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UNITED STATES DISTRICT COURT

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NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

10

11 TECHNOLOGY PROPERTIES LIMITED
12 LLC, et al.,

13 Plaintiffs,

14 vs.

15 BARNES & NOBLE, INC.,

16 Defendant.

CASE NO. 12-cv-03863-VC

**BARNES & NOBLE, INC. 'S ANSWER,
DEFENSES, AND COUNTERCLAIMS TO
TECHNOLOGY PROPERTIES LTD. ET
AL.'S COMPLAINT**

JURY TRIAL DEMANDED

17 Barnes & Noble, Inc. ("B&N") answers the allegations of the Complaint of Technology
 18 Properties Limited LLC ("TPL"), Phoenix Digital Solutions LLC ("PDS") and Patriot Scientific
 19 Corporation ("PTSC") (collectively "Plaintiffs") regarding infringement of U.S. Patents No.
 20 5,440,749; No. 5,530,890; and No. 5,809,336 ("the Asserted Patents"), and pleads counterclaims
 21 as follows:

22 **ANSWER**

23 **PARTIES**

24 1. B&N admits that TPL purports to be a California limited liability company with its
 25 principal place of business at 20883 Stevens Creek Blvd., Suite 100, Cupertino, CA 95014. B&N
 26 is without sufficient information to admit or deny the remaining allegations of this paragraph and
 27 therefore denies them.

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THE ASSERTED PATENTS**The '749 Patent**

10. B&N admits that Plaintiffs purport to have attached a true and correct copy of U.S. Patent No. 5,440,749 to the Complaint. B&N admits that this copy of the '749 Patent states on its face that: (1) it is entitled "High Performance, Low Cost Microprocessor Architecture;" (2) it issued on August 8, 1995; and (3) the named inventors are Charles H. Moore and Russell H. Fish. B&N lacks knowledge or information sufficient to form a belief as to the remaining allegations of this paragraph and therefore denies them.

11. B&N admits that the specification for the '749 Patent recites "a microprocessor system [that] has a means connected to the bus for fetching instructions for the central processing unit on the bus. The means for fetching instructions is configured to fetch multiple sequential instructions in a single memory cycle." '749 Patent at 2:14-18. B&N denies the remaining allegations in this paragraph, particularly to the extent it is purported to describe or otherwise set forth the scope of one or more claims of the '749 Patent.

12. B&N is without sufficient knowledge or information to admit or deny the allegations of this paragraph and therefore denies them.

The '890 Patent

13. B&N admits that Plaintiffs purport to have attached a true and correct copy of U.S. Patent No. 5,530,890 to the Complaint. B&N admits that this copy of the '890 Patent states on its face that: (1) it is entitled "High Performance, Low Cost Microprocessor;" (2) it issued on June 25, 1996; and (3) the named inventors are Charles H. Moore and Russell H. Fish. B&N lacks sufficient knowledge or information to admit or deny the remaining allegations of this paragraph and therefore denies them.

14. B&N admits that the specification for the '890 Patent recites "a push down stack [] connected to the arithmetic logic unit. The push down stack includes means for storing a top item connected to a first input of the arithmetic logic unit and means for storing a next item connected to a second input of the arithmetic logic unit. . . . [A] first pointer is connected to the first plurality of stack elements, a second pointer connected to the second plurality of stack elements, and a third

1 pointer is connected to the third plurality of stack elements.” ‘890 Patent at 3:35-52. B&N denies
2 the remaining allegations of this paragraph, particularly to the extent it is purported to describe or
3 otherwise set forth the scope of one or more claims of the ‘890 Patent.

4 15. B&N is without sufficient knowledge or information to admit or deny the
5 allegations of this paragraph and therefore denies them.

6 **The ‘336 Patent**

7 16. B&N admits that Plaintiffs purport to have attached a true and correct copy of U.S.
8 Patent No. 5,809,336 to the Complaint. B&N admits that this copy of the ‘336 Patent states on its
9 face that: (1) it is entitled “High Performance Microprocessor Having Variable Speed System
10 Clock;” (2) it issued on September 15, 1998; and (3) the named inventors are Charles H. Moore
11 and Russell H. Fish, III. B&N lacks sufficient knowledge or information to admit or deny the
12 remaining allegations of this paragraph and therefore denies them.

13 17. B&N denies the allegations of this paragraph, particularly to the extent that TPL
14 alleges that the ‘336 Patent discloses an “innovation [that] was widely adopted by the industry” or
15 one that is “fundamental to the increased speed and efficiency of modern microprocessors.” B&N
16 (and other parties) were found to practice no claimed invention of the ‘336 Patent in Investigation
17 No. 337-TA-853 held before the United States International Trade Commission. The ITC
18 determined that the ‘336 Patent claimed devices with two fully independent clocks where the CPU
19 clock was not dependent on control signals or external sources and where the speed of the system
20 clock varied in response to parameters like manufacturing process, voltage, or temperature
21 (“PVT”). The ITC concluded that none of these limitations – the clocks’ independence from each
22 other, independence from control signals and external sources, or variation as a function of PVT
23 parameters – was satisfied by the Accused Products.

24 18. B&N is without knowledge or information sufficient to admit or deny the
25 allegations of this paragraph and therefore denies them.

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COUNT I

The '749 Patent

19. B&N acknowledges that Plaintiffs incorporate the preceding paragraphs of their Complaint and B&N likewise incorporates its corresponding denials and defenses.

20. B&N admits to having made, imported, offered to sell and/or sold the NOOK Tablet 8GB prior to the '749 Patent's expiration on August 8, 2012. B&N denies the remaining allegations of this paragraph.

21. B&N denies the allegations of this paragraph.

22. B&N denies the allegations of this paragraph.

COUNT II

The '890 Patent

23. B&N acknowledges that Plaintiffs incorporate the preceding paragraphs of their Complaint and B&N likewise incorporates its corresponding denials and defenses.

24. B&N admits to having made, imported, offered for sale and/or sold the NOOK Tablet 8GB prior to the '890 Patent's expiration on June 25, 2013. B&N denies the remaining allegations of this paragraph.

25. B&N denies the allegations of this paragraph.

26. B&N denies the allegations of this paragraph.

COUNT III

The '336 Patent

27. B&N acknowledges that Plaintiffs incorporate the preceding paragraphs of their Complaint and B&N likewise incorporates its corresponding denials and defenses.

28. B&N admits to having made, imported, offered for sale and/or sold the NOOK Tablet 8GB, but denies that the NOOK Tablet 8GB is a current product. B&N denies the remaining allegations of this paragraph.

29. B&N denies the allegations in this paragraph.

30. B&N denies the allegations in this paragraph.

1 31. B&N denies the allegations of this paragraph, particularly since the U.S. ITC found
2 in Investigation No. 337-TA-853 that no B&N NOOK product infringes claim 1 of the '336, either
3 directly or indirectly.

4 32. B&N denies the allegations of this paragraph.

5 33. B&N denies the allegations of this paragraph.

6 **PRAYER FOR RELIEF**

7 B&N denies that Plaintiffs are entitled to any relief sought in their Prayer for Relief.
8

9 **DEFENSES**

10 **FIRST DEFENSE**

11 **(Non-Infringement)**

12 1. BN has not infringed and does not infringe, either directly, indirectly, contributorily
13 or by inducement, any valid and enforceable claims of the Asserted Patents either literally or under
14 the doctrine of equivalents, willfully or otherwise.

15 **SECOND DEFENSE**

16 **(Invalidity)**

17 2. The claims of the Asserted Patents are invalid for failure to satisfy one or more of
18 the conditions for patentability specified in Title 35 of the United States Code, including but not
19 limited to §§ 101, 102, 103, and 112.

20 **THIRD DEFENSE**

21 **(Unenforceability)**

22 3. One or more of the Asserted Patents are unenforceable against B&N on the grounds
23 of estoppel, fraud, waiver, implied waiver, unclean hands, patent exhaustion, implied license,
24 and/or other equitable doctrines.

25 **FOURTH DEFENSE**

26 **(Prosecution History Estoppel)**

27 4. Plaintiffs are estopped from construing the claims in the Asserted Patents in such a
28 way as to cover B&N's activities because of Plaintiffs' prior conduct, including the amendment,

1 cancellation, or abandonment of claims before the United States Patent and Trademark Office,
2 and/or admissions or other statements made to the United States Patent and Trademark Office
3 during prosecution of the applications for the Asserted Patents.

4 **FIFTH DEFENSE**

5 **(No Injunctive Relief)**

6 5. Plaintiffs are not entitled to injunctive relief because two of the three asserted
7 patents have expired, and as to the third any alleged injury is not immediate or irreparable, and
8 Plaintiffs have an adequate remedy at law.

9 **SIXTH DEFENSE**

10 **(35 U.S.C. § 287 and § 288)**

11 6. Plaintiffs have failed to comply with the provisions of 35 U.S.C. § 287, and any
12 claim for damages for patent infringement is limited to those damages occurring after legally
13 proper notice of alleged infringement. To the extent that any claim of the Asserted Patents is held
14 invalid, Plaintiffs are precluded under 35 U.S.C. § 288 from recovering costs relating to this
15 action.

16 **SEVENTH DEFENSE**

17 **(Failure To State a Claim)**

18 7. The Plaintiffs fail to state a claim upon which relief can be granted.

19 **EIGHTH DEFENSE**

20 **(Intervening Rights Under 35 U.S.C. § 307(b))**

21 8. Each of the Asserted Patents has been reexamined and substantively amended.
22 Each Asserted Patent has also had claims added.

23 9. Prior to amendment of the Asserted Patents, B&N imported, used, and sold NOOK
24 devices. Also prior to amendment of the Asserted Patents, B&N made substantial preparation for
25 the importation, sale, and use of NOOK devices.

26 10. Because of the substantive amendments made to the Asserted Patents, Plaintiffs are
27 barred by 35 U.S.C. § 307(b) from claiming damages for infringement for NOOK devices made or
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1 for which substantial preparations had been completed prior to amendment of the Asserted
2 Patents.

3 **NINTH DEFENSE**

4 **(Claim Preclusion, Issue Preclusion, *Kessler* Doctrine)**

5 11. Plaintiff’s claims with respect to the Asserted Patents are barred, in whole or in
6 part, by claim preclusion, issue preclusion, and/or the *Kessler* Doctrine, or in view of judicial
7 admissions made in prior proceedings.

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9 **COUNTERCLAIMS**

10 **PARTIES**

11 1. Counter-Claimant B&N is a Delaware corporation with its principal place of
12 business at 122 Fifth Avenue, New York, NY 10011.

13 2. Counter-Defendant TPL is a California limited liability company with its principal
14 place of business at 20883 Stevens Creek Blvd., Suite 100, Cupertino, CA 95014.

15 3. Counter-Defendant PDS is a Delaware limited liability company with its principal
16 place of business at 20883 Stevens Creek Blvd., Suite 100, Cupertino, CA 95014.

17 4. Counter-Defendant PTSC is a Delaware limited liability company with its principal
18 place of business at 701 Palomar Airport Road, Suite 170, Carlsbad, CA 92011.

19 **NATURE OF THE ACTION**

20 5. In this counterclaim, B&N seeks a declaration that it does not infringe any claim of
21 U.S. Patent No. 5,440,749; U.S. Patent No. 5,530,890; and U.S. Patent No. 5,809,336 or,
22 alternatively, that those patents are invalid and/or unenforceable.

23 6. According to their Complaint in this action, the Counter-Defendants “collectively
24 hold all substantial rights” to the ‘749 Patent, ‘890 Patent, and ‘336 Patent. Copies of these
25 patents have been attached to the Complaint.

26 **JURISDICTION AND VENUE**

27 7. This counterclaim seeks declaratory relief under 28 U.S.C. § 2201 for a controversy
28 under the patent laws of the United States, 35 U.S.C. § 1 *et seq.*

1 8. This Court has subject-matter jurisdiction over this counterclaim under 28 U.S.C.
2 § 1331, 28 U.S.C. § 1228, and 28 U.S.C. § 2201.

3 9. Counter-Defendants have submitted themselves to the personal jurisdiction of this
4 Court by filing the instant suit. In addition, they have conducted business in and directed at
5 California pertaining to the '749, '890, and '336 Patents. All of the Counter-Defendants have
6 their principal places of business in the State of California.

7 10. Venue for the counterclaims is proper in this Court as it is the tribunal for the
8 instant suit.

9 **FIRST COUNTERCLAIM**

10 **(Declaratory Judgment of Non-Infringement of U.S. Patent No. 5,440,749)**

11 11. Counter-Defendants have asserted in the instant suit that B&N's products infringe
12 U.S. Patent No. 5,440,749.

13 12. B&N's products do not infringe the claims of the '749 Patent.

14 13. B&N is entitled to a declaration that its products do not infringe the '749 Patent.

15 **SECOND COUNTERCLAIM**

16 **(Declaratory Judgment of Non-Infringement of U.S. Patent No. 5,530,890)**

17 14. Counter-Defendants have asserted in the instant suit that B&N's products infringe
18 U.S. Patent No. 5,530,890.

19 15. B&N's products do not infringe the claims of the '890 Patent.

20 16. B&N is entitled to a declaration that its products do not infringe the '890 Patent.

21 **THIRD COUNTERCLAIM**

22 **(Declaratory Judgment of Non-Infringement of U.S. Patent No. 5,809,336)**

23 17. Counter-Defendants have asserted in the instant suit that B&N's products infringe
24 U.S. Patent No. 5,809,336.

25 18. B&N's products do not infringe the claims of the '336 Patent.

26 19. B&N is entitled to a declaration that its products do not infringe the '336 Patent.

27 20. Plaintiffs are aware that B&N's products do not infringe the '336 Patent due to the
28 thorough and well-reasoned opinions issued by both ALJ Gildea and the U.S. International Trade

1 Commission as part of U.S.I.T.C. Inv. No. 337-TA-853. Plaintiffs have nonetheless maintained
2 this suit. This case is therefore an “exceptional case” as contemplated by 35 U.S.C. § 285. As a
3 result of Counter-Defendants’ continued prosecution of this baseless suit, B&N is entitled to
4 reasonable attorneys’ fees.

5 **FOURTH COUNTERCLAIM**

6 **(Declaratory Judgment of Invalidity of U.S. Patent No. 5,440,749)**

7 21. Counter-Defendants have asserted in the instant suit that B&N’s products infringe
8 U.S. Patent No. 5,440,749.

9 22. The ‘749 Patent is invalid for failure to satisfy one or more of the conditions for
10 patentability specified in Title 35 of the United States Code, including but not limited to §§ 101,
11 102, 103, and 112.

12 23. B&N is entitled to a declaration that the ‘749 Patent is invalid and therefore cannot
13 be asserted against B&N.

14 **FIFTH COUNTERCLAIM**

15 **(Declaratory Judgment of Invalidity of U.S. Patent No. 5,530,890)**

16 24. Counter-Defendants have asserted in the instant suit that B&N’s products infringe
17 U.S. Patent No. 5,440,890.

18 25. The ‘890 Patent is invalid for failure to satisfy one or more of the conditions for
19 patentability specified in Title 35 of the United States Code, including but not limited to §§ 101,
20 102, 103, and 112.

21 26. B&N is entitled to a declaration that the ‘890 Patent is invalid and therefore cannot
22 be asserted against B&N.

23 **SIXTH COUNTERCLAIM**

24 **(Declaratory Judgment of Invalidity of U.S. Patent No. 5,809,336)**

25 27. Plaintiffs have asserted in the instant suit that B&N’s products infringe U.S. Patent
26 No. 5,809,336.

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1 28. The '336 Patent is invalid for failure to satisfy one or more of the conditions for
2 patentability specified in Title 35 of the United States Code, including but not limited to §§ 101,
3 102, 103, and 112.

4 29. B&N is entitled to a declaration that the '336 Patent is invalid and therefore cannot
5 be asserted against B&N.

6 **REQUEST FOR RELIEF**

7 WHEREFORE, B&N respectfully requests relief as follows:

8 A. a declaration that B&N does not infringe, either directly, indirectly, contributorily,
9 or by inducement, any valid and enforceable claim of the '749, '890, and '336 patents, either
10 literally or under the doctrine of equivalents, willfully or otherwise;

11 B. a declaration that the claims of the '749, '890, and '336 patents are invalid;

12 C. a declaration that this is an exceptional case, and an award to B&N of its attorneys'
13 fees, pursuant to 35 U.S.C. § 285 and/or other applicable authority;

14 D. an award to B&N of all costs; and

15 E. such other relief as this Court deems just and proper.

16 **DEMAND FOR JURY TRIAL**

17 In accord with Federal Rule of Civil Procedure 38(b), Defendant and Counter-Claimant
18 B&N demands a trial by jury on all issues so triable.

19
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21 DATED: June 9, 2014

Respectfully submitted,

22 QUINN EMANUEL URQUHART &
23 SULLIVAN, LLP

24
25 By /s/ David Eiseman

26 David Eiseman
27 Attorneys for Barnes & Noble, Inc.
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CERTIFICATE OF SERVICE

I hereby certify that, on June 9, 2014, I caused the foregoing document to be served on Plaintiffs' counsel via the Court's CM/ECF system.

DATED: June 9, 2014

By /s/ David Eiseman
David Eiseman