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17 UNITED STATES DISTRICT COURT
18 NORTHERN DISTRICT OF CALIFORNIA

19 J. C. PENNEY CORPORATION, INC.,
20
21 Plaintiff,

22 v.

23 EOLAS TECHNOLOGIES
24 INCORPORATED; and THE REGENTS OF
25 THE UNIVERSITY OF CALIFORNIA,
26 Defendants.

Case No. _____

**COMPLAINT FOR
DECLARATORY JUDGMENT OF
NON-INFRINGEMENT OF U.S. PATENT
NOS. 8,082,293 AND 8,086,662**

Plaintiff J. C. Penney Corporation, Inc. (JCPenney) seeks a declaratory judgment of non-infringement, both direct and indirect, of United States Patent Nos. 8,082, 293 (the “’293 Patent”) and 8,086,662 (the “’662 Patent”) as follows:

I. NATURE OF ACTION

1. JCPenney brings this action seeking a declaratory judgment of non-infringement that arises under the patent laws of the United States, 35 U.S.C. §§ 1-390. JCPenney brings this action against The Regents of the University of California (“Regents”), the owner by assignment of the ’293 Patent, a true and correct copy of which is attached hereto as Exhibit A, and the ’662 Patent, a true and correct copy of which is attached hereto as Exhibit B, and Eolas Technologies,

1 Inc. (ETI), which, upon information and belief, is the Regents’ exclusive licensee of the ’293 and
2 ’662 Patent (collectively the Patents-in-Suit”) and acts as the Regents’ agent for purposes of
3 commercializing and enforcing the Patents-in-Suit. JCPenney requests this relief because
4 Defendants ETI and Regents (collectively “Eolas”) continue to allege that JCPenney infringes
5 patents issuing from applications that are continuations of U.S. Patent Application No. 8/324,443
6 (the ’443 Application), including the Patents-in-Suit.

7 2. Specifically, in a letter dated December 19, 2013 and received by JCPenney on
8 December 23, 2013 (the “December 19 Letter,” a true and correct copy of which is attached
9 hereto as Exhibit C), Eolas accuses JCPenney of infringing the Patents-in-Suit by making, using,
10 selling, offering for sale, and/or importing into the United States: “(i) web pages and content to
11 be interactively presented in browsers, including . . . content accessible via
12 www.jcpennybrands.com . . . (ii) software, including, without limitation, software that allows
13 content to be interactively presented in and/or presented to browsers; and/or (iii) computer
14 equipment . . . that stores, serves, and/or runs any of the foregoing” (the “Accused Systems”).
15 The December 19 Letter also includes related allegations of inducement, indirect and
16 contributory infringement.

17 3. Both Patents-in-Suit issued from continuation applications that claim priority to
18 the single ’443 Application, and both claim essentially the same subject matter. The Patents-in-
19 Suit are also siblings to two other patents that Eolas previously asserted against JCPenney in
20 litigation filed in 2009 – litigation in which every asserted claim of the previously asserted
21 patents was struck down as invalid. The judgment of invalidity was affirmed by the U.S. Court
22 of Appeals for the Federal Circuit. A justiciable controversy therefore exists between these
23 parties concerning the scope of the Patents-in-Suit and Eolas’s allegations of infringement
24 sufficient to support the relief sought by JCPenney.

25 **II. THE PARTIES**

26 4. Plaintiff JCPenney is a corporation organized under the laws of the state of
Delaware, with its principal place of business at 6501 Legacy Drive, Plano, Texas 75035.
JCPenney is a department store retailer with brick and mortar and ecommerce retail operations
throughout the United States including operations located in this district.

1 entities to continue activities alleged by Regents to infringe the Patents-in-Suit and/or related
2 patents. On information and belief, Regents' licensing and enforcement efforts directed towards
3 California residents have generated substantial payments from entities headquartered in
4 California.

5 10. This Court has personal jurisdiction over Defendant ETI. ETI was first
6 incorporated in California in 1994, then merged into a Delaware corporation before becoming a
7 Texas Corporation. (See Ex. F.) ETI has maintained continuous and systematic contacts with the
8 State of California since its inception, including (i) communications and business agreements
9 with Regents, a resident of the State of California, in which ETI assisted the Regents to
10 commercialize this patent family owned by the Regents; (ii) ETI acquired licenses to the Patents-
11 in-Suit and related patents from the Regents for the purpose of asserting such patents in
12 litigation; (iii) initiating patent litigation actions against a variety of California entities involving
13 the Patents-in-Suit and/or related patents, including Adobe Systems Inc.; Apple Inc.; eBay Inc.;
14 Facebook, Google; Sun Microsystems Inc.; The Walt Disney Company, Yahoo! Inc.; and
15 YouTube, LLC; (iv) entering into settlement/licensing agreements with California entities
16 including Adobe Systems Inc., Apple Inc.; eBay Inc.; and Sun Microsystems Inc., that allow
17 such entities to continue activities alleged by ETI to infringe the Patents-in-Suit and/or related
18 patents; (v) upon information and belief, directing communications to Google in California and
19 other California entities alleging infringement of the Patents-in-Suit and/or related patents; (vi)
20 availing itself of the Northern District of California by seeking judicial relief in a case against
21 Microsoft, *Case no.* 99-mc-00212-CRB; and (vii) at one time incorporating in the State of
22 California and identifying the address of its registered agent for service at 2710 Gateway Oaks
23 Dr. Ste. 150N, Sacramento, CA 95833-3502. (See Ex. F.)

24 11. On information and belief, ETI's business relationship with Regents, and its
25 associated licensing and enforcement efforts directed towards California residents, have
26 generated substantial revenues. For example, the 2009 Second Amended License Agreement
between ETI and Regents reflected the ongoing licensing and royalty arrangement between the
parties. (See Ex. G.)¹ Further, in the prior litigation commenced in 2009 against JCPenney,

¹ Exhibit G is marked "Highly Confidential – Attorney's Eyes Only," but was entered into the public trial record during the trial that resulted in the verdict of invalidity.

1 Regents joined that lawsuit as plaintiff in light of its ownership interest in the patents asserted in
2 that 2009 litigation and expressly to “support its licenses.” (See Ex. H.)

3 12. Venue is proper in this District under 28 U.S.C. §§ 1391(b) and (c) because a
4 substantial part of the events giving rise to JCPenney’s claims occurred in this district, and
5 because Regents and ETI are subject to general and/or personal jurisdiction here.

6 13. A justiciable controversy exists between JCPenney and Eolas as to whether
7 JCPenney is infringing or has infringed the Patents-in-Suit.

8 **IV. INTRADISTRICT ASSIGNMENT**

9 14. For purposes of intradistrict assignment under Civil Local Rules 3-2(c) and
10 3-5(b), this Intellectual Property Action will be assigned on a district-wide basis.

11 **V. FACTUAL BACKGROUND**

12 15. The ’443 Application was filed on October 17, 1994. This application was
13 generally drawn to interactive distributed internet applications. The patent application named
14 Michael David Doyle, a former researcher at the University of California, as an inventor. He
15 assigned all rights, title and interest in the ’443 Application to the Regents.

16 16. Four patents relevant to this matter issued from the original ’443 Application. The
17 previously-asserted ’906 patent issued on November 17, 1998. Its claims were drawn generally
18 to a method of running applications on a distributed hypermedia computer network – that is, the
19 patent claims a method of allowing users to interact with online video, music or audio clips,
20 internet search features, and maps and embedded applications in a browser. The previously-
21 asserted ’985 patent issued on October 6, 2009, as a result of a series of continuation applications
22 that claimed priority to the parent ’443 Application. Its claims were also drawn to methods of
23 running applications on a distributed hypermedia computer network. As set forth more fully
24 below, after a jury trial, every asserted claim of both the ’906 and ’985 patents were found to be
25 invalid. The U.S. Court of Appeals for the Federal Circuit affirmed on July 22, 2013.

26 17. The Patents-in-Suit, like their sibling ’906 and ’985 patents, also issued on
continuation applications claiming priority to the ’443 Application. Also like their siblings, the
claims of the Patents-in-Suit are drawn to methods of running applications on a distributed
hypermedia computer network. Further, during prosecution of the Patents-in-Suit, the Patent
Office rejected all pending claims in the applications for both the ’293 and ’662 Patents-in-Suit

1 under the doctrine of double patenting. The Examiner thus concluded that the pending claims of
2 the Patents-in-Suit were not patentably distinct from the claims of the '293 and '662 patents. (See
3 PTO Office Actions rejecting for double-patenting, attached as Exhibit I ('293 patent) and
4 Exhibit J ('662 patent).) Eolas did not traverse the Examiner's conclusions; rather, Eolas tacitly
5 acknowledged that the pending claims were not patentably distinct from the claims of the '906 or
6 '985 patents by instead filing terminal disclaimers to overcome the rejections. (See Terminal
7 Disclaimers, attached as Exhibit K ('293 patent) and Exhibit L ('662 patent).)

8 18. Mr. Doyle founded ETI in 1994, contemporaneously with the filing of the '443
9 Application. He formed ETI first as a California company expressly to "assist the University of
10 California in commercializing" the inventions disclosed in the '443 Application. (See Eolas
11 website http://www.eolas.com/about_us.html.) ETI has represented the Regents' interests in
12 numerous litigations asserting the patents that issued from the '443 Application.

13 19. On information and belief, in 1999, Eolas sued Microsoft Corporation in the
14 Northern District of Illinois alleging infringement of the '906 patent. According to the Office of
15 the President, Regents joined that lawsuit because it was an important lawsuit and the
16 "University expected to be fully compensated for its patented technology." (See
17 <http://www.ucop.edu/news/archives/2003/aug11art1qanda.htm>.) On further information and
18 belief, Microsoft later settled the litigation by licensing the '906 patent from Eolas.

19 20. In October 2009, Eolas filed a patent infringement suit in the Eastern District of
20 Texas against multiple companies, including many based in California, alleging infringement of
21 both the '906 and '985 patents. Prior to the conclusion of trial, several defendants, including
22 California-based companies Adobe Systems, Inc., Apple Inc., eBay Inc., and Sun Microsystems
23 Inc., settled with Eolas and were dismissed from the suit. On information and belief, those
24 defendants entered into settlement agreements in which each was granted licenses for the '906
25 and '985 patents.

26 21. JCPenney and other defendants declined to settle and proceeded to trial. The jury
returned with a verdict finding every asserted claim of the '906 and '985 patents invalid. The
trial court entered final judgment on the jury's verdict and, on July 22, 2013, the U.S. Court of
Appeals for the Federal Circuit affirmed the judgment in its entirety.

1 22. In September 2012, Eolas filed patent infringement lawsuits against several more
2 California-based companies, including Facebook, Inc. and The Walt Disney Company, this time
3 alleging infringement of the Patents-in-Suit.

4 23. On December 26, 2013, JCPenney received Eolas's December 19 Letter,
5 demanding that JCPenney cease and desist and accusing JCPenney of infringing the Patents-in-
6 Suit, thereby giving rise to these proceedings

7 24. As set forth above, Eolas accused JCPenney of infringing the closely-related '906
8 and '985 patents in Eolas's 2009 lawsuit. JCPenney was one of the defendants that successfully
9 tried the asserted claims of the '906 and '985 patents to a verdict of invalidity.

10 25. Eolas sent its December 19 Letter to accuse JCPenney of infringing the '293 and
11 '662 Patents-in-Suit, giving rise to a justiciable controversy between the parties. Eolas's
12 accusations threaten JCPenney's continuing website development activity and challenge
13 JCPenney's ongoing ecommerce operations. The December 19 Letter was sent by Eolas's
14 litigation counsel to JCPenney, copying JCPenney's prior outside litigation counsel. Eolas has
15 filed suit against several other companies alleging infringement of the Patents-in-Suit.

16 26. For all these reasons, a justiciable controversy exists between JCPenney and Eolas
17 regarding the alleged infringement of any claim of the Patents-in-Suit.

18 27. On information and belief, none of JCPenney's Accused Systems, nor any device
19 or other computer equipment serving or running the Accused Systems, whether maintained by
20 JCPenney or other users, directly or indirectly infringes any claim of the Patents-in-Suit.

21 28. Further, on information and belief, no third party infringes any claim of the
22 Patents-in-Suit as a result of accessing JCPenney's website, and JCPenney has not caused,
23 directed, requested, or facilitated any such infringement, much less with specific intent to do so.
24 JCPenney's ecommerce website is not designed for use in any combination that infringes any
25 claim of the Patents-in-Suit. To the contrary, it has substantial uses that do not infringe any claim
26 of these patents.

COUNT I

(Declaration of Non-Infringement of the '293 Patent)

29. JCPenney restates and incorporates by reference the allegations in paragraphs 1
through 28 of this Complaint as if fully set forth herein.

1 declaring that JCPenney’s Accused Systems do not directly or indirectly infringe any claim of
2 the ’662 patent.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, JCPenney prays for judgment and relief as follows:

- 5 A. Declaring that JCPenney’s Accused Systems do not infringe the ’293 or ’662 patents;
- 6 B. Declaring that judgment be entered in favor of JCPenney and against Regents and
7 ETI on each of JCPenney’s claims;
- 8 C. Finding that this an exceptional case under 35 U.S.C. § 285;
- 9 D. Awarding JCPenney its costs and attorneys’ fees in connection with this action; and
- 10 E. Such further and additional relief as the Court deems just and proper.

11 **JURY DEMAND**

12 JCPenney demands a jury trial on all issues and claims so triable.

13 By: /s/ Derek B. Lipscombe

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