

UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

TECSEC, INCORPORATED)

Plaintiff,)

v.)

INTERNATIONAL BUSINESS MACHINES)
CORPORATION, et al.,)

Defendants.)

Civil Action No. 1:10CV115

JURY TRIAL DEMANDED

**DEFENDANTS' JOINT OPPOSITION TO PLAINTIFF TECSEC, INC.'S
MOTION FOR THE ENTRY OF A CASE MANAGEMENT ORDER**

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INTRODUCTION

Defendants submit this joint Opposition to Plaintiff TecSec, Inc.'s ("TecSec") Motion for the Entry of a Case Management Order.¹ Contrary to the Court's orders and instructions, TecSec's infringement contentions complicate rather than streamline this litigation. TecSec's Infringement Contentions assert over 200 unique claims, accusing 61 products – even more products than were accused in its Amended Complaint – and state its intent to accuse additional products. If the case were to proceed under all eleven patents, asserting 205 claims against 61 products, manufactured by nine groups of unrelated defendants, it would be unmanageably complex. Proceeding with such a case is not merely unmanageable, but instead is grossly unfair, unduly burdensome on all concerned, and unlikely to result in just jury verdicts.

Nor is TecSec's proposal to limit the case to "only" 72 claims from five of the asserted patents workable given differences between the claims and the various products against which those claims are asserted. Those 72 claims and five patents are not the "core" technology to which the Court hoped this case would be distilled – they are merely fewer than all 205 claims and 11 patents. The other 133 claims and six patents are in two different "families," and are not related to these five. Adjudicating the validity and infringement of the XML and DCOM patents would thus not affect in any way the adjudication of the other six patents, which would remain in the wings for assertion against IBM, Cisco and Oracle/Sun, unfairly subjecting the parties and the Court to two rounds of discovery and multiple trials.

Rather than showing that these claims and these defendants are properly joined in this litigation (which they are not), and rather than showing that real judicial economies would result

¹ This brief is being submitted on behalf of all defendants except eBay, Inc. ("eBay"), which filed a motion to dismiss TecSec's complaint on May 26, 2010, and International Business Machine Corporation ("IBM"), which will file a separate brief stating its positions on case management issues.

overall (which they will not), TecSec's principal justification (and now-apparent motivation) for jumbling these claims and parties together is that the defendants may be coerced to pay more in settlement than if each were sued individually. While TecSec may reap some cost savings, the Court, the jurors, and the defendants would pay for them.

Accordingly, Defendants move the Court to proceed with the Court's original proposal and to stay TecSec's claims against all defendants except for the lead defendant, IBM.² TecSec asserts all eleven patents and 196 of the 205 claims against at least 29 different IBM products and combinations of products. That case alone will present challenging (but conquerable) case management issues, will allow TecSec to assert its "core" technology in all four patent families, and will be a bellwether for the remaining defendants on key issues like infringement and validity.

Finally, no matter how the case proceeds, Defendants request the Court to restrict TecSec to no more than ten to fifteen of its core claims for discovery and claim construction. Numerous courts have required patentees to do the same under similar circumstances. There is no prejudice in requiring TecSec to select the best of its claims to litigate since, as the Court has already observed, "If the plaintiff can't win on those claims, they really aren't going to win on anything else." (Dkt. 118, at 19:24-25.) The selection of a maximum of fifteen claims is enough to allow TecSec to assert its core technology and will result in real streamlining of this case, while adequately protecting TecSec's interests in recovering a reasonable royalty should it prevail.

² All defendants other than IBM and eBay are simultaneously filing a motion to sever and stay on misjoinder grounds, which neither eBay nor IBM opposes.

BACKGROUND

I. The Court's Prior Directives to Streamline the Litigation.

Following TecSec's assertion of 11 patents against 13 defendants, the Court issued its April 22, 2010 Order. The Court thereby informed the parties that it was "considering limiting this litigation to one of the named defendants with the claims against the other defendants being stayed." (Dkt. 104.) The parties were directed to confer as to the appropriate defendant to proceed. At the April 28, 2010 status conference, IBM informed the Court that it was ready and willing to proceed to trial on the patents asserted by TecSec and the other defendants agreed to that proposal. (Dkt. 118, at 12.) TecSec, however, objected to this proposal both in its pre-conference brief and at the hearing.

After hearing arguments from both sides, the Court directed TecSec to provide claim charts by May 12, 2010. The Court explained that the purpose of the claim charts was "to give the defendant community a very clear picture, I think, of where the case is." (Dkt. 118, at 19.) The Court indicated that the claim charts should identify all the accused products (Dkt. 118, at 21) and in its April 28, 2010 Order informed TecSec that "Plaintiff may not add any additional claims or accused products or processes to that chart after May 12, 2010." (Dkt. 121, at n. 1.) The Court further encouraged TecSec to drop claims to streamline the litigation and to identify "one or two claims or patents or one or two methodologies that so permeate all the other technology we're talking about in this case that that's the meat and potatoes of this case." (Dkt. 118, at 19.) Finally, the Court instructed the parties "to continue working together collegially to try to figure out smart proposals" for streamlining the case and indicated the Court would keep

an open mind to TecSec's position if discovery has been streamlined in a manageable fashion.³ (Dkt. 118, at 21)

II. TecSec's Asserted Claims and Infringement Contentions.

On May 12, 2010, TecSec served its "Preliminary" Infringement Contentions.⁴ TecSec identified a maximum of 196 claims asserted against IBM and a minimum of 68 claims asserted against SAS, with varying numbers of claims asserted against the other defendants. A summary of the claims and products accused is attached at Exhibit A.

Collectively, TecSec identified 205 "unique" claims against all defendants and over 60 products. Although TecSec identified particular products for many of the defendants, it also purported to accuse unnamed "related products."⁵ Thus, each of TecSec's infringement charts noted that "[a]lso accused of infringement are related products that are used by or in conjunction with the Accused System and Method." *See, e.g.*, Ex. B, at 1. The related products accused by this statement were not identified by TecSec. In addition, because TecSec's discovery requests seek discovery on other products that have features TecSec believes may implicate its patent rights, TecSec will presumably argue that it can amend its contentions to add such products, notwithstanding the Court's explicit order to the contrary. *See, e.g.*, Ex. C, at Def. No. 26

³ Defendants had no opportunity to consider TecSec's proposals in its Motion for Entry of a Case Management Order as TecSec neglected to meet and confer concerning its proposal before filing its motion. As explained, *infra*, such conference could have been especially valuable as it appears there are (1) at least some overlapping claims among all defendants and (2) those overlapping claims could have been greatly narrowed given their overlapping subject matter.

⁴ Defendants object to plaintiff's use of the term "Preliminary" to the extent it suggests that, contrary to the Court's order, the plaintiff intends to supplement or add to its contentions. The Court's order is very explicit on this point and the plaintiff's purported reservation of rights to supplement is forbidden by that order. In addition, the plaintiff accuses "related products" again violating the Court's order by not identifying the products specifically.

⁵ TecSec did not identify any products or services of eBay that allegedly infringe TecSec's patents. Accordingly, eBay has filed a motion to dismiss TecSec's amended complaint.

(defining “Accused Products” as “other Cisco products that include the ability to perform the following functions as defined below: Sub-file Encryption, Access Control, XML Encryption, Split Key Cryptography or Encryption with Parallel Processors.”).

As TecSec’s motion noted, its eleven patents “can be grouped into four patent ‘families’: (i) four Distributed Cryptographic Object Method (“DCOM”) patents; (ii) one XML Encryption patent; (iii) five Split Key Patents; and (iv) one Parallel Processor patent.” (Dkt. 124, at 3.) The DCOM and Split Key patents are appropriately grouped into families because they share the same specification, with only the claims differing, albeit only slightly in many cases. As to the claims TecSec identified, not all claim sets are common amongst the defendants. For example, there are 52 claims from the DCOM and XML patents that TecSec asserts are common against all defendants, yet its infringement contentions assert 72 unique claims from those patents.

The accused products are diverse and unconnected. *See Ex. A* (summary of the identified products accused). For example, TecSec’s Infringement Contentions accuse IBM’s network appliances and mainframes, Cisco’s router and gateway products, Oracle’s database management systems and its Sun microprocessors and programming languages, SAS’s platforms, Software AG’s firewalls, Sybase’s server products, SAP’s enterprise software products, two available features for PayPal’s online payment system and Adobe’s user software. Defendants can ascertain no commonality among the types of products accused.

Even as to the identified products, TecSec’s infringement contentions do not fully notify each defendant as to what is truly at issue. As noted, eBay remains at a loss as to what, exactly, TecSec accuses because TecSec still has not identified any eBay products or services. Other defendants have raised concerns with the insufficient detail in TecSec’s contentions, which fail to identify any corresponding element at all for many of the products at issue.

In the Joint Discovery Plan, TecSec committed to providing infringement contentions that would identify (1) “where each limitation of each asserted claim is found within each of the accused product(s), device(s), or method(s)” and (2) “the structure(s), act(s), element(s), step(s), or material(s) in the accused product(s) or device(s) that correspond to” any “means plus function” elements governed by 35 U.S.C. § 112(6). (Dkt 97, at § III.B.2.) TecSec failed to do so. For example, for SAP, TecSec put in a “placeholder” claim for Web Intelligence in the preamble to its contentions, but never mentions how this product practices any element of any claim. Similarly, for IBM, TecSec fails to identify exactly what features of the accused products allegedly meet each asserted claim limitation, instead hiding its real contentions by citing large excerpts of various product documents that provide no clear link to each and every asserted claim limitation, so that IBM still cannot ascertain exactly what TecSec contends infringes. As another example, for Cisco and IBM, TecSec did not identify the elements required under either 35 U.S.C. § 112, ¶ 6 or the corresponding portions of the accused products that meet its claim limitations. *See* Ex. D (letter to TecSec seeking details on infringement contentions). The absence of required detail in TecSec’s infringement contentions as to at least some accused products frustrates the very purpose of the infringement contentions, which aimed to ensure “the defendants . . . at this point . . . know exactly what the parameters of this lawsuit are.” (Dkt. 118, at 21.)

In short, experience to date with TecSec’s contentions, coupled with TecSec’s accusation of unidentified related products and discovery requests concerning yet more products, demonstrates that its goal is to grow, not narrow, the case, in contravention of this Court’s directives and order.

ARGUMENT

I. The Court Should Stay This Action as to All Defendants but IBM.

Staying the case as to all defendants but IBM remains the best option for managing this case. As explained in Defendants' motion to sever, TecSec's joinder of defendants with widely disparate products, as well as its assertion of different patents and claims against different defendants, renders TecSec's decision to join all thirteen defendants inappropriate. Now that TecSec has revealed its final infringement positions, it is plain this is not a case where joining multiple defendants is allowed – or even makes sense. The accused products are simply too different and TecSec has not even limited its case to a common set of patents or claims. The Court should thus proceed with its initial proposal and sever and stay TecSec's claims against all defendants but IBM.

A. The Relevant Factors Suggest the Court Should Exercise its Discretion to Stay.

There is, of course, no question as to the Court's power to stay the claims TecSec asserts against the other defendants. A district court has the inherent power "to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Landis v. North Am. Co.*, 299 U.S. 248, 254 (1936); *Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 929 (4th Cir. 1995) ("This Court affords a district court substantial discretion in managing discovery."). Fed. R. Civ. P. 16 likewise recognizes the Court's power to limit discovery, adopt special procedures for complex issues and multiple parties, and otherwise "facilitate the just, speedy, and inexpensive disposition of the action."

Here, the Court should exercise its discretion and proceed with only IBM as the defendant. TecSec's principal arguments against a stay were that (a) staying the case unfairly allowed defendants to take advantage of collateral estoppel and (b) practical considerations like

managing discovery and incenting other defendants to settle counseled against a stay. In light of TecSec's demonstrated desire to increase, rather than reduce, the complexity of this case, these arguments simply are not compelling.

First, as to the collateral estoppel point, TecSec's arguments assumed that by simply joining all parties in one massive case, a single trial could and should be held. That assumption was generally unwarranted. *See* Def.'s Mot. To Sever. But it is particularly inapplicable here where the accused products and fundamental technologies differ so dramatically. The Court acknowledged that no single jury can reasonably be charged with the responsibility of resolving disputes over the myriad claims, technologies and accused products involved in this case. *See* Dkt. 118 at 22 ("But I know that if the case does not get resolved by settlement or by – on motions, we're not going to have one trial with 13 defendants. I would not inflict that on any jury. So it will be broken apart at that point if it hasn't – if it's still on the calendar."). Nor would it be fair to inflict such a trial upon defendants. Thus, even if the case against all defendants proceeded as one through discovery and claim construction, separate trials would be necessary to ensure that each defendant had its fair day in court. Once separate trials are required, the collateral estoppel effect of any one defendant successfully invalidating any asserted claims would dispose of those claims for all parties.

Additional efficiency gains exist from having the case against IBM alone move forward and those gains far outweigh any additional burdens on TecSec. Such a case can identify and resolve key "legal" issues such as indefiniteness, enablement and the absence of statutory subject matter in many of TecSec's patent claims. This Court's ruling on any of those issues will resolve the issue for all parties and, at minimum, substantially narrow the case. And, although individual defendants may have some differing claim construction positions, the Court's construction of

disputed terms in a *TecSec v. IBM* case would have *stare decisis* effect and create practical difficulties for re-litigation of any construed term. Given these realities, the injury TecSec posited from a stay simply does not exist and myriad issues will be resolved far more economically than proceeding with the case as postured. *See Landis*, 299 U.S. at 255-56 (courts should consider the injury that a stay would inflict upon the non-movant and whether a stay will simplify issues and promote judicial economy).

Second, as to the “practical” discovery considerations TecSec identified, the way in which TecSec has postured this case simply shifts the prejudice of conducting and managing duplicative discovery squarely onto defendants’ – and the Court’s – shoulders. *See id.* (court should consider the “hardship or inequity” that the movant would face in going forward with the litigation). While it is true all defendants can work together in a consolidated case in coordinating depositions of TecSec’s personnel, that slim gain in efficiency cannot outweigh the problems attendant to collapsing TecSec’s dozen lawsuits into one massive dispute. It is certain that all defendants will be unable to share non-infringement experts because this is not a case where all defendants are accused of implementing standardized technology or features. Nor can the burden on the Court in managing this case be ignored given the vague and varying details in TecSec’s infringement contentions and its attempted “moving target” infringement contentions.

Third, the settlement considerations TecSec advocates provide no persuasive reason to forebear from implementing the Court’s proposal. As the Court noted at the hearing, if TecSec prevails against IBM, the handwriting will be on the wall, providing ample incentive for other defendants to settle – perhaps as early as a claim construction ruling in the IBM case. TecSec argued against this point by essentially urging that it was necessary to keep defendants’ “feet to the fire” by forcing them through discovery proceedings. But equally important is that the Court

not allow TecSec to use the complexity, attendant expense of this litigation, and concern over jury overload to drive defendants to the settlement table. Now that TecSec has unveiled vague and unformed infringement contentions, that consideration squarely applies.

Finally, the other points raised in TecSec's opposition to the Court's proposal are easily dealt with. The Court can simply stay these proceedings until trial of the IBM matter, likely in December 2010 or early 2011. *Landis*, 299 U.S. at 255-56 (suggesting courts consider length of the requested stay). Following such a trial, expiration of the stay and any failure of the remaining defendants to settle if TecSec is victorious, discovery of TecSec and third parties can be efficiently managed by simply ensuring that the remaining defendants limit their discovery to issues unique to their respective cases.

B. TecSec's Proposal Does not Sufficiently Streamline this Matter and Would Prejudice IBM and Other Defendants with Multiple Trials.

TecSec itself recognizes the complexity caused by its decision to assert hundreds of claims against multiple products. It thus proposes staying its Split Key and Parallel Processing Patent claims ("hardware patents") and having a second trial on those patents once a first trial concerning the DCOM and XML patents ("software patents") is complete. (Dkt. 124, at 3-4.) That proposal implicitly recognizes the fundamental case management problem but does nothing meaningful to address it. There are still far too many patents, parties, and products for one jury to handle, so there will have to be separate trials anyway, and discovering the facts concerning those claims imposes enormous burdens on the Court and the defendants.

More to the point, TecSec's proposal causes substantial prejudice by burdening IBM, Cisco and Oracle/Sun – the defendants facing the hardware and software patents – with multiple trials and subjecting them to duplicative damages claims. The prejudice from forcing IBM, Cisco and Oracle/Sun to defend themselves in two expensive discovery proceedings and trials is

obvious. More importantly, TecSec's apparent practice has been to (a) commit to license the DCOM, XML and Split Key patents on "fair, reasonable and non-discriminatory" terms (Exs. F & G) (TecSec's commitments to standards groups) and (b) license its patents as part of a portfolio at lump sums, as opposed to running royalties on sale of underlying products. Ex. H, at §§ 1.10; 3.1 (TecSec's "all patents" lump sum license to Microsoft). In a single trial, evidence concerning these points will thus demonstrate that any damages award to TecSec should be a single lump sum payment for *all* patents and *all* products. *See Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d 1301, 1325-26 (Fed. Cir. 2009) (explaining that lump sum royalty may be appropriate measure of damages given evidence of what the parties had agreed to in comparable licenses), *cert. denied*, 78 U.S.L.W. 3523 (May 24, 2010) (U.S. 09-1006). By obtaining multiple trials, TecSec will deprive IBM and others of the opportunity to conform TecSec's damages claims to the applicable law and evidence. TecSec's proposal thus seeks to simultaneously avoid restrictions on its damages, while demonstrating it once again wants the Court to structure the case to add to defendants' costs, reduce TecSec's costs, and enhance TecSec's settlement posture. Structuring the case around two trials will allow TecSec to threaten IBM, Cisco and Oracle/Sun with that additional burden unless they accede to TecSec's settlement demands before, or after, the first trial.

In short, only the Court's original proposal effectively and efficiently streamlines this litigation. Indeed, it cannot be ignored that TecSec asserts all patents and the maximum number of claims against at least 29 different IBM products and combinations of products – more than any other defendant. The Court's proposal is a fair and workable way to allow TecSec to assert its "core" technology in all four patent families, narrow the disputed issues and provide a bellwether for the remaining defendants (and TecSec) on the issues of infringement and validity.

See Cherokee Nation v. United States, 124 F.3d 1413, 1416 (Fed. Cir. 1997) (“The court must then balance interests favoring a stay against interests frustrated by the action.”).

II. Under Either Side’s Proposal, the Court Should Limit TecSec to a Maximum Core Set of 15 Claims.

Whether the Court proceeds with TecSec’s proposal or that proposed by Defendants, it should immediately limit TecSec to a more reasonable set of core claims. TecSec proposes to assert an astounding 72 claims from the five patents during the first phase of the litigation. (Dkt. 124, at 3-4.) TecSec would then be permitted to assert 133 claims during the second phase of the litigation. (*Id.*) In either phase, this would be an unworkable number of claims for the parties, Court, and jury to deal with – especially given the added complexity of the numerous and different products at issue. As one court has remarked, “when the number of claims being asserted is so voluminous, litigation becomes extremely burdensome on both the parties and the Court. While a patentee has the right to prevent others from infringing, that right must not be allowed to frustrate litigation.” *Ronald A. Katz Technology Licensing, L.P. v. Citibank*, CA No. 5:05-CV-142 (E.D. Tex. Jan. 27, 2006) (attached as Ex. I.).

Restricting the patentee to a representative set of claims to litigate is the solution to cases involving numerous claims and it has been applied in numerous cases. Thus, as shown below, multiple, experienced, courts faced with this issue have ordered exactly that relief:

- *In re Katz Interactive Call Processing Patent Litig.*, No. 207ML01816, 2010 WL 1838641, *1 (C.D. Cal. May 5, 2010) (“In managing the group B cases, this Court ordered Katz to eventually limit the number of claims it was asserting against each defendant group to sixteen.”)
- *Stamps.Com, Inc. v. Endicia, Inc., PSI Sys. Inc.*, No. 06-7499ODWCTX, 2009 WL 2576371, *1 (C.D. Cal. May 21, 2009) (noting that the Court had previously Ordered the Plaintiff to limit “the number of patent claims asserted to fifteen, but” that it would “remain flexible if plaintiff shows good cause for additional claims”).

- *Hearing Components, Inc. v. Shure, Inc.*, No. Civ. A. 9:07CV104, 2008 WL 2485426, *1 (E.D. Tex. June 13, 2008) (“The court further ORDERS that Plaintiff shall select no more than three (3) representative claims from each patent for claim construction and trial.”)
- *Fenster Family Patent Holdings, Inc., Elscint Ltd. v. Siemens Med. Solutions USA, Inc.*, No. Civ. A. 04-0038, 2005 WL 2304190, *3 (D. Del. Sept. 20, 2005) (holding that plaintiffs assertion of 90 claims and 49 accused products was “unreasonable” and finding that plaintiff “should be limited, at this juncture, to ten (10) claims and five (5) products asserted”).
- *Sky Techs. LLC v. SAP AG, SAP Americas, Inc.*, No. Civ. A. 2:06CV440, 2007 WL 5731923, *5 (E.D. Tex. Nov. 13, 2007) (noting that “[t]he original docket control order ... ordered Sky to limit the number of asserted claims to no more than ten claims”).

The Court urged this very approach at the Status Conference. *See* Dkt. 118, at 19 (“I think what I’m looking for is a kind of unified field theory for this case; in other words, is there one or two claims or patents or one or two methodologies that so permeate all the other technology we’re talking about in this case that that’s the meat and potatoes of this case. If the plaintiff can’t win on those claims, they really aren’t going to win on anything else.”); Dkt. 118, at 20 (“And I’ve had a lot of patent cases, and even though I don’t always understand the technology, I find ultimately most of them do get down to a core, a true core of intellectual property, and if you can get it down to that, you can really get the case more manageable. So that’s the other sort of instruction I’ll give you-all to be thinking about during this time period.”).

Analysis of TecSec’s asserted claims reveals that, exactly as the Court predicted, there are “core” claims that can easily be identified and asserted. For example, there are only eight “independent” claims in the “DCOM” family of four patents. But those claims involve overlapping subject matter, as evidenced by a comparison below of the first independent claim of each DCOM patent (bracketed text is the language not common to the identified patents):

	'702 Claim 1	'781 Claim 1	'755 Claim 1	'452 Claim 1
Preamble	A method for providing multi-level multimedia security in a data network, comprising [the steps of]:			
Element A	accessing an object-oriented key manager;			

Element B	selecting an [a first] object to encrypt;		
Element C	selecting a [first] label for the [first] object;		
Element D	selecting an encryption algorithm;	encrypting the first object;	
Element E	encrypting the [first] object according to the encryption algorithm;	labelling the encrypted first object;	
Element F	labelling the encrypted [first] object [wherein the labelling comprises creating a display header]	displaying the first label as a header array;	
Element G	reading the [first] object label;		
Element H	determining access authorization based on the [first] object label; and		
Element I	decrypting the object if access authorization is granted.	allowing access to the first object only if access authorization is granted.	decrypting the first object if access authorization is granted.

Despite this overlap, TecSec proposes to assert a total of 60 claims from the DCOM family.⁶ Such an approach forces the parties, and the Court, to construe not only terms common to all claims, but also to construe many additional unique and different terms. Applying these overlapping, but slightly different, claims to the numerous products and prior art references at issue renders case management, summary judgment proceedings and trial substantially more complicated, expensive and difficult.

Under either side's proposal, the Court should order TecSec to limit for claim construction and discovery the number of asserted claims to no more than fifteen in a case involving all patents against IBM or ten if the Court adopts TecSec's proposal. Fifteen claims

⁶ Exhibit E demonstrates a similar analysis applies to the vast majority of the XML Encryption Patent's independent claims. There are also a number of duplicative and overlapping claims in the Split Key family and the Parallel Processing patent. As to the Split Key family, claims 1, 3, 9-16, 34, 36, and 43-49 of the '608 patent appear to duplicate claims in the '747 patent; Claims 1, 7, 30-33, 39 of the '632 appear to duplicate claims in various of the '747, '608, and '386 patents; and Claims 1, 3, 9, 18, 40, and 49 of the '386 patent appear to duplicate claims in the '747, '608, and '632 patents. As to the Parallel Processing patent, although TecSec asserts all 18 claims, claim 1 is an independent system claim that virtually mirrors claim 10, the independent method claim, and the claims that depend from these two independent claims substantially overlap.

for a maximum of four patent families is more than sufficient. Ten claims likewise suffices for the DCOM and XML patents where only sixteen of the nineteen total independent claims in those patents are currently asserted. Of those sixteen claims, the overlap in subject matter demonstrates that TecSec would not be prejudiced by having to select a subset of claims to assert. *Compare ReRoof Am., Inc. v. United Structures of America*, 215 F.3d 1351 (Table), 1999 WL 674517 (Text), *4 (Fed. Cir. 1999) (“The various claims of the five patents in suit overlap very substantially, and in light of the way the jury disposed of the five tried claims, we are convinced that there is no reasonable likelihood that a trial that included the 13 untried claims would have resulted in a verdict affording ReRoof any relief.”). By requiring TecSec to identify its common set of ten core claims to assert from the DCOM and XML Encryption patents against all defendants, while allowing TecSec five additional claims to assert against IBM from the Split Key and Parallel Processing patents, the Court can thus both effectively manage the scope of the case and ensure that the *TecSec v. IBM* case acts as a reasonable bellwether for all defendants.

TecSec has already indicated its willingness to reduce the number of asserted claims, and it cannot legitimately oppose further reductions, particularly since its right to collect damages will not be affected. In *CollegeNet, Inc. v. ApplyYourself, Inc.*, 418 F.3d 1225 (Fed. Cir. 2005), the Federal Circuit declined to address infringement of a dependent claim, having already affirmed infringement of independent claims. *Id.* at 1236. “After all, infringement of even a single claim entitles a patentee to damages,” and “the damages awarded on [the patent] would still stand” even if infringement of the dependent claims was reversed. *Id.* See also *Transclean Corp. v. Bridgewood Servs., Inc.*, 290 F.3d 1364, 1374 (Fed. Cir. 2002). Thus, TecSec’s recovery is identical whether it proves infringement of only one claim or multiple claims within a patent.

Defendants' proposal allows TecSec to select the representative claim set. TecSec should have more than enough information regarding its patents, the prior art and the accused products to permit it to select ten to fifteen claims at this point. TecSec not only "has had plenty of time to think about how to litigate this case" (Dkt. 118, at 21), TecSec has previously litigated many of these same patents. *See TecSec, Inc. v. Microsoft, Corp.*, No. 2:09-CV-181 (E.D. Va., filed Apr. 22, 2009) (J. Friedman); *TecSec, Inc. v. Protegrity, Inc.*, No. 2:01-CV-0233 (E.D. Va., filed Apr. 2, 2001) (J. Smith). TecSec has also already served Infringement Contentions on all Defendants and is thus familiar with the set of claims most common to all defendants. Accordingly, Defendants respectfully request that TecSec be required to identify by June 11, 2010, the ten to fifteen claims to be asserted in this matter.

III. Defendants Will Coordinate Their Claim Construction Positions to the Extent Possible, but TecSec's Proposal to Limit the Number of Claim Terms for Construction Is Unworkable.

Regarding claim construction efficiencies, TecSec proposes (1) consolidating briefing on claim construction issues and (2) limiting the number of claim *terms* that can be construed.

First, Defendants are certainly willing to coordinate efforts during claim construction to the extent possible. Given the diversity of products involved and the different allegations faced by the different Defendants, however, Defendants may not precisely align on all claim terms and construction issues – especially if there is no restriction on the number, or a common set, of claims. Thus, while Defendants will coordinate their claim construction positions to the extent possible, they are independent parties (and competitors of one another) and thus should be permitted to develop their own defenses and present their own claim construction positions, to the extent necessary.

Second, reducing the asserted *claims* will streamline the litigation and eliminate disputes by reducing the number of unique terms at issue. But the Court should not at this juncture limit

the number of *terms* to construe. Patentees typically have no interest in construing claim terms other than by their “ordinary meaning,” yet construction of an “ordinary” term can be case dispositive. For example, in *O2 Micro International v. Beyond Innovation Technologies*, 521 F.3d 1351, 1362-63 (Fed. Cir. 2008), the district court declined to construe the phrase “only if.” After trial, the Federal Circuit vacated the verdict, finding that the phrase should have been construed. The court explained that, although “district courts are not (and should not be) required to construe *every* limitation present in a patent’s asserted claims,” “[w]hen the parties present a fundamental dispute regarding the scope of a claim term, it is the court’s duty to resolve it.” *Id.*

It is already apparent that more than five terms must be construed out of TecSec’s myriad asserted claims. For example, TecSec asserts Claim 12 of the ’702 patent against Cisco. It includes no less than nine “means plus function” elements whose construction requires the Court to specify to the jury the corresponding structure in the specification supporting those elements. *See Lockheed Martin Corp. v. Space Systems/Loral, Inc.*, 324 F.3d 1308, 1318 (Fed. Cir. 2003). As another example, as to these and additional terms in TecSec’s presently identified set of asserted claims, defendants intend to assert indefiniteness issues that are fundamentally intertwined with claim construction. *See Exxon Research & Eng’g Co. v. United States*, 265 F.3d 1371, 1375 (Fed. Cir. 2001) (claims that are not “amenable to construction” are invalid as indefinite). By restricting the number of terms, TecSec seeks to avoid dealing with a fatal indefiniteness challenge and simultaneously deprive defendants of an opportunity to clarify claim terms that may be essential to noninfringement defenses.

IV. The Court Should Immediately Set Limits on Discovery.

Defendants agree that proceeding efficiently through the discovery process is an essential practice in the Eastern District of Virginia. Thus far, however, all indications are that TecSec is

either unable or unwilling to move the litigation forward efficiently during the discovery process. Defendants' principal concern at this point is TecSec's accusation of unidentified related products and TecSec's effort to discover information about other products that have features TecSec believes may implicate its patents. There is too much work to do with the case at hand to allow TecSec to further expand its infringement contentions against more products. The Court should accordingly enforce its prior Order that TecSec is limited to the products and theories *specifically* identified in its infringement contentions and limit discovery accordingly.

CONCLUSION

When it filed its Complaint, TecSec decided to shape this litigation by cobbling together thirteen defendants offering widely different products and asserting eleven patents. The resulting litigation is unmanageable. Even given TecSec's implicit concession that the case must be right sized, it will still be extremely complicated to try the case in an efficient manner. Proceeding to trial with a single defendant, IBM, is the best solution. And, even then, limiting the number of claims for discovery, claim construction and trial is necessary under either side's proposals.

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CERTIFICATE OF SERVICE

I hereby certify that on May 26, 2010 I electronically filed the foregoing

DEFENDANTS' JOINT OPPOSITION TO PLAINTIFF TECSEC, INC.'S MOTION FOR THE ENTRY OF A CASE MANAGEMENT ORDER

with the Clerk of Court using the CM/ECF system, which will then send a notification of such filing (NEF) to counsel of record and also served the following:

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