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8 *Counsel for Plaintiffs eBay Inc. and*  
9 *Microsoft Corporation*

10 NOTE: Additional counsel listed on signature page

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13 UNITED STATES DISTRICT COURT  
14 NORTHERN DISTRICT OF CALIFORNIA  
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16 SAN FRANCISCO DIVISION  
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eBay Inc. and Microsoft Corporation, )  
*Plaintiffs,* )  
vs. )  
PartsRiver, Inc. and Kelora Systems, LLC, )  
*Defendants.* )

No. 3:10-cv-4947-RS (filed Nov. 2, 2010)

**FIRST AMENDED COMPLAINT FOR  
DECLARATORY JUDGMENT**

1 Plaintiffs eBay Inc. and Microsoft Corporation (collectively “Plaintiffs”) allege as follows:

2 **THE PARTIES**

3 1. Plaintiff eBay Inc. (“eBay”) is a Delaware corporation having its principal place of  
4 business at 2065 Hamilton Avenue, San Jose, CA 95125.

5 2. Plaintiff Microsoft Corporation (“Microsoft”) is a Washington corporation having its  
6 principal place of business at One Microsoft Way, Redmond, WA 98052.

7 3. On information and belief, Defendant PartsRiver, Inc. (“PartsRiver”) is a Delaware  
8 corporation having its principal place of business at 3155 Kearney Street, Suite 210, Fremont, CA  
9 94538.

10 4. On information and belief, Defendant Kelora Systems, LLC (“Kelora”) is a Delaware  
11 limited liability company having its principal place of business at 19925 Stevens Creek Boulevard,  
12 Suite 100, Cupertino CA 95014.

13 **NATURE OF THE ACTION**

14 5. This is a declaratory judgment action seeking a determination that each of the  
15 Plaintiffs does not infringe at least reexamined claims 1 and 2 of U.S. Patent No. 6,275,821 under 35  
16 U.S.C. § 271; that at least reexamined claims 1 and 2 of this patent are invalid under at least 35  
17 U.S.C. §§ 102, 103, 112, and/or 305; and/or that each of the Plaintiffs has intervening rights to at  
18 least reexamined claims 1 and 2 of this patent under 35 U.S.C. §§ 252 and 307(b).

19 **JURISDICTION AND VENUE**

20 6. On information and belief, this Court has personal jurisdiction over PartsRiver  
21 because PartsRiver is doing business in, and has its principal place of business in, this Judicial  
22 District at 3155 Kearney Street, Suite 210, Fremont, CA 94538.

23 7. On information and belief, this Court has personal jurisdiction over Kelora because  
24 Kelora is doing business in, and has its principal place of business in, this Judicial District at 19925  
25 Stevens Creek Boulevard, Suite 100, Cupertino CA 95014.

26 8. This Court has subject matter jurisdiction over the Plaintiffs’ causes of action asserted  
27 here pursuant to 28 U.S.C. § 1331 and 1338(a), because those claims arise under the patent laws of  
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1 the United States, 35 U.S.C. §§ 101, *et seq.*, and under the Federal Declaratory Judgment Act, 28  
2 U.S.C. §§ 2201 and 2202.

3 9. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c).

4 **INTRADISTRICT ASSIGNMENT**

5 10. Pursuant to Civil Local Rule 3-2(c), this is an Intellectual Property Action that  
6 normally would be assigned on a district-wide basis. However, under Civil L.R. 3-12, this action is  
7 related to *PartsRiver, Inc., v. Shopzilla, Inc., et al.*, No. 4:09-cv-00811-CW and thus should be  
8 assigned to Judge Wilken in the Oakland Division.

9 **FACTUAL BACKGROUND**

10 11. U.S. Patent No. 6,275,821 (“the ’821 patent”) is entitled “Method and System for  
11 Executing a Guided Parametric Search,” and originally issued August 14, 2001.

12 12. The ’821 patent expires on October 14, 2014.

13 13. On information and belief, PartsRiver is and/or was the owner by assignment of the  
14 ’821 patent.

15 14. On information and belief, Kelora has at least some rights to the ’821 patent.

16 15. The first-named inventor of the ’821 patent is Mohamed Sherif Danish (“Sherif  
17 Danish”).

18 16. Sherif Danish lives in Cupertino, California.

19 17. Sherif Danish has referred to the ’821 patent as the “Step Search” patent.

20 18. On information and belief, after PartsRiver acquired ownership of the ’821 patent,  
21 Sherif Danish encouraged PartsRiver to enforce the ’821 patent.

22 19. For example, in August 2006, Sherif Danish wrote to Horacio Woolcott, the CEO of  
23 PartsRiver:

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Horacio,

As promised, here is a partial list of companies that infringe on the Step Search patent.

Sherif

[www.yahoo.com](http://www.yahoo.com)

[www.circuitcity.com](http://www.circuitcity.com)

[www.officedepot.com](http://www.officedepot.com)

<http://www.newark.com/>

<http://catalog.graybar.com/>

[bhinone.farnell.com/](http://bhinone.farnell.com/)

<http://www.gcs.com/>

20. In April 2007, Sherif Danish identified for PartsRiver the following companies as alleged “infringers” of the ’821 patent:

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<b>Portals</b>
1) Yahoo
2) Amazon
3) Ebay
4) Google
5) MSN
<b>Software Search Vendors</b>
1) Endeca Technologies
2) Fast Search & Transfer
3) IBM
4) Autonomy
5) Entopia
6) Convera
7) Microsoft
8) Google
9) Coveo
10) dtSearch
11) Dieselpoint
12) Exalead
13) InQuira
14) Inxight Software
15) ISYS Software
16) Kaidara Software
17) Knova Software
18) Mercado
19) Nervana
20) Open Text
21) Oracle
22) PolySpot
23) Progress Software
24) Recommind
25) S. L. I. Systems
26) Thunderstone
27) Vivisimo
28) WCC
29) WebSide Story
30) X1 Technologies
31) ZyLab
<b>Retailers</b>
Best Buy
Circuit City
10000 Others

1           21.     On information and belief, pursuant to a consulting agreement effective August 1,  
2 2007, Sherif Danish agreed to help PartsRiver enforce the '821 patent in exchange for \$10,000 per  
3 month for the term of the agreement, plus 10% of the first \$100 million received as a result of any  
4 licenses, settlements, or judgments involving the '821 patent.

5           22.     On October 3, 2007, PartsRiver filed a civil action in the Eastern District of Texas  
6 (No. 2:07-cv-440-DF) alleging that the following companies infringe the '821 patent: Shopzilla,  
7 Inc.; ValueClick, Inc.; PriceRunner Limited; Yahoo!, Inc.; PriceGrabber.com, Inc.; eBay Inc.; and  
8 Microsoft Corporation.

9           23.     Claim 2 of the '821 patent depends from claim 1.

10          24.     On February 18, 2008, PartsRiver contended that the following websites are operated  
11 by eBay and utilize search processes or methods which infringe upon both claims 1 and 2 of the '821  
12 patent:

13                                 www.shopping.com

14                                 http://fr.shopping.com

15                                 http://de.shopping.com

16                                 http://uk.shopping.com

17                                 http://au.shopping.com

18                                 www.dealtime.com

19                                 www.dealtime.com.uk

20                                 www.ugenie.com

21                                 www.epinions.com

22                                 www.pricetool.com

23                                 www.express.ebay.com

24          25.     On February 18, 2008, PartsRiver contended that the following websites are operated  
25 by Microsoft and utilize search processes or methods which infringe upon both claims 1 and 2 of the  
26 '821 patent:

27                                 shopping.msn.com

28                                 http://shopping.sympatico.msn.ca/

1 <http://magasiner.sympatico.msn.ca/>

2 <http://shopping.msn.co.jp/>

3 <http://shopping.ninemsn.com.au/>

4 <http://shopping.msn.fr/>

5 <http://shopping.msn.nl/>

6 <http://shopping.msn.de/>

7 <http://shopping.msn.co.uk/>

8 26. On December 22, 2008, the United States Patent and Trademark Office (“USPTO”)  
9 determined that there was a substantial new question of patentability affecting claims 1 and 2 of the  
10 ’821 patent and thus ordered an *ex parte* reexamination of those claims (Reexamination Control No.  
11 90/009,316).

12 27. On January 30, 2009, the Court in the Eastern District of Texas determined that “the  
13 Northern District of California would clearly be a more convenient venue” and thus transferred  
14 PartsRiver’s action to this Court, where it was assigned to Judge Wilken as Civil Action No. 4:09-  
15 cv-00811-CW.

16 28. On May 28, 2009, the Plaintiffs, along with other defendants in that case, filed with  
17 Judge Wilken a motion for summary judgment of non-infringement and invalidity of claims 1 and 2  
18 of the ’821 patent.

19 29. On June 18, 2009, an Examiner at the USPTO issued an Office Action finally  
20 rejecting claims 1 and 2 of the ’821 patent under 35 U.S.C. § 102(b) as being clearly anticipated by  
21 Granacki et al., *A Component Library Management System and Browser*, ISI Research Report,  
22 ISI/RR-93-386, USC/Information Sciences Institute, April, 1993.

23 30. On August 21, 2009, Judge Wilken granted summary judgment that claims 1 and 2 of  
24 the ’821 patent were invalid under 35 U.S.C. § 102(b) due to the on-sale bar.

25 31. On September 18, 2009, PartsRiver appealed the Examiner’s final rejection of claims  
26 1 and 2 to the Board of Patent Appeals and Interferences (“BPAI”).

27 32. On September 18, 2009, PartsRiver appealed Judge Wilken’s summary judgment of  
28 invalidity to the United States Court of Appeals for the Federal Circuit.

1           33.     The notice of appeal that PartsRiver filed on September 18, 2009, was signed by the  
2 firm Manatt, Phelps & Phillips, LLP.

3           34.     On January 29, 2010, PartsRiver filed a brief in the Federal Circuit arguing that Judge  
4 Wilken’s summary judgment of invalidity should be reversed.

5           35.     The brief that PartsRiver filed in the Federal Circuit was signed by Manatt, Phelps &  
6 Phillips, LLP.

7           36.     On April 14, 2010, the Plaintiffs, along with other defendants in that case, filed a  
8 brief in the Federal Circuit arguing that Judge Wilken’s summary judgment of invalidity should be  
9 affirmed.

10          37.     On information and belief, in or around May 2010, Sherif Danish became the CEO of  
11 PartsRiver.

12          38.     On May 20, 2010, while its appeal before the BPAI was pending, PartsRiver  
13 requested entry of an amendment to claim 1, as well as entry of a new claim 9. In its remarks  
14 accompanying the amendment, PartsRiver stated:

15                 The amendment of claim 1 presented herein adjusts the claim language of  
16 claim 1 to correspond to that of allowed claim 9.<sup>[1]</sup> Claim 1 is now believed to  
17 reflect, albeit explicitly, the legal scope of claim 1 as previously issued. As such,  
18 although the text of claim 1 has been altered by amendment, the claim scope is  
19 legally identical to that of originally issued claim 1. This change in language has  
20 been adopted for the sole purpose of terminating the present reexamination to  
21 avoid lengthy appeal proceedings.

22          39.     On June 24, 2010, the Examiner dismissed the appeal to the BPAI and issued a  
23 Notice of Intent to Issue Reexamination Certificate (“NIRC”) stating that the amended claim 1 and  
24 the new claim 9 were allowable.

25          40.     On June 29, 2010, the domain name “KELORA.COM” was registered.

26          41.     Sherif Danish in Cupertino, California was listed as the “Technical Contact” and the  
27 “Administrative Contact” for “KELORA.COM.”

28          42.     The webpage at <http://www.kelora.com/> includes the following statement: “Kelora  
develops the most advanced product search technologies. Our patented, award winning Step Search  
® technology is the industry norm for narrowing search results.”



1           43.     The webpage at [http://www.kelora.com/Contact\\_US.html](http://www.kelora.com/Contact_US.html) provides the following  
2 contact information:

3                     Kelora Systems LLC  
4                     19925 Stevens Creek Blvd #100  
5                     Cupertino, CA 95014  
6                     408-518-2055

7           44.     On September 28, 2010, Kelora was formed as a Delaware limited liability company.

8           45.     On information and belief, on or about October 7, 2010, PartsRiver assigned at least  
9 some of its rights in the '821 patent to Kelora.

10          46.     Neither PartsRiver, Kelora, nor Manatt, Phelps & Phillips, LLP ever disclosed to the  
11 Plaintiffs that any rights in the '821 patent had been assigned to Kelora.

12          47.     On October 15, 2010, PartsRiver filed a motion in the Federal Circuit to dismiss its  
13 appeal and to vacate Judge Wilken's judgment of invalidity.

14          48.     The motion that PartsRiver filed in the Federal Circuit was signed by Manatt, Phelps  
15 & Phillips, LLP.

16          49.     The motion that PartsRiver filed in the Federal Circuit did not mention Kelora.

17          50.     On October 22, 2010, the Plaintiffs, along with other defendants in that case filed a  
18 brief opposing PartsRiver's motion to vacate Judge Wilken's judgment of invalidity.

19          51.     On October 27, 2010, PartsRiver filed a reply brief in the Federal Circuit in support  
20 of its motion to dismiss the appeal and to vacate Judge Wilken's judgment of invalidity.

21          52.     The reply brief that PartsRiver filed in the Federal Circuit was signed by Manatt,  
22 Phelps & Phillips, LLP.

23          53.     The reply brief that PartsRiver filed in the Federal Circuit did not mention Kelora.

24          54.     On November 2, 2010, the USPTO issued a reexamination certificate for the '821  
25 patent reflecting: the allowed amendment to claim 1, the confirmation of unamended dependent  
26 claim 2, and the allowed new claim 9.

27          55.     The reexamination certificate lists PartsRiver as the assignee.  
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1           56.    On information and belief, PartsRiver contends that the scope of reexamined claims 1  
2 and 2 of the '821 patent is legally identical to that of originally issued claims 1 and 2 of the '821  
3 patent.

4           57.    On information and belief, Kelora likewise contends that the scope of reexamined  
5 claims 1 and 2 of the '821 patent is legally identical to that of originally issued claims 1 and 2 of the  
6 '821 patent.

7           58.    Based on the foregoing, there is a substantial controversy between (i) PartsRiver  
8 and/or Kelora and (ii) each of the Plaintiffs, of sufficient immediacy and reality, to warrant the  
9 issuance of a declaratory judgment with respect to non-infringement, invalidity, and/or intervening  
10 rights with respect to at least reexamined claims 1 and 2 of the '821 patent.

11                                COUNT I

12                                DECLARATORY JUDGMENT OF NONINFRINGEMENT

13           59.    The Plaintiffs repeat and incorporate by reference the allegations of paragraphs 1–58  
14 in their entirety.

15           60.    Each of the Plaintiffs has not infringed, and is not now infringing, at least reexamined  
16 claims 1 and 2 of the '821 patent.

17                                COUNT II

18                                DECLARATORY JUDGMENT OF INVALIDITY

19           61.    The Plaintiffs repeat and incorporate by reference the allegations of paragraphs 1–58  
20 in their entirety.

21           62.    At least reexamined claims 1 and 2 of the '821 patent are invalid.

22                                COUNT III

23                                DECLARATORY JUDGMENT OF INTERVENING RIGHTS

24           63.    The Plaintiffs repeat and incorporate by reference the allegations of paragraphs 1–58  
25 in their entirety.

26           64.    The scope of reexamined claim 1 of the '821 patent is not legally identical to the  
27 scope of any original claim of the '821 patent.  
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1           65.     The scope of reexamined claim 2 of the '821 patent is not legally identical to the  
2 scope of any original claim of the '821 patent.

3           66.     Under 35 U.S.C. § 252, ¶ 1 & § 307(b), PartsRiver may not bring an action against  
4 any of the Plaintiffs for causes arising before November 2, 2010, with respect to at least reexamined  
5 claims 1 and 2 of the '821 patent.

6           67.     Under 35 U.S.C. § 252, ¶ 1 & § 307(b), Kelora may not bring an action against any of  
7 the Plaintiffs for causes arising before November 2, 2010, with respect to at least reexamined claims  
8 1 and 2 of the '821 patent.

9           68.     Under 35 U.S.C. § 252, ¶ 2 & § 307(b), each of the Plaintiffs is entitled to absolute  
10 intervening rights with respect to at least reexamined claims 1 and 2 of the '821 patent.

11          69.     Under 35 U.S.C. § 252, ¶ 2 & § 307(b), each of the Plaintiffs is entitled to equitable  
12 intervening rights for the protection of investments made or business commenced before November  
13 2, 2010, with respect to at least claims 1 and 2 of the '821 patent.

14   **PRAYER FOR RELIEF**

15           **WHEREFORE**, each of the Plaintiffs prays for the following relief:

16           A.     A declaration that each Plaintiff has not infringed and is not infringing at least  
17 reexamined claims 1 and 2 of the '821 patent;

18           B.     A declaration that at least reexamined claims 1 and 2 of the '821 patent are  
19 invalid;

20           C.     A declaration that PartsRiver may not bring an action against any of the  
21 Plaintiffs for causes arising before November 2, 2010, with respect to at least reexamined claims 1  
22 and 2 of the '821 patent;

23           D.     A declaration that Kelora may not bring an action against any of the Plaintiffs  
24 for causes arising before November 2, 2010, with respect to at least reexamined claims 1 and 2 of the  
25 '821 patent;

26           E.     A declaration that each of the Plaintiffs is entitled to absolute intervening  
27 rights with respect to at least reexamined claims 1 and 2 of the '821 patent;

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F. A declaration that each of the Plaintiffs is entitled to equitable intervening rights with respect to at least reexamined claims 1 and 2 of the '821 patent;

G. An order declaring that each Plaintiff is a prevailing party and that this is an exceptional case, awarding each Plaintiff its costs, expenses, disbursements, and reasonable attorneys' fees under 35 U.S.C. § 285 and all other applicable statutes, rules, and common law;

H. That PartsRiver and/or Kelora be ordered to pay all costs associated with this action; and

I. That each Plaintiff be granted such other and additional relief as the Court deems just and proper

1  
2 Dated: December 21, 2010

By: /s/ Marc R. Ascolese

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*Counsel for Plaintiff Microsoft Corporation*

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Dated: December 21, 2010

By: /s/ Marc R. Ascolese

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