

IN THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

CIVIX-DDI, LLC,	)	
	)	
Plaintiff,	)	
	)	Civil Action No. 05 C 6869
v.	)	
	)	Honorable Amy St. Eve
NATIONAL ASSOCIATION OF	)	
REALTORS, HOMESTORE, INC.,	)	
HOTELS.COM, L.P., HOTELS.COM	)	
GP LLC, and YAHOO! INC.,	)	
	)	
Defendants.	)	

**CIVIX’S MEMORANDUM IN SUPPORT OF ITS  
MOTION TO DISQUALIFY YAHOO!’S COUNSEL**

**I. INTRODUCTION**

In violation of the Protective Order entered in this case, counsel for Yahoo! Inc. with access to confidential information actively participated in the reexamination of the patents-in-suit. Such counsel also filed three declarations with this Court under false pretenses – while the case was stayed at Yahoo!’s request – and then used that very filing as justification for sending those declarations to the PTO the very next day, purportedly on behalf of CIVIX. Under such circumstances, Yahoo!’s counsel should be disqualified as an appropriate sanction for their deliberate violation of an Order of this Court.

**II. BACKGROUND**

**A. The Protective Order**

On December 1, 2006, this Court entered the Protective Order in this case. The Protective Order expressly forbids people with access to “confidential” information from

participating in any reexaminations of the patents-in-suit:

Unless otherwise directed by the Court or authorized in writing by the Producing Party, ***no person involved in "Patent Prosecution," as defined below, including without limitation, the inventor(s) of any pending patent application described herein, shall be provided access to any CONFIDENTIAL Discovery Material or to any information directly derived from CONFIDENTIAL Discovery Material,*** and shall be excluded from Paragraph 13 below. In addition, unless otherwise directed by the Court or authorized in writing by the Producing Party, any person who has been provided access to any CONFIDENTIAL Discovery Material or to any information directly derived from CONFIDENTIAL Discovery Material shall not thereafter (for a period of one year after the conclusion of this case) participate in Patent Prosecution. For purposes of this Protective Order, ***"Patent Prosecution" shall be defined as preparing, drafting, reviewing, filing, responding to office actions, signing oaths or declarations, prosecuting patent applications or patents, or assisting in any of the above activities, with respect to:*** (a) any of the patents asserted in the current litigation, (b) any of the parents (grand-parents or other predecessor applications in the chain) of any of the patents asserted in the current litigation, or (c) any continuations, continuations-in-part, divisionals, foreign counterparts, reissues, or ***reexaminations of any of the patents asserted in the current litigation*** or any of the parents (grandparents or other predecessor applications) thereof.

(Protective Order, Exhibit A at 5; emphasis added).

**B. Yahoo! Counsel Had Access To "Confidential" Information**

In its defense of Yahoo! in this case, Morrison & Foerster gained access to all of the "confidential" discovery materials produced by CIVIX under the Protective Order. As just one example, Morrison & Foerster attorney Sunil Kulkarni attended all three days of William Semple's deposition – all of which had been designated as "confidential" – and even interrogated Mr. Semple extensively (Cover pages of Semple Dep., Exhibit B).

**C. Morrison & Foerster's Breach Of The Protective Order And Other Misconduct**

Morrison & Foerster represented Yahoo! in its requests for reexamination of the patents-in-suit, and it was Mr. Kulkarni who took the lead role in monitoring – and

seeking to influence – those proceedings before the PTO. On September 16, 2008, Mr. Kulkarni sent CIVIX's prosecution counsel a letter stating:

We represent Yahoo! Inc. in the currently-pending Northern District of Illinois patent infringement case involving the three "CIVIX Patents" (*CIVIX v. Nat'l Ass'n of Realtors et al.*, 05 C 6869). As you know, Yahoo! filed the three reexamination petitions for the CIVIX Patents.

We have reviewed CIVIX's responses to the PTO's office actions for the CIVIX Patents, and believe that many aspects of the responses are inaccurate. ***The enclosed, newly-prepared declarations from Professor Michael Goodchild (hereafter the "September 2008 Goodchild declarations") explain the numerous errors in CIVIX's responses and the deficiencies of the new claims asserted by CIVIX.***

We ask you to withdraw CIVIX's response and new claims, in light of these declarations. Moreover, and independent of that request, ***we also ask you to submit the September 2008 Goodchild declarations promptly to the PTO***, as they refute and/or are inconsistent with, positions CIVIX has taken opposing the PTO's office actions. See 37 C.F.R. 1.555; MPEP 2280. Professor Goodchild's statements in his declarations about the prior art are indisputably "material" to the patentability of the pending claims, and the information contained therein cannot be deemed "cumulative" to information already of record. 37 C.F.R. 1.555. Accordingly, we believe that any failure to provide these declarations to the PTO would violate CIVIX's statutory duty of disclosure.

We look forward to your prompt confirmation by September 23, 2008, that you have provided the September 2008 Goodchild declarations to the PTO. If you choose not to provide the September 2008 Goodchild declarations to the PTO, please let us know that as well by September 23. If we do not hear from you by September 23, we will assume you have chose not to submit the declarations to the PTO, and we will respond accordingly.

(9/16/08 Kulkarni letter, Exhibit C; emphasis added).

CIVIX did not submit the Goodchild declarations to the PTO because the rules and procedures of the Manual of Patent Examining Procedure ("MPEP") precluded it from doing so. For example, 37 C.F.R. 1.550(g) states (emphasis added):

***The active participation of the ex parte reexamination requester ends with the reply pursuant to § 1.535, and no further submissions on***

***behalf of the reexamination requester will be acknowledged or considered.*** Further, no submissions on behalf of any third parties will be acknowledged or considered unless such submissions are:

- (1) In accordance with § 1.510 or § 1.535; or
- (2) Entered in the patent file prior to the date of the order for *ex parte* reexamination pursuant to § 1.525.

Additionally, MPEP 2254 states (emphasis added):

Once *ex parte* reexamination is ordered pursuant to 35 U.S.C. 304 and the times for submitting any response to the order have expired, no further active participation by a third party reexamination requester is allowed, and no third party submissions will be acknowledge or considered unless they are in accordance with 37 CFR 1.510. The reexamination proceedings will be *ex parte*, even if ordered based on a request filed by a third party, because this was the intention of the legislation. ***Ex parte proceedings preclude the introduction of arguments an issues by the third party requester which are not within the intent of 35 U.S.C. 305 (“reexamination will be conducted according to the procedures established for initial examination under the provisions of sections 132 and 133 of this title”).***

***The patent owner may not file papers on behalf o the requester and thereby circumvent the intent of the ex parte reexamination legislation and the rules.*** The Court of Appeals for the Federal Circuit held in *Emerson Elec. Co. v. Davoil, Inc.*, 88 F.3d 1051, 39 USPQ2d 1474 (Fed. Cir. 1996) that a federal district court does not have the authority to order a patent owner to file papers prepared by a third party in addition to the patent owner’s own submission in a patent reexamination proceeding. ***Such papers prepared by the third party and filed by the patent owner will not be entered, and the entire submission will be returned to the patent owner as an inappropriate response. See MPEP § 2266 and § 2267.***

Moreover, MPEP 2266 states: “The patent owner is an *ex parte* reexamination proceeding must not file papers on behalf of a third party.” 37 CFR 1.550(g). In other words, Yahoo! was not allowed to file anything further with the PTO, nor could it request CIVIX to do so.

Undeterred, on October 2, 2008, Morrison & Foerster, specifically Mr. Kulkarni,

filed with this Court a document styled “Defendants’ Status Update” (Exhibit D) to which he attached the three declarations of Professor Goodchild. This case was stayed at the time, and this Court had not requested any such “Status Update”. In fact, the Court had held a status hearing on August 19, 2008, at which time it set another status hearing for December 17, 2008 (Exhibit E). Moreover the text of the “Status Update” provides no explanation whatsoever as to why Mr. Kulkarni was submitting the Goodchild declarations to this Court, or what this Court was expected to do with them.

The explanation for this curious move came one day later – October 3, 2008 – when Morrison & Foerster attorneys filed the “Status Update” and the attached declarations in the reexamination proceedings before the PTO (Exhibit F). Mindful that Yahoo! was no longer allowed to file anything in the ex parte reexamination proceedings, Morrison & Foerster **twice** stated that it was acting on behalf of the “Patent Owner” (CIVIX). First, the Proof of Services states, “the undersigned, on behalf of the Patent Owner....” Second, the Notice of Concurrent Proceedings states “Patent Owner petitions ....”<sup>1</sup>

### III. **ARGUMENT**

Morrison & Foerster knowingly disregarded its obligations under this Court’s Order, inasmuch as key attorneys from the Yahoo! litigation team also worked directly on the reexamination proceedings before the PTO. Specifically, in violation of the Order, Mr. Kulkarni accessed “confidential” information, and participated in the reexamination of the patents-in-suit.

Mr. Kulkarni acknowledged that Morrison & Foerster attorneys were wearing two

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<sup>1</sup> On October 22, 2008, CIVIX notified the PTO that Yahoo!, and not CIVIX, had made the October 3, 2008 filing. (Exhibit G) Yahoo! counsel waited until December 1, 2008 to inform the PTO that it had made a “clerical error.” (Exhibit H).

hats for Yahoo! in a December 18, 2008 letter requesting CIVIX's prosecution counsel to withdraw because of a purported conflict:

As you may know, ***we represent Yahoo! Inc., the third-party requestor in each of these proceedings and a defendant in the patent infringement case of CIVIX v. Nat'l Ass'n of Realtors et al., 05 C 6869 (N.D. Ill.), in which CIVIX has asserted the CIVIX Patents against Yahoo! and other defendants. We write about two issues:***

Mike Garrabrants is counsel in Novak Druce's San Francisco office. Before he joined Novak Druce, he worked at Morrison & Foerster. ***While he was here, he worked heavily on Yahoo!'s behalf on the petitions launching the reexaminations at issue here.*** In fact, Mr. Garrabrants was the primary drafter of those petitions. ***He was aware of, and helped formulate, Yahoo!'s legal strategy for the petitions and in the CIVIX v. NAR lawsuit.*** Mr. Garrabrants possesses substantial amounts of Yahoo! confidential and privileged information.

Mr. Garrabrants' knowledge of this information is imputed to the rest of the Novak Druce firm....

(12/18/08 Kulkarni letter, Exhibit I; emphasis added).

Even as troubling, those same attorneys sought to improperly manipulate this Court's docket by filing on October 2, 2008 a contrived "Status Update" to which they attached the three Goodchild declarations, which had no relevance to anything pending before this Court. Indeed, those same attorneys had successfully persuaded this Court to stay all proceedings pending the Yahoo!-requested reexamination proceedings. Simply put, Morrison & Foerster filed the "Status Update" with this Court under false pretenses. Morrison & Foerster then used the concocted October 2 filing in an improper attempt to influence the reexamination proceedings by sending the "Status Update" and the attached Goodchild declarations to the PTO the very next day (and representing that it was doing so on behalf of CIVIX!).

Morrison & Foerster's actions have exceeded the proper bounds of zealous

advocacy. To deter further misconduct, Morrison & Foerster should be disqualified as Yahoo! counsel in this case and a monetary sanction imposed for the unnecessary added fees and expenses incurred by CIVIX in the reexamination.

#### **IV. CONCLUSION**

For the reasons stated above, CIVIX respectfully requests this Court to disqualify Yahoo! counsel, Morrison & Foerster.

Respectfully submitted,

/s/ Paul K. Vickrey

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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing **CIVIX'S MEMORANDUM IN SUPPORT OF ITS MOTION TO DISQUALIFY YAHOO!'S COUNSEL** was served and filed via Electronic Mail with the ECF System in the above Court on September 29, 2009.

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