
No. 2009-1374

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

TiVo Inc.,

Plaintiff-Appellee,

v.

ECHOSTAR CORPORATION, ECHOSTAR DBS CORPORATION,
ECHOSTAR TECHNOLOGIES CORPORATION, ECHOSPHERE LIMITED LIABILITY
COMPANY, ECHOSTAR SATELLITE LLC, and DISH NETWORK CORPORATION,

Defendants-Appellants.

Appeal from the United States District Court
for the Eastern District of Texas in case no. 2:04-CV-01,
Judge David Folsom.

**DEFENDANTS-APPELLANTS' MOTION FOR
JUDICIAL NOTICE OF REEXAMINATION PROCEEDINGS**

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BACKGROUND

In a 2006 trial, TiVo accused EchoStar of infringing—in very specific ways—claims 31 and 61 of U.S. Patent 6,233,389 (the “389 Patent”), a TiVo patent on certain aspects of digital video recorder (“DVR”) functionality. Defs.’-Appellants’ Br. 4–5. TiVo won. EchoStar threw itself into a massive redesign effort, wrenching out the very elements of its DVRs that TiVo had deemed to violate its patent. *Id.* 9–10. In particular, EchoStar removed the “start code detection and indexing” features that TiVo had focused on at trial, and which TiVo held out to be a crucial inventive element of its patent. *Id.* at 13–16. EchoStar also removed the “automatic flow control” feature from its DVRs, which TiVo had also focused on at trial. *Id.* at 10–13. EchoStar was therefore able to serve its customers by providing DVRs that functioned in dramatically different ways than the ones that had been found to infringe.

Two years later, TiVo returned to the District Court, claiming that EchoStar should be held in contempt for violating the injunction that the court had issued. *Id.* 17–19. The court’s rulings on that contempt motion are the subject of the pending appeal. TiVo maintained that EchoStar’s reengineered DVRs infringed TiVo’s patent, and that therefore TiVo was entitled to a finding of contempt for violating the “Do Not Infringe” clause of the injunction. *Id.* Even though EchoStar had removed the features that were asserted by TiVo to meet its claim

limitations, the District Court nevertheless held that the new products were “no more than colorably different” from those adjudicated to infringe, and that a contempt proceeding on infringement was therefore warranted under *KSM Fastening Systems, Inc. v. H.A. Jones Co.*, 776 F.2d 1522 (Fed. Cir. 1985). The court then found that despite their radical redesign, EchoStar’s reengineered DVRs still infringed.¹

One issue in this appeal is whether the court erred in finding that the reengineered products were “not more than colorably different” from the devices that had been examined by a jury, even though EchoStar: (a) removed multiple features that TiVo had matched at trial to key claim limitations in its patent—including the start code detection and indexing, and the automatic flow control function; (b) dedicated a team of 15 engineers, who had devoted 8,000 hours to the effort; and (c) secured advance guidance and opinions from independent counsel. Defs.’-Appellants’ Br. 9–16. Under *KSM* and its progeny, the fact that EchoStar acted reasonably and in good faith in making the specific modifications to its DVRs that it did is highly relevant to this question. *See Arbek Mfg., Inc. v. Moazzam*, 55 F.3d 1567, 1570 (Fed. Cir. 1995) (holding that contempt “is not a sword for wounding a former infringer who has made a good-faith effort to modify a previously adjudged or admitted infringing device”).

¹ The court’s other rulings are not germane to this motion.

EchoStar makes this motion for judicial notice because a new fact has emerged that bears on this issue. Specifically, on August 3, 2009, the U.S. Patent & Trademark Office (“PTO”) issued an initial office action in a reexamination proceeding (“Office Action”) rejecting as invalid claims 31 and 61 of the ’389 Patent—the very claims that were the subject of the District Court’s injunction and subsequent order of contempt. Ex. A to Decl. of E. Joshua Rosenkranz, at 4.² As part of its reexamination proceedings, the PTO had to consider the scope of various claim terms, including two of the claim terms that are at the center of this appeal, and also evaluate the claims in view of the prior art.

In issuing its Office Action rejecting the claims, the PTO found that the claim requirement of “parsing . . . video and audio data” meant “detecting video frames and then generating an index or table of the start of the detected video frames and their storage location on a hard drive.” Ex. A at 4. The PTO also found that the claim requirement of automatic flow control of the source object meant that “data is automatically buffered (e.g., self-regulated) . . . until the main memory 36 is available to receive data.” *Id.* at 7. The PTO effectively found that the automatic flow control of the source object requires blocking of the source

² “Ex. ___” citations are to the exhibits to the accompanying Declaration of E. Joshua Rosenkranz, attached hereto.

object's access to the buffer it fills until that memory "is available to receive data."

Id.

The PTO's conclusions regarding these claim elements and the scope of the prior art are consistent with EchoStar's conclusions as to what the injunction permitted it to do without running afoul of TiVo's patent claims. Defs.'-Appellants' Br. 10–16. The fact that the PTO—like EchoStar—understood the claims only to prohibit DVRs that included the features of "start code detection and indexing," and "blocking data" makes clear the reasonableness of EchoStar's belief that removing those features would free it from the reach of the patent.

Thus, the Office Action supports EchoStar's position that removing those features rendered the redesigned products more than "colorably different" such that a contempt proceeding was unwarranted under *KSM*, and as a consequence is highly relevant to the issues in this appeal.

This Court's precedent makes unambiguously clear that it is appropriate to take judicial notice of reexamination proceedings. *Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 897 F.2d 511, 514 n.3 (Fed. Cir. 1990).

Accordingly, this Court should take judicial notice of the Office Action rejecting claims 31 and 61 of TiVo's patent. EchoStar contacted TiVo's counsel and they did not consent to the relief sought in this motion.

ARGUMENT

I. The Reexamination Proceedings Are An “Adjudicative Fact” Subject to Judicial Notice

This Court should take judicial notice of the reexamination proceedings as an “adjudicative fact” under Fed. R. Evid. 201(b)(2). “A judicially noticed fact must be one not subject to reasonable dispute in that it is . . . capable of accurate and ready determination by resort to sources whose accuracy cannot be reasonably questioned.” Fed. R. Evid. 201(b)(2). Public records may be judicially noticed, *Massachusetts v. Westcott*, 431 U.S. 322, 323 n.2 (1977), and “[a]ll papers or copies thereof relating to a reexamination proceeding which have been entered of record in the patent or reexamination file are open to inspection by the general public,” 37 C.F.R. § 1.11(d) (2006). This Court has previously taken judicial notice of a first office action of a reexamination proceeding of a patent-in-suit in *Standard Havens*, 897 F.2d at 514 n.3.

Reexamination proceedings are public records “not subject to reasonable dispute” and are “capable of accurate and ready determination by resort to sources whose accuracy cannot be reasonably questioned.” Fed. R. Evid. 201(b)(2). Furthermore, the Office Action in the reexamination of the ’389 Patent is the exact same type of document judicially noticed by this Court in *Standard Havens*, 897 F.2d at 514 n.3. Therefore, it is appropriate for this Court to take judicial notice of the Office Action found at Exhibit A.

II. The Reexamination Proceedings Are Relevant To Whether The District Court Erred In Finding That Contempt Proceedings Concerning EchoStar's Redesigned Devices Were Appropriate

One issue in this appeal is whether it was error for the District Court to hold—in a summary contempt proceeding—that EchoStar's redesigned DVR boxes infringed TiVo's patent. Defs.'-Appellants' Br. 25–38. Under this Circuit's law, contempt “is not a sword for wounding a former infringer who has made a good-faith effort to modify a previously adjudged or admitted infringing device to remain in the marketplace.” *Arbek Mfg., Inc. v. Moazzam*, 55 F.3d 1567, 1570 (Fed. Cir. 1995). Accordingly, a contempt proceeding is not the proper vehicle for determining whether redesigned products infringe unless the new products are “no more than colorably different” from the old, *KSM*, 776 F.2d at 1526—meaning that the changes were merely “a subterfuge,” *Abbott Labs. v. Torpharm, Inc.*, 503 F.3d 1372, 1379 (Fed. Cir. 2007), and that the new products were “essentially the same” as the original products, *Acumed LLC v. Stryker Corp.*, 525 F.3d 1319, 1324 (Fed. Cir. 2008).

EchoStar's redesigned devices are dramatically different from the ones that had been adjudicated to infringe; EchoStar stripped out many of the very features that had been the focus of TiVo's assertions that the devices infringed. Defs.'-Appellants' Br. 10–16. Moreover, EchoStar presented substantial evidence of the good faith that had animated its redesign program—including the magnitude of the

effort and fact that it had consulted with patent experts throughout the project, to ensure that the new devices would not infringe. *Id.* at 9, 27–29, 36–37.

Paramount to EchoStar’s redesign was its belief—validated by opinions of counsel, *id.* at 16—that the TiVo patent required that the DVR detect video frames from the data stream, and then generate an index or table of where each frame started, and their storage location on a hard drive. *Id.* 13–16. Accordingly, EchoStar believed that removing this function from its DVRs would render its devices non-infringing. *Id.* TiVo contends, however, and the District Court agreed, that such a belief was simply not reasonable. The eminent reasonableness of EchoStar’s belief—and the good faith of its redesign—is evidenced by the fact that the PTO itself has reached the same conclusion. That is, the PTO found that the claims require “detecting video frames and then generating an index or table of the start of the detected video frames and their storage location on a hard drive.” Ex. A at 4.

In its Office Action, the PTO also addressed another aspect of TiVo’s claims—namely, the automatic flow control of the source object by the transform object. In its redesign, EchoStar eliminated this feature from its products by, among other things, doing away with functionality by which the transform object “blocked” (i.e., automatically flow controlled) further filling of the source object’s buffer—further evidence of its good-faith belief that its redesigned products would

not infringe. Defs.’-Appellants’ Br. 10–13. Although there was ample evidence supporting EchoStar’s belief that this would render the devices non-infringing—including the fact that TiVo itself had argued at trial that such functionality was necessary—TiVo changed its tune at the contempt proceeding and argued to the contrary. *Id.* 38–52. The Office Action, however, reflects the same understanding that guided EchoStar through its redesign, again providing powerful evidence of the reasonableness and good faith of EchoStar’s approach: the PTO found that the automatic flow control of the source object meant that “data is automatically buffered (e.g., self-regulated) . . . until the main memory 36 is available to receive data.” Ex. A at 7.

In addition to providing evidence that EchoStar acted reasonably and in good faith—which is relevant to the question of whether it was appropriate to hold contempt proceedings concerning the redesigned products—the Office Action also provides evidence of just how different the redesigned devices are, and of the scope of the prior art. Thus, in concluding that TiVo’s patent claims must require certain elements relating to the parsing of data and the blocking of fill (or else run afoul of prior art), the Office Action provides strong evidence that any device that did away with those features must be significantly different than any device that incorporated those features. That, of course, is the essence of the “colorable differences” test.

CONCLUSION

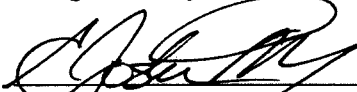
For the foregoing reasons, EchoStar respectfully requests that this Court take judicial notice of the Office Action in the reexamination proceedings, which is attached as Exhibit A to the Declaration of E. Joshua Rosenkranz.

Statement Under Fed. Cir. R. 27(a)(5)

Pursuant to Fed. Cir. R. 27(a)(5), EchoStar represents that counsel discussed this Motion with TiVo's counsel, and that counsel for TiVo oppose this Motion and intend to file a response.

Dated: August 17, 2009
New York, New York

Respectfully submitted,



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Counsel for Defendants-Appellants

CERTIFICATE OF INTEREST

Counsel for Defendants-Appellants certify the following:

1. The full name of every party or amicus represented by us is:

EchoStar Corporation
EchoStar DBS Corporation
EchoStar Technologies Corporation
Echosphere Limited Liability Company
EchoStar Satellite LLC, and
Dish Network Corporation

2. The foregoing parties are the real parties in interest.
3. The following are parent corporations and publicly held companies that own 10% or more of the stock of any party represented by us:

EchoStar Communications Corporation k/n/a Dish Network Corporation, a publicly traded company is the parent corporation that holds, indirectly and through a series of wholly owned entities, 100% of the stock of Defendants-Appellants EchoStar DBS Corporation k/n/a Dish DBS Corporation, Echosphere LLC, and EchoStar Satellite LLC k/n/a Dish Network LLC.

EchoStar Corporation, a publicly traded company is the parent corporation that holds, indirectly and through a series of wholly owned entities, 100% of the stock of Defendant-Appellant EchoStar Technologies Corporation k/n/a EchoStar Technologies LLC.

4. The names of all law firms and the partners or associates that appeared for the parties now represented by us in the District Court or are expected to appear in this Court are:

Harold J. McElhinny, Rachel Krevans, Karl J. Kramer, Charles S. Barquist, Emily A. Evans, Alison M. Tucher, Marc J. Pernick, Seth M. Galanter, Robert M. Harkins, Jason A. Crotty, Paul A. Friedman, Scott F. Llewellyn,

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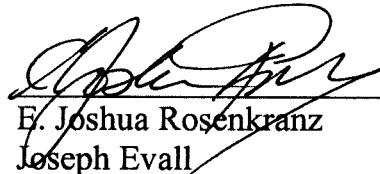
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