

**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

**DEFENDANTS' OPPOSITION TO PLAINTIFF'S MOTION FOR JUDGMENT UNDER
RULE 52(B) AND A NEW TRIAL UNDER RULE 59 ON LACHES**

In an attempt to avoid the Court's laches ruling, Plaintiff I/P Engine, Inc. attacks this ruling on both procedural and substantive grounds. Neither attack has any merit.

At the outset, it is important to recognize the relief Plaintiff seeks. Although Plaintiff's Motion is styled as a motion for judgment under Rule 52(b) and a motion for new trial under Rule 59, Plaintiff does not seek a new trial on laches. Instead, Plaintiff asks this Court to simply reverse its laches ruling under Rule 52(b) and then grant a new trial on damages (not laches) under Rule 59 so that Plaintiff can collect damages for the laches period. (Plaintiff's Memorandum in Support of its Motion ("Motion"), 1, 30.)

Plaintiff bears a heavy burden in asking this Court to reverse its laches ruling under Rule 52(b), as Rule 52(b) motions are designed "to correct manifest errors of law or fact." *Morrow Corp. v. Harleysville Mut. Ins. Co.*, 110 F. Supp. 2d 441, 445 n. 4 (E.D. Va. 2000). Rule 52(b) motions should not be used "to relitigate old issues, to advance new theories, or to secure a rehearing on the merits." *U.S. v. Mathis*, No. 6:06-815, 2008 WL 906554, *1 (D.S.C. Mar. 31, 2008) (citation omitted). Plaintiff does not even try to meet the proper Rule 52(b) standard. Rather, contrary to this standard, Plaintiff's Motion repeatedly re-hashes issues and arguments that the Court already considered and rejected.

Procedurally, Plaintiff argues that the Court ruled on laches without giving Plaintiff a fair opportunity to address this issue. But as the Court already held during trial, this position is “disingenuous” and an attempt to “reinvent history.” (Trial Tr., 1937:5-10.) By the time the Court made its oral laches ruling on the morning of October 31, Defendants had moved for summary judgment of laches (which was briefed and held over to trial by the Court), Plaintiff had made a Rule 50(a) motion that laches does not apply, Defendants had filed a Rule 52(c) motion that laches does apply, and the parties had made dueling oral arguments on the question of whether laches should apply. In light of this record, it is frankly incredible for Plaintiff to claim that it did not have a fair opportunity to address the laches issue.

Nonetheless, Plaintiff argues that the timing of the Court’s ruling prevented Plaintiff from presenting rebuttal testimony on laches. Here too, the Court already held that this is a “Johnny come lately” argument and “an attempt to game the trial court.” (Trial Tr., 1936:24-25, 1944:24-1945:8.) Plaintiff repeatedly told the Court that its only rebuttal witness would be its invalidity expert, who could offer no testimony on laches. Nor was Plaintiff planning to proffer any written rebuttal testimony on laches. It was not until hours after the Court made its laches ruling that Plaintiff first tried to proffer written rebuttal testimony, in the form of a declaration from Mark Blais. As the Court already recognized, the Blais declaration is utterly at odds with Mr. Blais’ sworn deposition testimony. (Trial Tr., 1946:18-20.) Moreover, in response to questioning by the Court, Plaintiff’s counsel admitted that this declaration was not created until after the Court had made its laches ruling that morning. (Trial Tr., 1946:9-17.) Thus, Plaintiff had no pre-existing intent to submit rebuttal testimony from Mr. Blais, or from anyone else, before closing its rebuttal case. Only after receiving an adverse laches ruling did Plaintiff belatedly craft and attempt to proffer the Blais declaration. As the Court noted, it is indeed “disingenuous” and “an attempt to game the trial court” for Plaintiff to stay mute about any

rebuttal evidence on laches, wait for an adverse ruling, then belatedly craft rebuttal evidence and use this very evidence to argue that the adverse ruling was premature.

Finally, Plaintiff ignores the fact that the Court did ultimately consider Plaintiff's belated rebuttal evidence in its written laches order – it just found this evidence to be lacking on the merits. Thus, there was no procedural error – let alone “manifest” procedural error – in the Court's willingness to consider rebuttal evidence on laches.

Plaintiff's substantive attacks on the Court's laches ruling have no more merit than its procedural attacks, and certainly do not rise to the heightened standard of showing “manifest errors of law or fact.” Plaintiff first argues that Lycos had no reason to look at the 2005 Google AdWords Post (PX-176) that provided constructive knowledge of the alleged infringement. But the AdWords Post was available on the Internet for all to see, and Lycos' status as both Google's customer and its competitor in 2005 gave Lycos every reason to stay abreast of Google's activities in the search advertising field. Furthermore, the aspects of Google's system accused in the Complaint are precisely those that were described in the AdWords Post. Thus, the Court correctly found that the AdWords Post gave Lycos constructive knowledge of its infringement claims since 2005, thereby triggering a presumption of laches.

Nor has Plaintiff rebutted the laches presumption. Plaintiff offers no excuse for the six-plus year delay in bringing suit. Plaintiff's Motion even abandons the two excuses it offered at trial; namely, Lycos' assertion of other patents during the delay period and Lycos' corporate parents' indecision about what to do with the patented technology.

As to the prejudice prong of laches, Plaintiff offers a series of arguments as to why Defendants' proffered testimony of faded memories is insufficient for evidentiary prejudice. None of these arguments discharge Plaintiff's burden to rebut the laches presumption. Due to the presumption, Plaintiff must offer affirmative evidence that Defendants did not suffer

prejudice – not merely attorney argument that Defendants’ own prejudice evidence is unpersuasive. In any event, Plaintiff ignores that both inventors’ documents were lost during the delay period, and Plaintiff’s arguments against Defendants’ other evidence are unfounded.

Furthermore, even if the Court found that Plaintiff somehow rebutted the laches presumption, that would not mean that the Court erred in upholding Defendants’ laches defense. Rather, it would simply mean that Defendants bore the burden of establishing unreasonable delay and prejudice. Defendants fully met this burden, as the six-plus year delay in bringing suit was “unreasonable” and Defendants’ evidence of faded memories and lost documents established evidentiary prejudice. Thus, the Court’s laches ruling was correct regardless of whether or not the presumption was formally rebutted.

Finally, Plaintiff argues that the laches ruling “cannot limit the damages of AOL or Gannett” (Motion, 29) on the theory that AOL and Gannett cannot rely on Google’s laches defense. As an initial matter, Plaintiff has waived this argument several times over. When the various Defendants served interrogatories seeking the basis for Plaintiff’s contention that its claims are not barred by laches, Plaintiff’s interrogatory responses never suggested that the other Defendants could not rely on Google’s laches defense. When Defendants collectively moved for summary judgment of laches, based on Plaintiff’s constructive knowledge of Google’s allegedly infringing system, Plaintiff never argued that the other Defendants could not rely on Google’s laches defense. It was not until the day after the Court made its oral laches ruling that Plaintiff first argued that the laches defense applies only to Google, not the other Defendants. If Plaintiff believed that the laches defense applies only to Google and cannot reach the other Defendants, then Plaintiff had a duty to make this argument before the Court made its laches ruling. Failure to do so constitutes waiver of the argument. In any event, AOL and Gannett (like the other co-

Defendants) are being indemnified by Google, and thus the Court properly ruled that laches should apply to AOL and Gannett for this reason.

Procedural Background

I. Laches Was Pled and Heavily Litigated Throughout This Case

Plaintiff had a fair and fulsome opportunity to litigate the laches issue. Defendants' Answers to Plaintiff's Complaint all pled the laches defense. (D.N. 45, 20-21; D.N. 58, 19; D.N. 59, 16; D.N. 60, 17; D.N. 61, 17.) At the close of discovery, Defendants moved for summary judgment of laches on behalf of all Defendants. (D.N. 238, 38-40.) In that motion, Defendants argued that there was a presumption of laches due to Plaintiff's and Lycos' constructive knowledge of Google's allegedly infringing system, and that Plaintiff had offered no evidence to rebut the presumption. (*Id.*) In response, Plaintiff argued that laches should not apply because Plaintiff and Lycos did not have constructive knowledge of Google's system, because Google was secretive about the details of its system, because Lycos was engaged in other activities during the delay period, and because Defendants did not suffer prejudice from the delay. (D.N. 427, 35-40.) Notably, Plaintiff did not dispute Defendants' position that constructive knowledge of Google's system (if proven) could help set up a laches defense for all Defendants who were using that system, nor did Plaintiff argue that any Defendants were differently situated from the others with respect to laches.

The Court denied Defendants' summary judgment motion on October 3, 2012 on the ground that "there are genuine issues of material fact in dispute." (D.N. 572.) Later, at trial, the Court explained that it was not comfortable granting judgment of laches at that time because it wanted to ensure that its laches ruling would be based on a full record. (Trial Tr., 1807:13-17 ("not only that, Mr. Brothers, I want you to understand this. The parties filed a motion for

summary judgment in this case on this very same thing. The Court didn't rule on the motion for summary judgment on laches. It waited to get a full record, and the Court has a full record.”.)

II. The Pre-Trial Conference Did *Not* Defer Laches Until a Post-Verdict Stage

The issue of when and how to decide the laches issue was raised at the pre-trial conference, but at no point in the pre-trial conference did the Court rule that laches would be deferred to a post-verdict or post-trial stage. As Plaintiff admits in the present Motion, “[t]he court never indicated when it would take this evidence [on laches].” (Motion , 2.)

III. The Parties Presented Laches Evidence During Their Cases-in-Chief

Because the Court never deferred laches to a post-verdict or post-trial stage, both parties presented laches evidence during their cases-in-chief, just as they did for every other legal issue in this case. For example, Plaintiff elicited testimony from named inventor and former Lycos employee Don Kosak about how Lycos was sold in 2000 and 2004. (Trial Tr., 326:22-329:14.) When asked by the Court what relevance this testimony had, Plaintiff replied that it was relevant to laches. (*Id.*, 331:20-25.) For their part, Defendants introduced the 2005 AdWords Post (PX-176) during their direct examination of Google employee Jonathan Alferness. (Trial Tr., 1047:17-1048:9.) This post was the primary document that the Court relied on to show constructive knowledge of the alleged infringement for purposes of laches. (D.N. 800 at 8-10.)

IV. The Parties' Cross-Motions for Judgment on Laches

At the close of Defendants' case, on the afternoon of October 30, Plaintiff made an oral Rule 50(a) motion for judgment as a matter of law on Defendants' invalidity and laches defenses. (Trial Tr., 1771:12-15.) The fact that Plaintiff simultaneously moved for invalidity JMOL and laches JMOL further shows Plaintiff's understanding that laches would be litigated and adjudicated contemporaneously with the other issues – not deferred to some later stage.

Plaintiff accompanied its laches JMOL with oral argument explaining why it believed laches should not apply. (Trial Tr., 1775:22-1777:14.) At no point did Plaintiff state that it wished to proffer any written evidence on laches. Likewise, Plaintiff never indicated that it would call any live rebuttal witnesses other than its validity expert, who could not and did not give any testimony on laches. (*Id.*, 1726:16-19, 1732:4-8, 1867:22-1868:5.)

In response to Plaintiff's motion, Defendants argued that laches should apply. (*Id.*, 1785:21-1789:17; *see also id.*, 1789:1-2 ("So for all those reasons, your Honor, we respectfully submit that laches certainly does apply.")) Defendants also submitted a proffer of written evidence supporting their laches position. (*Id.*, 1768:21-1769:2.) The Court accepted Defendants' submission and gave clear notice that it would rule the next morning: "The Court wants an opportunity to address these motions, plus the Court wants an opportunity to read your submission on laches. So you'll have to get my decision on all these things tomorrow morning." (*Id.*, 1785:13-18.) Defendants filed their written laches motion that night. (D.N. 767.)

V. The Court's Oral Laches Ruling and Plaintiff's Belated Attempt to Introduce Evidence

When Court re-convened the morning of October 31, Plaintiff's counsel began the day by entering into the record one exhibit and several video depositions. (Trial Tr., 1799:2-21.) Plaintiff did not seek to proffer any laches evidence at that time, even though Plaintiff's Rule 50(a) laches motion and Defendants' Rule 52(c) laches motion were both pending by that time, and the Court had clearly indicated the day before that it would rule that morning.

After Plaintiff had finished entering its evidence into the record, the Court ruled from the bench that Plaintiff's pre-suit damages were barred by laches. The Court provided a detailed explanation on the record for that ruling. (Trial Tr., 1800:14-1805:23.)

Immediately following the Court's ruling, Plaintiff's counsel disputed that ruling on several grounds. Plaintiff's counsel argued that Defendants had unclean hands (*id.*, 1808:5-13),

that Google kept the details of its products secret (*id.*, 1809:20-1810:6), and that Lycos was engaged in other litigation during the delay period. (*Id.*, 1810:15-1811:2.) As had been the case before the Court's ruling, Plaintiff did not say that it wished to proffer any written rebuttal evidence on laches, or that the Court's ruling prevented it from doing so. Nor did Plaintiff say that it wished to call any live rebuttal witnesses on laches.

It was not until that afternoon that Plaintiff first expressed a desire to call a rebuttal witness on laches. Specifically, Plaintiff proposed calling Mr. Blais, Lycos's Rule 30(b)(6) witness, whom it had an opportunity to question at his deposition. (Trial Tr., 1867:2-10.) Plaintiff had expressed no prior intent to call Mr. Blais before being faced with the adverse laches ruling. Plaintiff had previously opposed the use of Mr. Blais' deposition testimony by Defendants, claiming he lacked personal knowledge. (Nelson Decl., ¶ 8.) Plaintiff had never disclosed any rebuttal witnesses besides its validity expert Dr. Carbonell, and Plaintiff had not even brought Mr. Blais to Norfolk for testimony. (Trial Tr., 1867:5-10.)

Later in the afternoon, Plaintiff stated for the first time that it wished to proffer written evidence on laches. (*See id.*, 1945:15-20.) Specifically, Plaintiff stated that it wished to proffer a declaration by Mr. Blais. (*Id.*) In response to questioning by the Court, Plaintiff admitted that it created this declaration after receiving the Court's adverse laches ruling. (*Id.*, 1946:9-17.) Thus, Plaintiff had no prior intent to submit this written evidence on laches, as Plaintiff did not even create this evidence until after it received the adverse laches ruling.

The Blais declaration was also a transparent sham. When Plaintiff proffered this declaration to the Court, the Court recognized at first glance that the declaration was utterly at odds with Mr. Blais' deposition testimony. (Trial Tr., 1946:18-20.) The Court's conclusion was correct. For example, the Blais declaration states that “[t]o the best of my knowledge, and as I testified to during my deposition on July 31, 2012, Lycos was not using AdSense for Search or

Google's Sponsored Listings in 2005.'" (D.N. 771-1, ¶ 6.) In deposition, however, Mr. Blais testified that Lycos was using Google's Sponsored Listings in 2005:

Q: Similarly in 2005, was Lycos using Google's sponsored listings product?

A: In 2005?

Q: Uh-huh.

A: I believe so, yes.

(D.N. 818-2, 111:24-112:5 (objection omitted).) Similarly, Mr. Blais testified at his deposition that Lycos was using AdSense for Search in 2005:

Q: How about in 2005, was Lycos using AdSense in 2005?

A: Yes.

Q: Was Lycos using AdWords in 2005?

A: Define what you mean by AdWords as opposed to AdSense for Search.

...

Q: That's fair. So when I'm referring to AdSense for Search, I mean the sponsored link on Lycos. When I'm referring to AdWords, I mean the sponsored links on Google.com.

...

A: So you're asking me did we use the sponsored links on Google.com.

Q: Yes.

A: That would have been shown on Lycos that we were using them.

Q: Would – let's use the term Google sponsored links to understand the links that were used on Lycos.com, was Google using – was Google, was Lycos using Google-sponsored links in 2005?

A: I think for part of 2005 we did.

(D.N. 818-1 at 32:24-34:4 (emphasis added, objections omitted).)

VI. Plaintiff Refuses to Meet and Confer About the Impact of the Court’s Laches Ruling and Then Argues in Chambers That Laches Only Applies to Google

As the Court recognized and told the parties on October 31, the laches ruling would have a significant impact on the way the parties would present closing damages arguments to the jury the following day. (Trial Tr., 1806:16-22.) Accordingly, Defendants emailed Plaintiff at 5:46 p.m. on October 31 seeking information on “(1) what evidence concerning the royalty base Plaintiff intends to rely on during closing, (2) what arguments Plaintiff intends to make regarding the amount of any running royalty damages, and (3) what curative jury instruction Plaintiff proposes the Court give with respect to the damages period.” (Nelson Decl., Ex. A.) Plaintiff did not respond. (*Id.*, ¶ 2.) Defendants emailed Plaintiff again at 8:36 p.m., stating “[w]e need an answer to these questions tonight, given the schedule tomorrow.” (*Id.*, Ex. B.) Again, Plaintiff did not respond. (*Id.*, ¶ 3.)

Instead, during the charge conference the next morning, Plaintiff’s counsel cited case law purporting to state that laches was a personal defense, and argued to the Court that laches should only apply to Google. (*Id.*, ¶ 4.) Defendants’ counsel responded that such case law was inapplicable given that Google was indemnifying all Defendants, and thus any damages against any Defendant would come out of Google’s pocket. (*Id.*) Nonetheless, the Court initially adopted Plaintiff’s arguments and ruled that laches should only apply to Google. (*Id.*)

In the short timeframe between Plaintiff’s arguments at the charge conference and closing arguments before the jury, Defendants found case law showing that laches should apply to all Defendants given Google’s indemnity obligations to all Defendants. *See Odetics, Inc. v. Storage Tech. Corp.*, 919 F. Supp. 911 (E.D. Va. 1996). Defendants presented *Odetics* to both the Court and Plaintiff. (Nelson Decl., ¶ 4.) In light of *Odetics*, the Court properly recognized that laches should apply to all Defendants. (Trial Tr., 2021:16-2022:12.) In its proffer of case law at the charge conference, Plaintiff did not notify the Court of *Odetics*, despite the fact that *Odetics* was

from this very District, had been cited over 100 times, and spoke to the precise laches issue in this case (namely, one defendant indemnifying others in a patent infringement context).

VII. The Court's Written Laches Order

On November 20, 2012, the Court issued a written order memorializing and elaborating on its laches decision. (D.N. 800.) This Order explained why laches was ripe for decision when the Court decided it (*id.*, 1-2), discussed the legal standard applicable to laches (*id.*, 2-7), and applied this legal standard to the facts of this case. (*Id.*, 7-15.) Importantly, this Order considered all the record evidence related to laches, including the untimely rebuttal evidence that Plaintiff created and proffered after the Court's oral laches ruling had issued. (*Id.*, 2, 11.)

Argument

Applying the proper standard, Plaintiff utterly fails to show that the Court's laches ruling was based on "manifest errors of law or fact." *Morrow*, 110 F. Supp. 2d at 445 n. 4.

I. The Court's Laches Ruling Was Procedurally Proper

A. The Court *Did* Consider Plaintiff's Belated Rebuttal Evidence on Laches

The centerpiece of Plaintiff's procedural argument is that the Court supposedly barred it from submitting rebuttal evidence on laches. (Motion, 13-15.) Plaintiff even accuses the Court of violating its due process rights in this regard. (*Id.*, 16.) But contrary to Plaintiff's argument, the Court did consider Plaintiff's rebuttal evidence in its written laches order. (D.N. 800.) The Court's order repeatedly cited Plaintiff's belated proffer of laches evidence – it just found this proffer to be lacking on the merits. (*See id.*, 2 ("Even when given an opportunity to proffer additional evidence with the benefit of consideration of the Court's ruling on the matter, the Plaintiff put forth a proffer that contains information already in the record or that is irrelevant in light of relevant case law."); 11.) Plaintiff's Motion nowhere addresses the fact that the Court

ultimately considered Plaintiff's belated laches evidence in its written laches order, and fails to show that the Court's findings in that regard were based on a manifest error of law or fact.

B. The Court's Laches Ruling Did Not Preclude Plaintiff from Submitting Rebuttal Evidence During Trial

Even leaving aside the Court's post-trial written laches ruling, and focusing only on the trial portion of this case, there is no merit to Plaintiff's argument that the Court unfairly precluded it from submitting rebuttal evidence on laches. Rather, this is the same argument that the Court already rejected as "disingenuous" and "an attempt to game the trial court." (Trial Tr., 1937:5-10, 1945:4-12.) It is improper for Plaintiff to rehash this previously-rejected argument in a Rule 52(b) motion. *Mathis*, 2008 WL 906554 at *1.

As the Factual Background recited above demonstrates, Plaintiff's argument is indeed disingenuous. Prior to receiving the adverse laches ruling, Plaintiff had expressed no intention to submit either oral or written rebuttal evidence on laches. And the one piece of rebuttal evidence that Plaintiff tried to proffer after the Court's laches ruling (namely, the Blais declaration) was not even created until after the Court's laches ruling had issued. (Trial Tr., 1946:9-17.) Plaintiff does not even argue that it would have created and proffered the Blais declaration on October 31 had the Court not issued its laches ruling earlier that day. Furthermore, given that the Court's laches ruling came on the very day Plaintiff rested its rebuttal case, the only plausible inference is that Plaintiff had no pre-existing intent to submit any rebuttal laches evidence before resting. It is utterly disingenuous for Plaintiff to wait until it received an adverse ruling, then belatedly create and proffer new evidence, and finally try to vacate the adverse ruling on the ground that the Court would not allow this new evidence.

Plaintiff attempts to justify its belated submission of evidence by saying that "[t]he Court's laches ruling was totally unexpected by I/P Engine." (Motion, 6.) Plaintiff states that "[c]ounsel for I/P Engine understood that the Court would not rule on laches prior to the jury

verdict” (*id.*, 3) and cites four declarations from its counsel stating: “I understood that the Court would accept laches evidence after the jury’s verdict and that the Court would then rule on laches.” (D.N. 839, ¶ 2; D.N. 840, ¶ 2; D.N. 841, ¶ 2; D.N. 842, ¶ 2.) However, Plaintiff’s statements are just not credible. The Court expressly told the parties on October 30 that it would decide the laches issue raised by Plaintiff’s motion the following morning. (Trial Tr., 1785:11-18.) Furthermore, because Plaintiff filed its dispositive laches motion before the jury verdict, Plaintiff’s counsel cannot credibly assert that they believed the Court would take laches evidence after the jury verdict and only rule on laches at that time.

C. A Court May Grant Judgment under Rule 52(c) Sua Sponte

Plaintiff’s final procedural argument is that the Court violated Rule 52(c) by granting judgment of laches *sua sponte*. (Motion, 11 (“The Court’s Sua Sponte Ruling Violated Rule 52”).) As an initial matter, Defendants made a laches motion under Rule 52(c) before the Court issued its oral ruling on laches (D.N. 767), and thus it is not correct to say that the Court’s ruling was *sua sponte*. And Plaintiff was on full notice that the Court would rule on laches, following the parties’ dueling laches motions and dueling oral arguments on whether laches should apply.

Nevertheless, to the extent that the Court’s final written laches order might be read as a *sua sponte* order, that is allowable under Rule 52(c). The Advisory Committee Note to Rule 52(c) states that the Rule “authorizes the court to enter judgment at any time that it can appropriately make a dispositive finding of fact on the evidence.” The Rule does not require a party motion and fully allows for *sua sponte* rulings. *EBC, Inc. v. Clark Bldg. Sys., Inc.*, 618 F.3d 253, 272 (3d Cir. 2010) (“A court may grant a Rule 52(c) motion made by either party or may grant judgment sua sponte at any time during a bench trial, so long as the party against whom judgment is to be rendered has been ‘fully heard’ with respect to an issue essential to that party’s case. As a result, the court need not wait until that party rests its case-in-chief to enter

judgment pursuant to Rule 52(c).”) (emphasis added). Thus, even if the Court’s written laches order was deemed a *sua sponte* order, *sua sponte* orders are allowed under Rule 52(c).¹

II. A Laches Presumption Applies Because the Google AdWords Post (PX-176) Put Plaintiff on Constructive Notice of its Infringement Claims by July 2005

The Court held that Plaintiff and Lycos “had constructive notice of possible infringement on the date Google published the AdWords Post [PX-176] on July 18, 2005. The AdWords Post contained information that serves as the heart of I/P Engine’s claims against Google. If the information contained in the AdWords Post was sufficient to place I/P Engine on notice of infringement by Defendants in 2011, it was sufficient to place Lycos on notice in 2005.” (D.N. 800, 11.) While Plaintiff makes several arguments against the Court’s conclusion that the AdWords Post gave Lycos constructive notice of the alleged infringement, none of these arguments show a manifest error of law or fact.

A. Plaintiff Cannot Escape Constructive Knowledge by Alleging that Lycos Was Not a Google AdWords Customer in 2005

Plaintiff argues that Lycos had no reason to read the AdWords Post in 2005, on the theory that this post was aimed at Google’s AdWords customers and Lycos was not an AdWords customer in 2005. (Motion, 17.) This argument fails for at least three reasons. First, Plaintiff does not dispute that the AdWords Post was published on the Internet and thus was available to anyone, whether or not they were an AdWords customer. Second, Mr. Blais’ deposition (as opposed to Mr. Blais’ sham declaration) shows that Lycos was using both AdWords and AdSense for Search in 2005. (D.N. 818-1, 32:24-34:4.) Third, Plaintiff admits that Lycos also

¹ Plaintiff tries to rebut this conclusion by arguing that Rule 50(a) orders and summary judgment orders cannot be *sua sponte*. (See Motion at 10, 13.) The fact that Plaintiff relies on Rule 50(a) arguments and summary judgment arguments shows the weakness of its position. There is no authority holding that Rule 52(c) orders cannot be *sua sponte*. In any event, the Court gave clear notice of its intention to rule well in advance of the ruling.

had its own search advertising product in 2005. (Motion, 17.) Thus, not only was Lycos Google's customer, but Lycos also was Google's competitor in the search advertising field. This means that, as a matter of law, Lycos must be charged with constructive knowledge of Google's published activities in this field, such as the disclosures in the AdWords Post. *See Wanlass v. Gen. Elec. Co.*, 148 F.3d 1334, 1339 (Fed. Cir. 1998) (“a reasonable patentee, motivated by his interest in recovering for and preventing infringement, keeps abreast of the activities of those in his field of endeavor.”).

B. The AdWords Post Was Sufficiently Detailed For Constructive Knowledge

As the Court correctly held, “[t]he language included in the AdWords Post quoted above is significantly similar to the language utilized by the Plaintiff in its complaint” and “[t]he Google AdWords Post contained information that serves as the heart of I/P Engine's claims against Google.” (D.N. 800, 9, 11.) In response, Plaintiff quotes testimony from Google employee Jonathan Alferness that the AdWords Post “was not ‘a technical prescription for how the product works.’” (Motion, 18.) But the Court already rejected this precise argument in its written laches order (D.N. 800, 9-10), which Plaintiff ignores in its Motion. A Rule 52(b) motion is no place to reiterate arguments that have already been rejected. *Mathis*, 2008 WL 906554 at *1.

The Court correctly rejected this argument. Whether the AdWords Post was a technically accurate description of how Google's system actually works, it mirrors the infringement allegations in the Complaint, and therefore Plaintiff and Lycos had constructive knowledge of the alleged infringement by 2005. *A.C. Aukerman Co. v. R.L. Chaides Const. Co.*, 960 F.2d 1020, 1037 (Fed. Cir. 1992) (en banc) (“a *prima facie* defense of laches is made out upon proof by the accused infringer that the patentee delayed filing suit for six years after actual or constructive knowledge of the defendant's acts of alleged infringement.”) (emphasis added).

Plaintiff next argues that its Complaint contains more than just the two paragraphs (§§ 37 and 43) that mirror the language in the AdWords Post. But Plaintiff does not identify any additional Complaint paragraphs that set forth the workings of Google’s system or allege why Google’s system infringes the patents-in-suit. Thus, the Court was absolutely correct to cite §§ 37 and 43, characterize those paragraphs as “the heart of I/P Engine’s claims against Google,” and conclude that the infringement allegations in those paragraphs are extremely similar to the disclosures in the AdWords Post. (*See* D.N. 800, 8-11.)

Plaintiff next argues that there could be no constructive knowledge because Google kept many details about its system as a trade secret. (Motion, 20-21.) Plaintiff already raised this “secrecy” argument in response to the Court’s oral laches ruling (Trial Tr., 1809:20-23), and the Court already rejected this argument at trial. (*Id.*, 1810:7-11.) Again, a Rule 52(b) motion is not the place to re-hash this argument. This “secrecy” argument also fails on the merits. While there is no dispute that many aspects of Google’s system were and are kept secret, the Complaint alleged infringement based on Google’s use of a Quality Score that allegedly includes a combination of click-through rate and ad text relevance. (*See* D.N. 1, ¶ 43.) As the Court properly found, the AdWords Post publicly described Quality Score in exactly these terms back in July 2005. (D.N. 800, 8-9.) Thus, Plaintiff had constructive knowledge of its infringement claims as of that date, regardless of whether other aspects of Google’s system were still secret.

Neither of the cases cited by Plaintiff (*see* Motion, 19-20) negates this conclusion. In *Intirtool, Ltd. v. Texar Corp.*, 369 F.3d 1289 (Fed. Cir. 2004), the Federal Circuit found no actual or constructive knowledge based on a phone call between the defendant’s officer (Dawsey) and the patentee’s officer (Sullivan). *See id.* at 1297-98. At the time of this phone call, the defendant was still buying licensed products from the patentee and thus was not infringing. The Federal Circuit noted that “Dawsey’s conversation with Sullivan indicated only that he had a potential

alternative supplier, and that he asked for a reduction in price and was refused . . . At most, the conversation notified Intirtool that Texar contemplated the possibility of reselling competing tools at some future date.” *Id.* at 1298. The Federal Circuit held that that this mere possibility of future infringement was insufficient for constructive knowledge. *See id.*

The facts in *Intirtool* are not remotely similar to this case. Rather than merely disclosing the possibility of future infringement at some unidentified time by some unidentified product, Google’s AdWords Post contains the very same description of Quality Score upon which Plaintiff based its infringement theory.

Also unhelpful is the other case Plaintiff cites, *U.S. Philips Corp. v. ATI Tech., Inc.*, No. 05-8176, 2008 WL 2073928 (S.D.N.Y. May 8, 2008). *Philips* found no constructive knowledge based on a “press release on [Defendant’s] website announcing a product that had, among other features, I²C capability.” *Id.* at *3. The court’s discussion of constructive knowledge spanned just two brief paragraphs, provided no further detail on the press release, and never compared the language of the press release to the plaintiff’s complaint to see how closely the press release tracked the plaintiff’s infringement allegations. *Id.* By contrast, this Court’s laches order discussed at length how “[t]he Google AdWords Post contained information that serves as the heart of I/P Engine’s claims against Google.” (D.N. 800, 11; *see also id.*, 8-11.) Thus, the brief discussion in *Philips* provides no basis for this Court to reconsider its own laches order.

C. Mr. Kosak’s “Pokes” at Google’s System Do Not Affect the Laches Analysis

In a separate section of its Motion, even before addressing the constructive knowledge issue, Plaintiff argues that laches should not apply because Mr. Kosak casually “poked at Google asking them specifically how AdSense or AdWords was operating when we had some problems with the system.” (Motion at 16-17 (citing Trial Tr. 352:17-353:3).) The transcript does not state when Mr. Kosak made his “pokes” or what the result of these pokes were. Nor does

Plaintiff articulate how Mr. Kosak's pokes fit into the laches analysis. For example, Plaintiff does not state whether it contends that Mr. Kosak's pokes nullified the constructive knowledge that the AdWords Post imputed to Lycos, or whether they had some other legal significance. Plaintiff simply states that "[i]n such a situation, laches does not apply." (*Id.*, 17.)

Because the AdWords Post gave Lycos constructive knowledge of the alleged infringement as of 2005, it is legally irrelevant whether Mr. Kosak sought additional knowledge from Google at some other time. Furthermore, Mr. Kosak's inquiries are doubly irrelevant because they had nothing to do with investigating whether Google infringed the patents-in-suit. In fact, Mr. Kosak never did anything to determine whether anyone infringed these patents. He made this clear in the testimony immediately following the passage that Plaintiff quotes:

A: I had, at least two different occasions, poked at Google asking them specifically how AdSense or AdWords was operating when we had some problems with the system.

Q: And you did that in relation to determining what they did in relation to the patents that are asserted in this case?

A: I did that because they didn't pay us. That's why I did it.

Q: And have you ever done anything personally while you were at Lycos to determine whether anyone was using the patents in this case?

A: I did not.

(Trial Tr., 352:21-353:7.) Thus, Mr. Kosak's "pokes" have no relevance to laches. They had nothing to do with investigating potential infringement of the patents-in-suit, nor could they nullify the constructive knowledge that Lycos acquired through the Google AdWords Post.

III. Plaintiff Failed to Rebut the Laches Presumption

Because Plaintiff and Lycos had constructive knowledge of the alleged infringement more than six years before this suit was filed, a presumption arose that Plaintiff's delay was unreasonable and that Defendants suffered prejudice. *Aukerman*, 960 F.2d at 1037. To rebut the

presumption, Plaintiff bore the burden of coming forward with sufficient evidence to raise a genuine issue of material fact as to whether unreasonable delay or prejudice actually exist. *Id.* at 1038. If Plaintiff failed to raise a genuine issue of material fact as to either of these presumed elements, then the presumption of laches must stand. *Id.* As discussed below, there was no error (let alone manifest error) in the Court’s conclusion that Plaintiff failed to meet its burden to rebut either prong of laches.

A. Plaintiff Did Not Rebut the Unreasonable Delay Prong of Laches

Plaintiff’s Motion does not even argue that Plaintiff rebutted the “unreasonable delay” prong of laches. Plaintiff’s Motion even abandons the two excuses for Lycos’ delay that Plaintiff had previously offered at trial – namely, the excuses that Lycos was asserting other patents during the delay period and that Lycos’ corporate parents didn’t know what to do with the patented technology. In fact, the structure of Plaintiff’s Motion makes clear that Plaintiff is no longer contesting the unreasonable delay prong of laches. After discussing constructive knowledge in Section IV(B)(2) of its Motion, Plaintiff skips directly to discussing the prejudice prong of laches in Section IV(B)(3), without ever addressing the unreasonable delay prong.²

B. Plaintiff Did Not Rebut the Prejudice Prong of Laches

Plaintiff’s Motion does purport to address the “prejudice” prong of laches. Specifically, Plaintiff spends seven pages of its Motion arguing that Defendants’ showing of evidentiary prejudice is unpersuasive. (*See* Motion, 23-29.) As a matter of law, these arguments do not discharge Plaintiff’s burden on the “prejudice” prong. Due to the presumption, Plaintiff must come forward with affirmative evidence that Defendants did not suffer evidentiary prejudice –

² To the extent Plaintiff tries to re-package Mr. Kosak’s “pokes” as an excuse for Lycos’ delay, this excuse must fail, as noted above, because the pokes had nothing to do with investigating alleged infringement by Google and because the record does not even reflect when these pokes occurred. *See supra* at Section III(C).

e.g., testimony or other evidence showing that memories are just as fresh and documents are just as voluminous as they would have been without the delay. *Aukerman*, 960 F.2d at 1038.

Plaintiff cannot meet its burden merely by criticizing Defendants' affirmative evidence of prejudice. The Federal Circuit made this point explicitly in *Hall v. Aqua Queen*:

Hall attacks the district court's conclusion that each of the defendants had demonstrated economic and/or evidentiary prejudice by pointing to perceived weaknesses in the affidavits on which the defendants and the district court relied. Such an attack is, of course, unavailing, inasmuch as the defendants could have remained utterly mute on the issue of prejudice and nonetheless prevailed. Hall failed to come forward with any evidence demonstrating a lack of prejudice as to any of the defendants, and thus failed to "burst" the Aukerman presumption "bubble" with a "no prejudice" lance.

Hall v. Aqua Queen Mfg., Inc., 93 F.3d 1548, 1554 (Fed. Cir. 1996) (emphasis added). Because Plaintiff never came forward (and still does not come forward) with any affirmative evidence that Defendants lacked prejudice, the prejudice prong of laches remains un rebutted.

C. The Court Correctly Applied the Laches Presumption

Plaintiff argues that that the Court misapplied the laches presumption by putting the burden on Plaintiff to rebut both prongs of laches by a preponderance of the evidence. (Motion, 15-16.) This argument rests entirely on the following sentence from the introductory section of the Court's laches order: "Once this presumption is met, the patentee bears the burden of rebutting both elements of laches (by a preponderance of the evidence) by showing that their delay was reasonable and/or by showing a lack of prejudice as a result of the unreasonable delay." (D.N. 800, 5.) Plaintiff seizes on this sentence to argue that the Court's entire laches order was erroneous, since a patentee can rebut the laches presumption by producing sufficient evidence to create a genuine issue of material fact as to either prong of laches. (Motion, 15.)

But the Court's actual application of the laches presumption to this case was completely correct. As the Court's findings show, Plaintiff had not raised a genuine issue of material fact as to either prong of laches. For example, the Court found that the two excuses offered by Plaintiff

to excuse the delay – Lycos’ other litigation over different patents and Lycos’ strategic indecision over the patents-in-suit – were invalid under the law. (D.N. 800, 12-13.) Needless to say, Plaintiff cannot raise a genuine issue of material fact as to the unreasonable delay prong by offering excuses that are legally invalid.

As to the prejudice prong, the Court ruled that Plaintiff “has failed to provide any evidence (expert or otherwise) to support its contention that the memories of Mr. Lang, Mr. Kosak, or Lycos (institutionally) would be unimproved by being questioned earlier in relation to this suit.” (*Id.*, 13.) Thus, Plaintiff failed to raise a genuine issue of material fact as to the prejudice prong of laches as well.

In sum, the Court correctly ruled that the laches presumption remained unrebutted, based on Plaintiff’s failure to offer any valid excuse for the delay or to provide any evidence that Defendants did not suffer prejudice. This was a correct application of the laches presumption.³

IV. Even Without the Presumption, Defendants Have Proven Laches

As discussed above, the Court properly granted judgment of laches based on Plaintiff’s failure to rebut the laches presumption. But even if the presumption never existed, or even if Plaintiff were somehow able to overcome the presumption, Defendants would still be entitled to judgment of laches because Defendants affirmatively proved both the “unreasonable delay” and “prejudice” prongs of laches. *See Aukerman*, 960 F.2d at 1038 (“Elimination of the presumption does not mean the patentee precludes the possibility of a laches defense; it does mean, however, that the presumption of laches plays no role in the ultimate decision. The facts of unreasonable

³ Thus, even if Plaintiff were somehow correct that the Court used an improper legal standard to determine whether the laches presumption was rebutted, the Court’s actual findings on this issue (namely, that Plaintiff had offered no valid excuse for the delay and no evidence that Defendants lacked prejudice) fully support a conclusion that the laches presumption remained unrebutted under the correct legal standard.

delay and prejudice then must be proved and judged on the totality of the evidence presented.”) For this reason as well, Plaintiff cannot show that the Court’s laches ruling suffered from a manifest error of law or fact.

A. Defendants Have Shown Unreasonable Delay

As to “unreasonable delay,” the evidence firmly established that Plaintiff and Lycos delayed filing suit more than six years after the AdWords Post provided them with constructive knowledge of their infringement claims. Even if there was no presumption of laches, the Court was well within its rights to conclude that this six-plus year delay was “unreasonable.”

B. Defendants Have Shown Prejudice

As to “prejudice,” Defendants’ laches proffer (D.N. 766) showed that this lengthy delay had created significant evidentiary prejudice. As the Court found in its written laches order: “Defendants . . . have provided a number of examples in [their] laches proffer of what the Court finds to be critical questions regarding Defendants’ defenses and damages that went unanswered by Lang Kosak, or Lycos at their depositions.” (D.N. 800, 13.) The Court’s conclusion was correct: Defendants showed significant evidentiary prejudice through their laches proffer.⁴

1. Lost Documents

First, potentially critical documents were lost during the delay period. For example, named inventors Ken Lang and Don Kosak testified that they no longer possess most or all of their inventor notebooks and other documents from their time at WiseWire and Lycos. (D.N. 766, Ex. A (“Lang Dep.”), 119:21-120:11; *id.*, Ex. B (“Kosak Dep.”), 159:22-160:4, 164:11-18.) Loss of inventor documents establishes evidentiary prejudice for purposes of laches, as courts in this District have held. *See Potter Instr. Co., Inc. v. Storage Tech. Corp.*, No. 79-579, 1980 WL

⁴ Notably, a defendant only needs to show prejudice by a preponderance of the evidence in order to succeed in a laches defense. *See Aukerman*, 960 F.2d at 1045.

30330, *7 (E.D. Va. Mar. 25, 1980) (finding evidentiary prejudice where “as a result of the long delay in the filing of these suits, many crucial documents, including the inventor's files, have become lost or been destroyed.”).

Plaintiff’s Motion does not even address the issue of Mr. Lang’s and Mr. Kosak’s lost documents. Evidentiary prejudice is established based on this issue alone.

2. Lost Memories

Important individual and corporate memories were also lost during the delay period. For example, Mr. Lang could not remember whether his prior “NewsWeeder” system used content-based and collaborative filtering – an important fact in determining whether the NewsWeeder may have practiced the Asserted Patents for purposes of an on-sale bar. (Lang Dep., 81:1-15, 201:9-202:1.) Mr. Lang also could not remember whether he did a prior art search before filing his patent applications (*id.*, 152:22-153:7, 251:21-25), thus frustrating Defendants’ ability to determine whether he may have located invalidating prior art or prior art that would support an inequitable conduct charge and render the Asserted Patents unenforceable. *See Aukerman*, 960 F.2d at 1035 (noting that “testimonial evidence is frequently critical to invalidity defenses and almost always so with respect to unenforceability”).

Mr. Kosak could not recall his first invention that used content-based and collaborative filtering (Kosak Dep., 75:4-14, 214:11-215:21) – again, an important fact in determining whether Mr. Kosak’s prior invention(s) may have constituted an on-sale bar. He also could not remember what involvement he had with the prosecution of the patents-in-suit (*id.*, 275:2-15), thus frustrating Defendants’ ability to determine whether his behavior during prosecution could leave him open to an inequitable conduct charge.

The deposition of Lycos’ Rule 30(b)(6) representative, Mark Blais, also showed that Lycos’ institutional memory had faded regarding important issues in this case. For example, Mr.

Blais could not say whether Lycos evaluated the intellectual property of WiseWire (Mr. Lang's and Mr. Kosak's company) when it acquired WiseWire, thus frustrating Defendants' ability to determine what value Lycos ascribed to WiseWire's patents at that time. (D.N. 766, Ex. C ("Blais Dep."), 13:13-14:3.) Similarly, Mr. Blais could not say whether Lycos' parent companies evaluated Lycos' intellectual property (including the Asserted Patents) when they acquired Lycos in 2000 and 2004. (*Id.*, 30:10-31:21.) He could not say how much revenue Lycos was earning from Google's products around the time of the hypothetical negotiation – an important fact in determining how hard a bargain Lycos would have struck in this hypothetical negotiation. (*Id.*, 32:6-23, 109:10-110:4, 111:13-18.) And he could not recall Lycos' corporate policies regarding patent enforcement and licensing around the time of the hypothetical negotiation – again, an important fact in determining how Lycos would have acted in the hypothetical negotiation. (*Id.*, 50:14-17, 51:9-13, 52:3-6, 52:16-20.)

Plaintiff's arguments against this prejudice evidence are unpersuasive. For example, Plaintiff argues that Mr. Blais' testimony cannot show evidentiary prejudice because "virtually all of the Blais testimony was inadmissible because it related to events that occurred before Mr. Blais joined Lycos." (Motion, 27.) While it is true that many of the relevant events preceded Mr. Blais' tenure at Lycos, and Mr. Blais thus did not have firsthand knowledge of them, this itself shows how the delay in bringing suit prejudiced Defendants. As the Court found, "had the suit been brought sooner, it is quite probable that Lycos would have been able to produce an institutional representative with better knowledge of the period of time at issue in this case." (D.N. 800, 13.) Due to the passage of time, however, Lycos' most knowledgeable 30(b)(6) representative was Mr. Blais, who lacked firsthand knowledge about some of these events.

Plaintiff blames Defendants for this state of affairs, saying that the only reason Defendants were forced to rely on the incomplete knowledge of Mr. Blais is that Defendants did

not notice the proper Rule 30(b)(6) topics to Lycos. For example, Plaintiff argues that Defendants cannot complain about Mr. Blais's lack of knowledge about Lycos's licensing policies in 2004 (the year of the hypothetical negotiation) because Defendants did not put a date restriction on their Rule 30(b)(6) topic about "Lycos' patent licensing policies and practices." (See Motion, 29.) This argument is, again, disingenuous. As both Plaintiff and Mr. Blais were well aware during the deposition, Defendants' Rule 30(b)(6) topic regarding "Lycos' patent licensing policies and procedures" included Lycos's past and present policies on this subject. For example, when Defendants questioned Mr. Blais about Lycos' historical patent licensing policies, neither Plaintiff nor Mr. Blais objected to a single one of these questions as beyond the scope of the Rule 30(b)(6) topics. (See Blais Dep., 50-52.) Thus, it was not Defendants' fault that Lycos was unable to provide meaningful information about its patent policies at the time of the hypothetical negotiation. Rather, the reason why Lycos was unable to provide information on this subject is that the lengthy delay in bringing this suit left Lycos with no better 30(b)(6) representative than Mr. Blais, who lacked first-hand knowledge of this time period.

Plaintiff also seeks to brush aside Mr. Lang's and Mr. Kosak's forgetfulness about their patent prosecution activities, which frustrated Defendants' ability to determine whether these inventors engaged in inequitable conduct, by arguing that Defendants never pled inequitable conduct. (Motion, 26.) This argument is truly grasping at straws. Inequitable conduct must be pled with particularity under Rule 9(b),⁵ and inventor testimony is "almost always" critical to establishing inequitable conduct and rendering a patent unenforceable. *Aukerman*, 960 F.2d at 1035. Mr. Lang's and Mr. Kosak's forgetfulness about their prosecution activities frustrated Defendants' ability to investigate inequitable conduct, which necessarily prevented Defendants

⁵ See *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1328 (Fed. Cir. 2009).

from pleading inequitable conduct. *See McKechnie Vehicle Components USA, Inc. v. Lacks Indus., Inc.*, No. 09-cv-11594, 2010 WL 4643081, *9 (E.D. Mich. Nov. 9, 2010) (“the *Exergen* test all but requires the party seeking to press inequitable conduct charges to engage in fairly extensive discovery prior to pleading it in order to meet the particularity demands”). Thus, it is backwards for Plaintiff to say that Mr. Lang’s and Mr. Kosak’s forgetfulness about their prosecution activities did not prejudice Defendants because Defendants never pled inequitable conduct. Rather, the inventors’ forgetfulness is what prevented Defendants from being able to investigate and potentially plead inequitable conduct.

V. The Court Correctly Ruled that All Defendants May Benefit from Laches

The Court ruled that all Defendants may benefit from Plaintiff’s laches as to Google because Google is indemnifying all the Defendants, and thus any damages against any Defendant would come out of Google’s pocket. (D.N. 800, 14-15.) In response, Plaintiff argues that laches should not apply to Defendants AOL and Gannett because AOL’s and Gannett’s indemnification agreements with Google were not entered into the trial record, and because the indemnification clause in the Google-Gannett Agreement does not specifically refer to patents. (Motion, 30.) As discussed below, however, there are numerous reasons why AOL and Gannett (like the other Defendants) have a valid laches defense, and Plaintiff cannot show the Court’s laches ruling was based on a manifest error of law or fact. Indeed, Plaintiff’s argument that AOL and Gannett cannot benefit from laches just rehashes arguments that Plaintiff already made and the Court already rejected. (Trial Tr., 2018:23-2023:17.) It is improper for Plaintiff to re-raise these same arguments in a Rule 52(b) motion. *Mathis*, 2008 WL 906554 at *1.

A. Plaintiff Has Waived the Argument That AOL and Gannett Cannot Rely on Google’s Laches Defense

First, Plaintiff has waived the argument that AOL and Gannett cannot rely on Google’s laches defense because Plaintiff never raised this argument at any time before the Court issued

its oral laches ruling on October 31. During discovery, Gannett served two interrogatories seeking the basis for Plaintiff's contention that Gannett does not have a valid laches defense. (Nelson Decl., Ex. C, 10-11, 13.) Plaintiff's responses to these interrogatories stated: "To the extent Gannett relies upon Google's laches defense as it is Google's accused product in question," followed by an explanation of why Google's and Gannett's laches defense supposedly fails. (*Id.*, 12-13, 14-17.) At no point in this explanation did Plaintiff allege that Gannett cannot claim the benefit of Google's laches defense, or that Gannett is differently situated from Google with respect to laches. (*See id.*) Defendants Target and IAC served identical laches interrogatories, and Plaintiff made identical responses. (Nelson Decl., Exs. D-E.) Because Plaintiff's interrogatory responses never argued that the other Defendants cannot claim laches on equal terms as Google, Plaintiff has waived such argument. *See* Fed. R. Civ. P. 37(c)(1).

Plaintiff also never argued that the other Defendants cannot claim laches on equal terms as Google when it responded to Defendants' summary judgment motion on laches, when it made its Rule 50(a) motion on laches, or at any time before the Court made its laches ruling on October 31. By failing to make this argument at any time before the Court ruled, Plaintiff waived this argument. *Pandrol USA, LP v. Airboss Ry. Prods.*, 320 F.3d 1354, 1366-67 (Fed. Cir. 2003) (arguments not raised until after a dispositive ruling are waived). Indeed, the Court has admonished that: "[t]he record on appeal is based on what the Court considered before it ruled, not what you introduce after the Court ruled. If you wanted me to know something more, you should have introduced it before the Court ruled." (Trial Tr., 1941:9-13 (emphasis added).)

B. AOL and Gannett are Entitled to the Benefit of Google's Laches Defense Because Their Allegedly Infringing Sales were Made Jointly with Google

Leaving aside the waiver issue, AOL and Gannett are entitled to the benefit of Google's laches defense because AOL's and Gannett's allegedly infringing advertising sales were made jointly with Google. As the Court previously held: "AOL, Gannett, IAC Search & Media, and

Target Corporation may be jointly and severally liable for any alleged infringement with their co-defendant, Google Inc., and the Plaintiff has alleged such.” (D.N. 705 at 9.) In other words, the same sales allegedly create joint and several liability against both Google and the other Defendants. In such case, Plaintiff cannot simply switch targets and collect damages from the other Defendants for a given advertising sale, when laches would bar Plaintiff from collecting damages from Google on that same sale. As the nation’s premier patent treatise has recognized, allowing a plaintiff to switch targets in this manner would be “incongruous” and would vitiate the laches defense. *See* CHISUM ON PATENTS § 19.05[2][A][ii] (2011) (“As for situations involving manufacturer/seller and buyer/lessee use, it seems incongruous to free the former from liability for past sales but hold the latter to liability for those same sales.”)

C. AOL and Gannett Are Entitled to the Benefit of Google’s Laches Defense Because Google is Indemnifying AOL and Gannett

AOL and Gannett are also entitled to the benefit of Google’s laches defense because Google is indemnifying AOL and Gannett. As this Court already held, the other Defendants may claim the benefit of Google’s laches defense to the extent Google is indemnifying them. (D.N. 800 at 14-15.) Plaintiff does not dispute this basic proposition, but argues that AOL and Gannett cannot claim indemnity because their indemnification agreements were not entered into the trial record and because the Gannett-Google Agreement does not refer to patents. (Motion at 30.)

Initially, the reason why these indemnification agreements (and/or other evidence of indemnification) were not entered into the trial record is because Plaintiff hid its argument that the other Defendants could not rely on Google’s laches defense, only raising this argument after the trial evidentiary record was closed and the Court’s laches ruling had issued. If Plaintiff had timely disclosed its position that the other Defendants could not benefit from Google’s laches defense, then Defendants would have proffered the requisite indemnification evidence to obviate this argument. Defendants respectfully refer the Court to the attached Declaration of Google’s

corporate trial representative, Jennifer Polse,⁶ who explains that Google is indeed indemnifying AOL and Gannett and has been since the inception of this case. (Polse Decl., ¶ 2.) Because Google is indemnifying both AOL and Gannett, AOL and Gannett may properly claim the benefit of Google's laches defense.

D. AOL Has a Valid Laches Defense in its Own Right Because the Elements of Unreasonable Delay and Prejudice Exist Equally for AOL as for Google

AOL also has a valid laches defense in its own right because the same facts that give rise to Google's laches defense also give rise to a laches defense for AOL. Like all the Defendants in this case, AOL is being accused of infringement due to its use of Google's system, and the video deposition testimony entered at trial shows that AOL has been using Google's system since well before 2005. (*See* Ex. 1 (Hickernell Dep.) at 21:2-13; *see also* Trial Tr. at 750:14-15 (playing Hickernell Dep. in court); 1799:14-21 (entering Hickernell Dep. into the record).) Thus, when the 2005 AdWords Post provided constructive notice of Plaintiff's infringement claims against Google, it also provided constructive notice of Plaintiff's claims against everyone who was using Google's system at that time – including AOL. In other words, Plaintiff delayed bringing suit against AOL for just as long as it delayed bringing suit against Google.⁷ And because AOL and Google have identical defenses in this case, the lost documents and faded memories prejudiced AOL in the same way that they prejudiced Google.

⁶ Given that Plaintiff attached no fewer than four substantive attorney declarations to support its present Motion, Defendants respectfully submit that they may properly attach the Polse Declaration to this Opposition Brief for the Court's consideration.

⁷ To the extent Plaintiff argues that it and Lycos did not know AOL was using Google's system in 2005, this argument must fail. Because Plaintiff and Lycos had constructive knowledge in 2005 that Google's system allegedly infringed their patents, they had a duty to investigate who was using Google's system in order to determine against whom to bring their infringement claims.

Plaintiff's cited cases about laches not applying to all defendants involved situations where the unreasonable delay and/or prejudice were different for the various defendants. In *Israel Bio-Eng'g Project v. Amgen, Inc.*, 401 F.3d 1299 (Fed. Cir. 2005), one defendant claimed economic prejudice due to monetary investments that were not shared by the other defendants. *See id.* at 1306. Thus, the court held that the defendants had qualitatively different laches defenses. *See id.* In *Lucent Tech. Inc. v. Gateway, Inc.*, 470 F. Supp. 2d 1187 (S.D. Cal. 2007), plaintiff had given notice that it might sue defendants Dell and Gateway, but had given no such notice to defendant Microsoft. *See id.* at 1191-92. Thus, the court held that Microsoft had a viable laches defense while Dell and Gateway did not. *See id.*⁸

By contrast, there are no qualitative differences between Google's and AOL's laches defense. Google and AOL are accused of infringement based on their use of the same system (Google's system), Plaintiff and Lycos had constructive knowledge of their claims against this system more than six years before filing suit, Google and AOL were both using this system when Plaintiff and Lycos acquired constructive knowledge, Plaintiff never notified Google or AOL of the alleged infringement at any time before filing suit, and the resulting prejudice was identical for Google and AOL. Thus, AOL has a valid laches defense for the same reasons Google does.

Conclusion

For the foregoing reasons, Plaintiff's Motion should be denied.

Dated: January 25, 2013

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⁸ The third case that Plaintiff cites is a trademark case, not a patent case, so the relevance of that case is unclear. (*See* Motion at 29 (citing *Sweetheart Plastics, Inc. v. Detroit Forming, Inc.*, 743 F.2d 1039, 1046 (4th Cir. 1984)).

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CERTIFICATE OF SERVICE

I hereby certify that on January 25, 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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