. Shields, RPR, CSR -----

22

23

24 Job No. CS409539

1 Q. And looking at the left-hand side, on
2 behalf of Lycos, Inc. it looks like it was signed by
3 counsel at Dickstein Shapiro?

4 A. Yes.

5 Q. Did Dickstein Shapiro represent Lycos in
6 its litigation with Blockbuster?

7 A. Yes.

8 Q. Did Dickstein Shapiro also represent Lycos
9 in its litigation with TiVo?

10 A. Yes. Not at the beginning. They came in
11 late. Later in the case.

12 Q. When did they come in?

13 A. I think during the time that the summary
14 judgment motions were being drafted and filed, but
15 at that time we were still being represented
16 principally by McDermott, Will & Emery.

17 Q. Did that change at some point?

18 A. Yes.

19 Q. When was that?

20 A. After the Court's ruling in the case we
21 changed to Dickstein representing us.

22 Q. Does Dickstein still representing Lycos?

23 A. No.

24 Q. When did Dickstein stop representing Lycos?

1 A. As of the end of this case.

2 Q. Was Lycos ever offered to license the '420
3 patent to anyone other than -- anyone other than
4 TiVo?

5 A. I don't think we ever made a specific offer
6 to license it to TiVo. I think we included it as a,
7 just as part of the family. It was part of their
8 terms, but other than its inclusion in there, no.

9 Q. Similarly, has Lycos ever made an offer to
10 anyone to license the '664 patent?

11 A. No.

12 Q. Has anyone ever contacted Lycos to request
13 the license to the '420 patent?

14 A. No.

15 Q. Similarly, has anyone ever contacted Lycos
16 to request the license to the '664 patent?

17 A. No.

18 Q. Has Lycos ever contacted Google regarding
19 licensing the '420 patent?

20 A. Not that I'm aware of.

21 Q. Similarly, has Lycos ever contacted Google
22 regarding licensing of the '664 patent?

23 A. Not that I'm aware of.

24 Q. You can set that one aside.

1 A. At a certain point we entered an LOI,
2 letter of intent to purchase that portfolio.

3 Q. When you say the patent portfolio, you mean
4 the entire portfolio?

5 A. The entire portfolio. Against my better
6 advice.

7 Q. Do you recall what the terms of the LOI
8 were?

9 A. Generally. They changed because we, at
10 first we entered an LOI subject to, I believe,
11 90 days of due diligence. We, I believe, initially
12 we were going to sell them the patent portfolio in
13 whole for around 4 or 4 and a half million.

14 Q. Do you know who conducted -- well, first,
15 do you know if any due diligence occurred subject to
16 that letter of intent?

17 A. Yes.

18 Q. Do you know who conducted the due
19 diligence?

20 A. Altitude itself did. They had an in-house
21 counsel.

22 Q. Do you know if they had any outside counsel
23 involved?

24 A. They did.

1 Q. Who was that?

2 A. It was Dickstein Shapiro.

3 Q. At the time that it occurred was Dickstein
4 Shapiro still representing Lycos?

5 A. They had not started to represent Lycos
6 yet. I did not have any direct communications with
7 Dickstein at that time.

8 Q. Does Lycos have any knowledge as to the
9 results of that due diligence?

10 A. Only what I was told by Warren.

11 Q. And that is?

12 A. And that is -- well, one of the issues was
13 with the patents in suit at the time, we wanted out
14 of litigation, and so we either needed them to step
15 in after the fact. If we sold them and assigned
16 them, we no longer have standing to prosecute the
17 litigation, and we didn't want to remain in it in
18 name or any capacity. Or we had to finish up the
19 litigation, so we could do the deal. And to sell
20 them outright, it came to a point where they also
21 didn't like the jurisdiction. I don't know if they
22 liked the patents differently or not, they are
23 pretty careful of not sharing that type of
24 information with me. It came to a point where they

1 anything. So when it got to that point, our hands
2 were tied. And I think Ybrant wanted to look at
3 this after the fact if they were buying our company.
4 They wanted to buy it in place. So we stopped all
5 negotiations at that time.

6 Q. Did Lycos ever begin negotiations regarding
7 the sale of its patents after it entered -- after
8 its acquisition by Ybrant?

9 MS. ALBERT: Okay. Vague.

10 A. Say that one more time. Sorry.

11 Q. It's a terrible question. Let's try again.

12 A. I didn't say that.

13 Q. That's fair. I will, I will own that. Did
14 Lycos and Altitude Capital ever have any other
15 negotiations regarding the sale of patents after the
16 spring of 2010?

17 A. After the --

18 MS. ALBERT: Objection. Vague.

19 A. After the fall of 2010, yes.

20 Q. And when was that?

21 A. That would have been sometime late spring
22 or summer 2011.

23 Q. What patents were involved in that
24 negotiation?

1 A. Well, I was contacted by another -- at that
2 time we were not, we did not -- let me step back.
3 We had received an offer from a third party, another
4 party related to the patents in suit here.

5 Q. And who is that third party?

6 A. Stayko Staykov. And that is S-T-A-Y-K-O
7 S-T-A-Y-K-O-V.

8 Q. Who is Stayko Staykov?

9 A. He's from that Borat movie, I think. No,
10 he owns an intellectual property investment type of
11 company. I believe it was called Eidos, E-I-D-O-S,
12 if I remember correctly. And a smaller company.
13 And he's invested in intellectual portfolio s
14 before, and he contacted me.

15 Q. And when did he contact you?

16 A. Sometimes in the spring of 2011. And he
17 came up and met with me.

18 Q. When you said the patent at issue in this
19 case, which patents specifically did he indicate
20 that he was interested in?

21 A. The '664 patent and the '420 patent.

22 Q. Any others?

23 A. Well, I mean, I think the discussion
24 necessarily included the whole patent family. So if

1 I remember correctly, he -- I don't know if he
2 actually cited those two specifically, but he wanted
3 the family of patents.

4 Q. When did you first meet with him?

5 A. Spring of 2011, I believe.

6 Q. Did he make an offer to purchase the patent
7 of families at the time? The family of patents at
8 that time?

9 A. After our meeting he did some brief due
10 diligence and sent me some information about
11 himself, and then made an offer.

12 Q. And what was that offer?

13 A. It's hard for me to remember right now, but
14 it was in the 1 million range. And, again, at this
15 point we're only talking about this one patent
16 family, not the whole portfolio.

17 Q. Did he say why he was interested in this
18 patent family?

19 A. I think he just said so that he could
20 monetize it in some fashion.

21 Q. Did he tell you how he identified this
22 patent family?

23 A. I know that Dickstein had him contact me.

24 Q. How did you respond to the offer from Mr.

1 Staykov?

2 A. I told him it was too low.

3 Q. Did you provide a counter offer?

4 A. It took a while for me to get any response
5 from Israel, which is where our parent company's
6 kind of business is operated. It's not where our
7 parent company is operated. Our parent company is
8 located in Indiana, but the business operations of
9 Ybrant is in Israel. It took me a while to get a
10 response back.

11 In the meantime I spoke with our CEO, who
12 told me to see if I could get other parties
13 involved, and that's when I reached out to Altitude
14 again and said, hey, you know, the previous LOI's
15 have no effect anymore, but I wanted to give you a
16 courtesy call, give you a heads-up that we're in
17 discussion to sell this one patent family, not our
18 portfolio anymore, and that we have an offer on the
19 table. And if you want to throw in your hat, let me
20 know. So they were a little perturbed by that whole
21 thing, but it's business. And then Dickstein also
22 put me in contact with another company, which was
23 Hudson Bay Capital, and Alex Burger.

24 Q. Is Dickstein representing Lycos at the