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Attorneys for Plaintiff
 MYSPACE, INC.

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

EDL

MYSPACE, INC.,

Plaintiff,

vs.

GRAPHON CORPORATION,

Defendant.

Case No.

10

604

COMPLAINT FOR DECLARATORY
 JUDGMENT

MySpace, Inc. hereby alleges for its complaint against GraphOn Corporation,
 on personal knowledge as to its own activities and on information and belief as to the activities
 of others, as follows:

THE PARTIES

1. MySpace, Inc. ("MySpace") is a corporation organized and existing
 under the laws of the State of Delaware, with its principal place of business in Los Angeles,
 California. MySpace operates a website at www.myspace.com that, among other things,
 connects people through personal expression, content, and culture.

2. On information and belief, GraphOn Corporation ("GraphOn") is a
 corporation organized and existing under the laws of the State of Delaware having a principal
 place of business in Santa Cruz, California.

3. GraphOn has asserted that it is the owner of U.S. Patents Nos. 6,324,538 (the “538 patent”) [attached as Exhibit A]; 6,850,940 (the “940 patent”) [attached as Exhibit B]; 7,028,034 (the “034 patent”) [attached as Exhibit C]; and 7,269,591 (the “591 patent”) [attached as Exhibit D].

JURISDICTION

4. This Complaint is brought pursuant to the Declaratory Judgment Act, codified at 28 U.S.C. §§ 2201 et seq. As discussed in detail below, declaratory judgment jurisdiction is proper because there is a case of actual controversy between MySpace and GraphOn. Jurisdiction is proper in this Court pursuant to 28 U.S.C. §§ 1331 and 1338(a), because this action arises under the patent laws of the United States, including, but not limited to, 35 U.S.C. §§ 271, 281, 284 and 285.

5. On November 24, 2009, GraphOn Corporation, through its counsel Watson Rounds, sent a letter to News Corporation, the parent company of MySpace. The letter and its attachments are attached hereto as Exhibit E.

6. The letter stated:

Watson Rounds represents GraphOn Corporation, a Santa Cruz company that owns an extensive patent portfolio for internet-based products and services. We have reviewed the MySpace website in detail, and believe that there may be interest on the part of MySpace in licensing at least two of GraphOn’s patents, U.S. Patent No.’s 6,234,538 and 6,850,940. We have attached these two patents, along with preliminary charts outlining the patent claim elements, the corresponding MySpace website pages that satisfy these elements, a Markman Order from the Eastern District of Texas that interprets some of the patents’ key claim elements, and a sample licensing agreement.

7. The letter further stated:

Once you have reviewed these materials, we would appreciate an opportunity to meet with you to discuss licensing options for these patents, and perhaps other patents in the GraphOn portfolio. To date, GraphOn has licensed its portfolio to AutoTrader.com, Classified Ventures (Cars.com), Careerbuilder.com, Google and Yahoo!, and it would appreciate the opportunity to add MySpace to this growing list without time-consuming and costly litigation for both parties.

1 8. Attached as exhibits to the letter were claim charts purporting to show
2 that aspects of MySpace's website infringed the claims of the '538, '940, '034, and '591
3 patents.

4 9. Also attached as an exhibit to the letter was a licensing agreement in
5 draft form containing proposed terms under which MySpace would take a license to the '538,
6 '940, '034, and '591 patents, among others.

7 10. On August 24, 2007, GraphOn filed a suit alleging infringement of the
8 '538 and '940 patents against AutoTrader.com, Inc. in the Eastern District of Texas. At the
9 time of that suit, the '591 and '034 patents had not yet issued.

10 11. On March 6, 2008, GraphOn filed a suit alleging infringement of
11 patents, including the '538, '940, '034, and '591 patents, against Classified Ventures, LLC,
12 IAC/InteractiveCorp., Yahoo!, Inc, eHarmony.com, and CareerBuilder, LLC.

13 12. On August 13, 2008, GraphOn filed a suit alleging infringement of
14 patents, including the '538 and '940, '034, and '591 patents, against Google Inc.

15 13. On March 23, 1999, Network Engineering Software, Inc. filed suit
16 against eBay, Inc., alleging infringement of U.S. Patent No. 5,778,367, which contains an
17 identical specification to the '538, '940, '034, and '591 patents, and of which those patents are
18 continuations.

19 14. On August 27, 2008, GraphOn filed a suit alleging infringement of
20 patents against Juniper Networks, Inc.

21 15. In *Hewlett-Packard Co. v. Acceleron LLC*, No. 2009-1283 (Fed. Cir.
22 2009), the Federal Circuit considered under what circumstances a letter offering a license to
23 patents creates a case or controversy supporting declaratory judgment jurisdiction.

24 16. In that case, the Federal Circuit held that a letter was sufficient to
25 support declaratory judgment jurisdiction even though it "did not contain language threatening
26 to sue for infringement or demand a license" or "identify specific claims, present claim charts,
27 and explicitly allege infringement." *Id.*, slip op. at 5-6.

1 17. The Federal Circuit held: “[C]onduct that can be reasonably inferred as
2 demonstrating intent to enforce a patent can create declaratory judgment jurisdiction.” *Id.* at 7.

3 18. GraphOn’s letter of November 24, 2009, which included claim charts
4 identifying specific claims, demanded a license, and threatened litigation, combined with
5 GraphOn’s assertion of the ’538, ’940, ’034, and ’591 patents in multiple lawsuits, constitutes
6 “conduct that can be reasonably inferred as demonstrating intent to enforce” the ’538, ’940,
7 ’034, and ’591 patents.

8 19. GraphOn has alleged that MySpace infringes the ’538, ’940, ’034, and
9 ’591 patents, and that the claims of those patents are valid and enforceable.

10 20. MySpace contends that it does not infringe any valid claim of the ’538,
11 ’940, ’034, and ’591 patents.

12 21. MySpace further contends that all of the claims of the ’538, ’940, ’034,
13 and ’591 patents are invalid.

14 22. MySpace further contends that the ’538, ’940, ’034, and ’591 patents are
15 unenforceable because of inequitable conduct committed during prosecution, as set forth more
16 fully herein.

17 23. As a result of GraphOn’s conduct, there is a “case of actual controversy”
18 between the parties under the Declaratory Judgment Act, 28 U.S.C. § 2201, and jurisdiction is
19 proper in this Court.

20 **PERSONAL JURISDICTION AND VENUE**

21 24. Personal jurisdiction and venue are proper in this Court pursuant to 28
22 U.S.C. §§ 1391(b)-(c) and/or 1400(b) because, *inter alia*, GraphOn resides in this district and a
23 substantial part of the events giving rise to the claims occurred in this district.

24 **INTRA-DISTRICT ASSIGNMENT**

25 25. Pursuant to Civil Local Rules 3-2(c) and 3-5, this is an Intellectual
26 Property Action to be assigned on a district-wide basis.

BACKGROUND

26. GraphOn's letter of November 24, 2009 has charged MySpace with infringing the '538 '940, '034, and '591 patents.

27. MySpace denies infringement of any valid claim of the '538, '940, '034, and '591 patents.

28. The '538 patent is invalid for failure to comply with one or more of the requirements of the patent laws of the United States, including, but not limited to, those codified at 35 U.S.C. §§ 101, 102, 103 and 112.

29. The '940 patent is invalid for failure to comply with one or more of the requirements of the patent laws of the United States, including, but not limited to, those codified at 35 U.S.C. §§ 101, 102, 103 and 112.

30. The '034 patent is invalid for failure to comply with one or more of the requirements of the patent laws of the United States, including, but not limited to, those codified at 35 U.S.C. §§ 101, 102, 103 and 112.

31. The '591 patent is invalid for failure to comply with one or more of the requirements of the patent laws of the United States, including, but not limited to, those codified at 35 U.S.C. §§ 101, 102, 103 and 112.

COUNT 1:**DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE '538 PATENT**

32. MySpace incorporates and realleges the allegations of Paragraphs 1-31 as if set forth herein in their entirety.

33. MySpace has not infringed, nor is it presently infringing, any valid claims of the '538 patent.

34. An actual controversy exists between GraphOn and MySpace with respect to whether MySpace infringes the '538 patent.

35. MySpace seeks a declaratory judgment that it does not infringe any claims of the '538 patent.

COUNT 2:

DECLARATORY JUDGMENT OF INVALIDITY OF THE '538 PATENT

36. MySpace incorporates and realleges the allegations of Paragraphs 1-35 as if set forth herein in their entirety.

37. An actual controversy exists between GraphOn and MySpace with respect to the validity of the '538 patent.

38. The '538 patent is invalid for failure to comply with one or more of the requirements of the patent laws of the United States, including, but not limited to, those codified at 35 U.S.C. §§ 101, 102, 103 and 112. MySpace seeks a declaration that the '538 patent is invalid.

COUNT 3:

DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE '940 PATENT

39. MySpace incorporates and realleges the allegations of Paragraphs 1-38 as if set forth herein in their entirety.

40. MySpace has not infringed, nor is it presently infringing, any valid claims of the '940 patent.

41. An actual controversy exists between GraphOn and MySpace with respect to whether MySpace infringes the '940 patent.

42. MySpace seeks a declaratory judgment that it does not infringe any claims of the '940 patent.

COUNT 4:

DECLARATORY JUDGMENT OF INVALIDITY OF THE '940 PATENT

43. MySpace incorporates and realleges the allegations of Paragraphs 1-42 as if set forth herein in their entirety.

44. An actual controversy exists between GraphOn and MySpace with respect to the validity of the '940 patent.

45. The '940 patent is invalid for failure to comply with one or more of the requirements of the patent laws of the United States, including, but not limited to, those

1 codified at 35 U.S.C. §§ 101, 102, 103 and 112. MySpace seeks a declaration that the '940
2 patent is invalid.

3 **COUNT 5:**

4 **DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE '034 PATENT**

5 46. MySpace incorporates and realleges the allegations of Paragraphs 1-45
6 as if set forth herein in their entirety.

7 47. MySpace has not infringed, nor is it presently infringing, any valid
8 claims of the '034 patent.

9 48. An actual controversy exists between GraphOn and MySpace with
10 respect to whether MySpace infringes the '034 patent.

11 49. MySpace seeks a declaratory judgment that it does not infringe any
12 claims of the '034 patent.

13 **COUNT 6:**

14 **DECLARATORY JUDGMENT OF INVALIDITY OF THE '034 PATENT**

15 50. MySpace incorporates and realleges the allegations of Paragraphs 1-49
16 as if set forth herein in their entirety.

17 51. An actual controversy exists between GraphOn and MySpace with
18 respect to the validity of the '034 patent.

19 52. The '034 patent is invalid for failure to comply with one or more of the
20 requirements of the patent laws of the United States, including, but not limited to, those
21 codified at 35 U.S.C. §§ 101, 102, 103 and 112. MySpace seeks a declaration that the '034
22 patent is invalid.

23 **COUNT 7:**

24 **DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE '591 PATENT**

25 53. MySpace incorporates and realleges the allegations of Paragraphs 1-52
26 as if set forth herein in their entirety.

27 54. MySpace has not infringed, nor is it presently infringing, any valid
28 claims of the '591 patent.

1 55. An actual controversy exists between GraphOn and MySpace with
2 respect to whether MySpace infringes the '591 patent.

3 56. MySpace seeks a declaratory judgment that it does not infringe any
4 claims of the '591 patent.

5 **COUNT 8:**

6 **DECLARATORY JUDGMENT OF INVALIDITY OF THE '591 PATENT**

7 57. MySpace incorporates and realleges the allegations of Paragraphs 1-56
8 as if set forth herein in their entirety.

9 58. An actual controversy exists between GraphOn and MySpace with
10 respect to the validity of the '591 patent.

11 59. The '591 patent is invalid for failure to comply with one or more of the
12 requirements of the patent laws of the United States, including, but not limited to, those
13 codified at 35 U.S.C. §§ 101, 102, 103 and 112. MySpace seeks a declaration that the '591
14 patent is invalid.

15 **COUNT 9:**

16 **DECLARATORY JUDGMENT OF UNENFORCEABILITY OF THE '538, '940, '034,**
17 **AND '591 PATENTS**

18 60. MySpace incorporates and realleges the allegations of Paragraphs 1-59
19 as if set forth herein in their entirety.

20 61. Ralph E. Wesinger, Jr. ("Wesinger") and Christopher D. Coley
21 ("Coley") are the named inventors on each of the '538, '940, '034, and '591 patents.

22 62. During the relevant times discussed herein, U.S. Patent Application
23 Serial No. 08/595,956 ("956 application") was prosecuted by Robert J. Irvine of McDonnell
24 Boehnen Hulbert Berghoff LLP ("MBHB").

25 63. During the relevant times discussed herein, the application that issued as
26 the '538 patent was prosecuted by Robert J. Irvine, Christopher Agnew, and George Lee of
27 MBHB, Timothy Morella of Baniak Nicholas Pine & Gannon, and Michael Lindsey of the
28 Cardinal Law Group.

64. During the relevant times discussed herein, the application that issued as the '940 patent was prosecuted by Frank Nicholas of the Cardinal Law Group, then later by Kenneth D'Alessandro, Timothy Brisson, and William Wilbar of the Sierra Patent Group. On information and belief, Timothy Brisson left Sierra Patent Group to work as in-house counsel for GraphOn in July 2005.

65. During the relevant times discussed herein, the application that issued as the '034 patent was prosecuted by Timothy Brisson and Kenneth D'Alessandro of the Sierra Patent Group.

66. During the relevant times discussed herein, the application that issued as the '591 patent was prosecuted by Timothy Brisson and Kenneth D'Alessandro of the Sierra Patent Group.

67. Wesinger, Coley, Irvine, Brisson, Nicholas and/or other individuals associated with the filing and prosecution of the applications for the '538, '940, '034, and '591 patents violated their duty of candor and good faith in dealing with the United States Patent and Trademark Office ("PTO") by intentionally and deceptively failing to disclose to the PTO material information during the prosecution of the applications for the patents-in-suit.

68. Specifically, Wesinger and Coley, Irvine, Brisson, Nicholas and/or other individuals associated with the filing and prosecution of the applications for the '538, '940, '034, and '591 patents intentionally and deceptively failed to disclose to the PTO during prosecution of each of the patent applications the existence of a related application, the '956 application, and the PTO's office actions and the prior art relied upon by the patent examiner in the prosecution of that application.

69. The '034 and '591 patents issued from patent applications that are continuation applications to the applications that issued as the '538 and '940 patents. And for priority purposes, the '538, '940, '034, and '591 patents each claim the benefit of the filing date of the parent patent application that issued as U.S. Patent No. 5,778,367 ("367 patent"). In other words, each of the patents asserted against MySpace belongs to the same patent family, and each shares an identical specification and similar claims. The '538, '940, '034,

1 and '591 patents therefore are unenforceable, both directly and under the doctrine of infectious
2 unenforceability, as a result of the inequitable conduct described below.

3 70. On February 6, 1996, Wesinger and Coley filed the '956 application,
4 which related to a secure database that can be attached to and receive information over a public
5 network and, in particular, to a credit card server system for securely storing credit card
6 information received over the Internet in the context of a commercial transaction.

7 71. In February 1997, the PTO rejected the '956 application under 35
8 U.S.C. § 103 as obvious in light of the prior art. Other rejections followed.

9 72. In July 1998, while the '956 application was pending, Wesinger and
10 Coley filed an application for the '538 patent. This '538 patent application was assigned to a
11 different examiner than the examiner on the '956 application. Initially, the claims in the '538
12 patent application did not seek patent coverage of a method for charging users, or charging
13 users by credit card.

14 73. On February 16, 1999, following the filing of the application for the
15 '538 patent, the PTO issued a final rejection of the claims of the '956 application.

16 74. In April 1999, the PTO issued a Notice of Allowance for the '538
17 patent. Wesinger and Coley thereafter abandoned the allowed application, requested
18 acceptance of a continued prosecution application, and immediately filed a preliminary
19 amendment to the application that added two claims that pertained to charging a user for a
20 database entry and, more specifically, charging the user by credit card.

21 75. After submitting the amendment to the '538 patent application,
22 Wesinger and Coley on January 6, 2000, abandoned the '956 application altogether.

23 76. Notably, the '538, '940, '034, and '591 patents each state that
24 “[a]lthough various methods of processing credit card transaction [sic] have been proposed,
25 with various degrees of attendant security, such processing is preferably performed in
26 accordance with a proprietary method developed by the assignee to provide the highest level of
27 security possible.” '538 patent, col. 10, ll. 11-16; '940 patent, col. 10, ll. 15-20; '034 patent,
28 col. 10., ll. 20-25; '591 patent, col. 10, ll. 21-26. In a previous action filed by GraphOn,

1 *GraphOn Corp. v. AutoTrader.com, Inc.*, No. 05-530-TJW (E.D. Tex.), in response to an
2 interrogatory requesting that GraphOn identify any patent claims that cover this “proprietary
3 method,” GraphOn admitted that “‘A System for Securely Storing Information Received Over
4 a Public Network’ was claimed by U.S. Patent Application No. 08/595,956 (‘the ’956
5 Application’), which was subsequently abandoned.” Plaintiff GraphOn’s Responses to Third
6 Set of Interrogatories, at 4 (July 31, 2007) [Exhibit F].

7 *The ’538 Patent*

8 77. Despite the obvious materiality of the ’956 application to the
9 prosecution of the application for the ’538 patent, neither Wesinger nor Coley, nor their patent
10 counsel including Irvine, nor any other person that was associated with the filing and
11 prosecution of the application for the ’538 patent, disclosed during the prosecution of the ’538
12 patent application the existence of the ’956 application that was directed to a credit card server
13 system, the “proprietary method” referenced in the ’538 patent and others as the preferred
14 method for “processing credit card transaction[s] on-line.” This is particularly surprising,
15 since immediately before abandoning the ’956 application in the face of the PTO’s rejections,
16 Wesinger and Coley amended the ’538 patent application to include claims directed to
17 charging users’ credit cards. The only reasonable inference that can be drawn from such
18 conduct is an intent to deceive the PTO.

19 78. The ’538 patent thereafter issued on November 27, 2001, with claims to
20 charging users’ credit cards intact. The best mode for performing those claimed methods, as
21 was fully described in the ’956 application, was never disclosed to the PTO during prosecution
22 of the ’538 patent, claims 2 and 3 of which are directed toward charging users’ credit cards.

23 *The ’940 Patent*

24 79. Likewise, neither Wesinger nor Coley, nor their patent counsel
25 including Irvine, Nicholas, and Brisson, nor any other person that was associated with the
26 filing and prosecution of the application for the ’940 patent, disclosed the unsuccessful ’956
27 application and the PTO’s office actions and the prior art relied upon by the patent examiner in
28

1 the prosecution of that application to the PTO during the prosecution of the '940 patent
2 application.

3 80. The application for the '940 patent was filed on September 14, 2001
4 (well after the '956 application was abandoned), and was assigned to a different examiner than
5 the examiner on the '956 application. During the prosecution of the '940 patent application,
6 the PTO rejected the pending claims in the application as anticipated by an article describing
7 Microsoft Access 2.

8 81. In response, Wesinger and Coley distinguished their invention by noting
9 that the prior art did not describe "storing an identification of the user authorized to modify a
10 record in a web accessible database."

11 82. But neither Wesinger nor Coley, nor their patent counsel including
12 Irvine, Nicholas and Brisson, nor any other person that was associated with the filing and
13 prosecution of the application for the '940 patent, disclosed that the PTO observed in its
14 rejection of the '956 application that the network devices comprising the claimed invention
15 (including a web server and a database, which are the network devices claimed in the '940
16 patent) "are notoriously old and well known in the art of telecommunication networking"
17 *See, e.g.,* Office Action, at 7 (Feb. 14, 1997) [Exhibit G]. The only reasonable inference that
18 can be drawn from such conduct is an intent to deceive the PTO.

19 *The '034 and '591 Patents*

20 83. The '034 and '591 patents were filed on May 11, 2004, well after the
21 '956 application was abandoned.

22 84. Both patents are directed to a web server for providing a "pay-for-
23 service web site" that includes a process for receiving "a fee for making the personal
24 homepage accessible on a network." '034 patent, Abstract; '591 patent, Abstract. Every claim
25 of the '034 and '591 patents involves receiving a fee.

26 85. Both patents reference the same "proprietary" method referenced in the
27 '538 and '940 patents for charging users of the invention, a method that was claimed in the
28 abandoned '956 application, which was directed to a credit card server system.

86. Neither Wesinger nor Coley, nor their patent counsel including D'Alessandro and Brisson, nor any other person that was associated with the filing and prosecution of the applications for the '034 and '591 patents, however, disclosed the unsuccessful '956 application and the PTO's office actions and the prior art relied upon by the patent examiner in the prosecution of that application to the PTO during the prosecution of the applications for the '034 and '591 patents. The only reasonable inference that can be drawn from such conduct is an intent to deceive the PTO.

87. The existence of the '956 application and its prosecution was material to the patentability of the '538, '940, '034, and '591 patents. The failure to disclose the application and its prosecution to the PTO amounts to a breach of the duty of candor and good faith and was done with deceptive intent. The '538, '940, '034, and '591 patents therefore are unenforceable as a result of the inequitable conduct.

88. An actual controversy exists between GraphOn and MySpace with respect to the enforceability of the '538, '940, '034, and '591 patents.

89. MySpace seeks a declaration that the '538, '940, '034, and '591 patents are unenforceable.

COUNT 10:

DECLARATORY JUDGMENT OF UNENFORCEABILITY OF THE '538, '940, '034, AND '591 PATENTS

90. MySpace incorporates and realleges the allegations of Paragraphs 1-89 as if set forth herein in their entirety.

91. Wesinger, Coley, their patent counsel, and/or other individuals associated with the filing and prosecution of the applications for the '538, '940, '034, and '591 patents violated their duty of candor and good faith in dealing with the PTO by intentionally and deceptively failing to disclose to the PTO material information during the prosecution of the applications for the patents-in-suit.

92. Specifically, Wesinger and Coley, their patent counsel including Irvine, Nicholas, and Brisson, and/or other individuals associated with the filing and prosecution of

the applications for the '538, '940, '034, and '591 patents intentionally and deceptively failed to disclose to the PTO during prosecution of each of the patent applications the existence of a related litigation—*Network Engineering Software, Inc. v. eBay, Inc.*, No. 99-1433-BZ (N.D. Cal.) (“the *eBay* litigation”)—and material information arising therefrom. Wesinger and Coley, their patent counsel including D’Alessandro and Brisson, and/or other individuals associated with the filing and prosecution of the applications for the '034 and '591 patents also intentionally and deceptively failed to disclose to the PTO during prosecution of each of these two patent applications the existence of another related litigation—*GraphOn Corp. v. AutoTrader.com, Inc.*, No. 05-cv-530-TJW (E.D. Tex.); *see also GraphOn Corp. v. AutoTrader.com, Inc.*, No. 07-cv-367-TJW (E.D. Tex.) (incorporating the pleadings from No. 05-cv-530) (collectively, “the *AutoTrader.com* litigation”)—and material information arising therefrom.

93. The '034 and '591 patents issued from patent applications that continued from the applications that issued as the '538 and '940 patents. And for priority purposes, the '538, '940, '034, and '591 patents each claim the benefit of the filing date of the parent patent application that issued as U.S. Patent No. 5,778,367 (“367 patent”). In other words, each of the '538, '940, '034, and '591 patents belongs to the same patent family, and each shares an identical specification and very similar claims. The '538, '940, '034, and '591 patents therefore are unenforceable, both directly and under the doctrine of infectious unenforceability, as a result of the inequitable conduct described below.

Duty To Disclose Related Litigation

94. The PTO has determined that

[w]here the subject matter for which a patent is being sought is, or has been involved in litigation, the existence of such litigation and any other material information arising therefrom must be brought to the attention of the Patent and Trademark Office. Examples of such material information include evidence of possible prior public use or sales, questions of inventorship, prior art, allegations of ‘fraud,’ ‘inequitable conduct,’ and ‘violation of duty of disclosure.’ Another example of such material information is any assertion that is made during litigation which is contradictory to assertions made to the examiner. . . . Such information might arise during litigation in, for example,

1 pleadings, admissions, discovery including interrogatories,
2 depositions, and other documents and testimony.”

3 MPEP § 2001.06(c) (Aug. 1993); *see also Nilssen v. Osram Sylvania, Inc.*, 504 F.3d 1223,
4 1234 (Fed. Cir. 2007) (“[T]he existence of the litigation itself is material information that an
5 examiner needs to have. It is important because it signals the examiner that other material
6 information relevant to patentability may become available through the litigation proceedings.
7 The PTO obviously considers such information material and there is no basis for us to
8 conclude otherwise.”).

9
10 *The eBay Litigation*

11 95. During the time the application for the '538 patent was pending,
12 Network Engineering Software, Inc. (“NES”), the employer of Wesinger (NES’s CEO) and
13 Coley and assignee of the '367 patent, initiated the *eBay* litigation, alleging infringement of the
14 '367 patent. NES’s litigation counsel, MBHB, was also prosecuting the application for '538
15 patent during the pendency of such litigation. In fact, at least one of the lawyers from MBHB,
16 Robert J. Irvine, who filed an individual appearance in the *eBay* litigation, was intimately
17 involved in the prosecution of the '538 patent, the '367 parent application and a related
18 application also naming Wesinger and Coley as inventors (the '956 application). Mr. Irvine
19 signed most of the office action responses and many of the other filings with the PTO in the
20 '538 patent application, the '367 patent application and the '956 application. Mr. Irvine was
21 thus personally familiar with both the *eBay* litigation and the substance and status of the
22 pending applications.

23 96. Wesinger and Coley, MBHB, the applicants’ subsequent patent counsel
24 (Cardinal Law Group and Sierra Patent Group, including Nicholas, D’Alessandro, and
25 Brisson), and/or other individuals associated with the filing and prosecution of the applications
26 for the '538, '940, '034, and '591 patents had a duty to disclose the existence of the *eBay*
27 litigation and the material information arising from the litigation to the PTO.
28

1 97. Despite the intimate familiarity of MBHB and Mr. Irvine with the *eBay*
2 litigation and the pending applications, MBHB and the applicants failed to disclose the
3 existence of the *eBay* litigation, as well as material information submitted by eBay in the
4 litigation, during the prosecution of the applications for the '538, '940, '034, and '591 patents.
5 Furthermore, neither Mr. Irvine nor anyone else at MBHB disclosed to the examiner of the
6 application for the '538 patent the existence of at least two highly material prior art references
7 that were (as discussed more fully below) the subject of two summary judgment motions filed
8 by eBay alleging that the asserted claims of the parent '367 patent were anticipated by such
9 references. These references were not disclosed by Mr. Irvine or anyone else at MBHB even
10 though Mr. Irvine signed a terminal disclaimer for the '538 patent after the examiner rejected
11 the pending claims of the '538 patent for double patenting in light of the very claims of the
12 '367 patent that were the subject of the summary judgment motions filed by eBay.
13 Furthermore, Mr. Irvine and MBHB either knew or should have known that the pending claims
14 of the application for the '538 patent were very similar in scope to the claims of the '367 patent
15 that were the subject of eBay's anticipation motion, because they prosecuted both sets of
16 claims.

17 98. Rather than disclose these summary judgment motions and the material
18 prior art references to the examiner in the pending application for the '538 patent in a timely
19 fashion after receiving such references from eBay (as they had a duty to do), Mr. Irvine and
20 MBHB made no mention to the PTO of any of this information. Instead, the applicants'
21 subsequent patent counsel (Cardinal Law Group) waited until after the notice of allowance was
22 received for the pending claims almost two years later to submit these two material references
23 to the examiner along with 236 other highly technical references. Even then, neither the *eBay*
24 litigation, nor the summary judgment motions were ever disclosed. As discussed more fully
25 below, the delay in submitting the references, the burying of the references in a submission
26 with 236 other references, and the failure to ever disclose the *eBay* litigation or the summary
27 judgment motions violated the duty of candor that the applicants, MBHB, Mr. Irvine and
28 Cardinal Law Group owed to the PTO.

1 99. NES filed suit against eBay, Inc. on March 23, 1999, alleging that eBay
2 infringed several claims of the '367 patent. The '367 patent claims methods of using a
3 computer network and a database accessible through a computer network similar to those
4 claimed in the '538, '940, '034, and '591 patents. In fact, the applicants filed terminal
5 disclaimers in the applications for the '538 and '034 patents over the '367 patent and claims
6 substantially similar to the issued claims in the '538 patent were rejected by the examiner for
7 double patenting in light of the disclosure and claims of the '367 patent. Therefore, prior art
8 material to the claims of the '367 patent was material to the claims pending in the applications
9 for each of the patents-in-suit. Given its role as litigation counsel in the *eBay* litigation and its
10 role as prosecution counsel in the applications for the '367 and '538 patents, MBHB (and
11 Robert J. Irvine) were intimately familiar with the materiality of the references relied upon by
12 eBay in the summary judgment motions. NES's subsequent patent counsel (the Cardinal Law
13 Group) recognized the relevance of these two references relied upon by eBay in the motions,
14 but they buried them along with 236 other references in an IDS submitted to the PTO after the
15 notice of allowance in the application for the '538 patent. Neither these references, nor their
16 role in the *eBay* litigation, was highlighted to the examiner when the voluminous IDS was
17 dumped on the examiner. The only reasonable inference that can be drawn from such conduct
18 is an intent to deceive the PTO.

19 100. On June 1, 1999, eBay filed a motion for summary judgment of
20 invalidity of several claims of the '367 patent in light of U.S. Patent No. 5,832,497 (the "'497
21 patent"). eBay asserted in the motion that claims 1, 16 and 17 of the parent '367 patent were
22 anticipated by the '497 patent. On October 27, 1999, eBay filed another motion for summary
23 judgment of invalidity under 35 U.S.C. § 102 alleging that claims 1-13, 16-17 and 25 of the
24 '367 patent were anticipated by U.S. Patent No. 5,870,552 (the "'522 patent").

25 101. Neither of these motions by eBay was addressed substantively by the
26 Court in the pending litigation, because the *eBay* litigation was settled and ultimately
27 dismissed by stipulation on January 19, 2000, while prosecution of the '538 patent application
28 was ongoing, and before the applications for the '940, '034, and '591 patents were filed. The

1 fact that the invalidity issue was not resolved by the Court prior to dismissal of the action is
2 irrelevant, as during prosecution the PTO applies the broadest reasonable construction standard
3 to the pending claims.

4 102. Furthermore, the applicants and their patent counsel apparently did not
5 rely on the Court's refusal to consider the summary judgment motions during the *eBay*
6 litigation in connection with their decision not to submit the art submitted by eBay to the
7 examiner in a timely fashion, because they later submitted these references, albeit in a buried
8 fashion, almost two years after receiving the motions for summary judgment from eBay.
9 Telling of the applicants' intent to bury these highly material references was the timing and
10 manner in which they were belatedly submitted to the examiner. Both references were
11 submitted in connection with an information disclosure statement filed by the applicants after
12 the notice of allowance in the application (but before issuance) along with 236 other references
13 (128 other patents and 108 printed publications) on the same IDS. Burying such material
14 references is inconsistent with the applicant's duty of candor and, upon information and belief,
15 was calculated to limit the examiner's ability to seriously consider such references, as
16 evidenced by the fact that the examiner indicated on the PTO-1449 form that he reviewed each
17 of these 238 technical references on the same day – July 17, 2001.

18 103. The applicants and their patent counsel also failed to raise the '497 and
19 '522 patents in the prosecution of any of the subsequent continuation applications resulting in
20 the other patents-in-suit. Furthermore, neither the applicants nor their patent counsel ever
21 disclosed to the examiners of the patents-in-suit the existence of the *eBay* litigation or the
22 motions for summary judgment filed by eBay. The only reasonable inference that can be
23 drawn from such conduct is an intent to deceive the PTO.

24 104. A reasonable examiner would have found both the '497 and '522 patents
25 to be material to the pending claims of the application leading to the '538 patent, as well as the
26 claims in the remaining patents-in-suit. The '497 and '522 patents anticipate and/or render
27 obvious numerous claims of the patents-in-suit. In fact, the '497 patent discloses an online
28 job-posting and resume posting system that is substantially similar to a system that GraphOn

1 claimed to infringe the '538, '940, '034, and '591 patents in litigation against Yahoo!, Inc. in
2 the Eastern District of Texas.

3 105. The existence of the *eBay* litigation, the fully briefed summary judgment
4 motions filed by eBay concerning invalidity of the claims of the '367 patent of nearly identical
5 scope to claims in the pending application and the prior art relied upon by *eBay* in such
6 motions was material to the patentability of the '538, '940, '034, and '591 patents. The failure
7 to disclose the litigation and the material information arising therefrom, coupled with the
8 concerted effort to bury the highly material references, amounts to a breach of the duty of
9 candor and good faith and, upon information and belief was done with deceptive intent. The
10 '538, '940, '034, and '591 patents are all therefore unenforceable as a result of this inequitable
11 conduct.

12 *The AutoTrader.com Litigation*

13 106. The applications for the '034 and '591 patents were filed on May 11,
14 2004. On November 22, 2005, while these applications were being prosecuted before the
15 PTO, GraphOn filed a lawsuit in the Eastern District of Texas against AutoTrader.com for the
16 alleged infringement of the '538 and '940 patents.

17 107. On January 17, 2006, AutoTrader.com filed an answer and
18 counterclaim. It served a motion for summary judgment of invalidity of the '538 and '940
19 patents on March 24, 2006.

20 108. Brisson, D'Alessandro, Wesinger, and Coley were deposed in the
21 *AutoTrader.com* litigation and were aware of the litigation. On information and belief,
22 Wesinger and Brisson were intimately familiar with the conduct of the *Autotrader.com*
23 litigation.

24 109. The '034 patent issued on April 11, 2006, from an application that
25 continued from the applications for the '538 and '940 patents. The '538, '940, and '034
26 patents share an identical specification and similar claims. Nevertheless, at no point during the
27 prosecution of the '034 patent application did Wesinger, Coley, their patent counsel including
28 Brisson and D'Alessandro, and/or any other person that was associated with the filing and

1 prosecution of this application disclose the existence of the AutoTrader.com litigation to the
2 PTO, or AutoTrader.com's motion for summary judgment of invalidity. The only reasonable
3 inference that can be drawn from such conduct is an intent to deceive the PTO.

4 110. On September 27, 2006, AutoTrader.com served its first invalidity
5 contentions, which outlined the invalidity of the '538 and '940 patents. The court issued its
6 claim constructions on June 28, 2007, and AutoTrader.com filed a motion for leave to file an
7 amended answer and counterclaim of inequitable conduct on August 13, 2007, and served
8 expert reports on invalidity and unenforceability of the '538 and '940 patents on September 5,
9 2007.

10 111. The '591 patent issued on September 11, 2007, from an application that
11 continued from the applications for the '538 and '940 patents. The '538, '940 and '591 patents
12 share an identical specification and similar claims. Nevertheless, at no point during the
13 prosecution of the '591 patent application did Wesinger, Coley, their patent counsel including
14 Brisson and D'Alessandro, or any other person that was associated with the filing and
15 prosecution of this application disclose the existence of the *AutoTrader.com* litigation to the
16 PTO, or AutoTrader.com's motion for summary judgment of invalidity, its invalidity
17 contentions and several of the prior art references cited therein, its charge of inequitable
18 conduct, or its expert report on invalidity, or the *AutoTrader.com* court's claim constructions.
19 The only reasonable inference that can be drawn from such conduct is an intent to deceive the
20 PTO.

21 112. The existence of the *AutoTrader.com* litigation and material information
22 arising therefrom, including the prior art referenced in that litigation, was material to the
23 patentability of the '034 and '591 patents. The failure to disclose this material information to
24 the PTO amounts to a breach of the duty of candor and good faith and was done with deceptive
25 intent. The '034 and '591 patents therefore are unenforceable as a result of inequitable
26 conduct.

27 113. An actual controversy exists between GraphOn and MySpace with
28 respect to the enforceability of the '538, '940, '034, and '591 patents, due to the failure to

1 disclose to the patent office the existence of the *eBay* litigation, the *AutoTrader.com* litigation,
2 and material information arising from the *eBay* litigation and the *AutoTrader.com* litigation.

3 114. MySpace seeks a declaration that the '538, '940, '034, and '591 patents
4 are unenforceable.

5 **COUNT 11:**

6 **DECLARATORY JUDGMENT OF UNENFORCEABILITY OF THE '538, '940, '034,**
7 **AND '591 PATENTS**

8 115. MySpace incorporates and realleges the allegations of Paragraphs 1-114
9 as if set forth herein in their entirety.

10 116. The intentional failure of Wesinger and Coley, their patent counsel
11 including Irvine, Nicholas, Brisson, and D'Alessandro, and/or other individuals associated
12 with the filing and prosecution of the applications for the '538, '940, '034, and '591 patents to
13 disclose to the PTO during the prosecution of the patent application material information,
14 including the existence of the '956 patent and the prosecution thereof, and the existence of the
15 *eBay* and *AutoTrader.com* litigations and material information arising therefrom, collectively
16 constituted a pattern of inequitable conduct.

17 117. On information and belief, the inventors, their patent counsel including
18 Irvine, Nicholas, Brisson, and D'Alessandro, and/or other individuals associated with the filing
19 and prosecution of the application for the '538, '940, '034, and '591 patents engaged in this
20 pattern of inequitable conduct in order to secure issuance of the '538, '940, '034, and '591
21 patents.

22 118. The pattern of inequitable conduct in which the inventors, their patent
23 counsel including Irvine, Nicholas, Brisson, and D'Alessandro, and/or other individuals
24 associated with the filing and prosecution of the application for the '538, '940, '034, and '591
25 patents engaged renders the '538, '940, '034, and '591 patents unenforceable.

26 119. An actual controversy exists between GraphOn and MySpace with
27 respect to the enforceability of the '538, '940, '034, and '591 patents.
28

120. MySpace seeks a declaration that the '538, '940, '034, and '591 patents are unenforceable.

PRAYER FOR RELIEF

WHEREFORE, MySpace prays for an Order and entry of Judgment against GraphOn:

- A. Declaring that MySpace does not infringe the '538 patent;
- B. Declaring that the '538 patent is invalid;
- C. Declaring that MySpace does not infringe the '940 patent;
- D. Declaring that the '940 patent is invalid;
- E. Declaring that MySpace does not infringe the '034 patent;
- F. Declaring that the '034 patent is invalid;
- G. Declaring that MySpace does not infringe the '591 patent;
- H. Declaring that the '591 patent is invalid;
- I. Declaring that the '538, '940, '034, and '591 patents are unenforceable;
- J. Declaring this case exceptional under 35 U.S.C. § 285 and awarding MySpace its reasonable attorneys' fees in this action;
- K. Awarding MySpace its costs and expenses in this action; and
- L. Granting such other and further relief as the Court deems proper and just.

Dated: February 10, 2010

Respectfully submitted,

COVINGTON & BURLING LLP

By: 

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MYSPACE, INC.