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11 Advertising, Inc., New Destiny Internet Group, LLC, VS Media, Inc.

12 UNITED STATES DISTRICT COURT  
13 CENTRAL DISTRICT OF CALIFORNIA  
14 SOUTHERN DIVISION

15 Acacia Media Technologies  
Corporation,

16 Plaintiff,

17 v.

18 Cybernet Ventures, Inc., a California  
19 corporation; ACMP, LLC, a  
California Limited Liability Company;  
20 and Global Media Resources SA, on  
behalf of themselves and all others  
21 similarly situated,

22 Defendants.

24  
25 AND REFERENCED  
26 CONSOLIDATED AND RELATED  
27 CASES

Case No. SA CV 03-1803 JW (MLGx)

**Consolidated Cases:**

SA CV 02-1040-JW (MLGx)  
SA CV 02-1165-JW (MLGx)  
SA CV 03-0218-JW (MLGx)  
SA CV 02-1048-JW (MLGx)  
SA CV 03-0219-JW (MLGx)  
SA CV 03-0308-JW (MLGx)  
SA CV 03-0271-JW (MLGx)  
SA CV 03-0259-JW (MLGx)  
SA CV 02-1063-JW (MLGx)

**Related Cases:**

SA CV 03-1801 JW (MLGx)  
SA CV 03-1804 JW (MLGx)  
SA CV 03-1807 JW (MLGx)

**DEFENDANTS' MEMORANDUM  
OF POINTS AND AUTHORITIES IN  
OPPOSITION TO ACACIA'S  
MOTION FOR CERTIFICATION  
OF A MANDATORY DEFENDANT  
CLASS**

28 Date: July 7, 2004  
Time: 9:30 a.m.  
Ctmm: 9C Honorable James Ware

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1 **I. INTRODUCTION**

2 Based on a handful of cases that have not been applied to permit a defendant  
3 class action in a patent case for nearly twenty years, Acacia’s motion to certify a  
4 mandatory defendant class is the culmination of its strategy to single out a politically  
5 unpopular group of businesses for special “treatment” at the hands of the courts.  
6 Simply put, there is no legitimate reason—in law, in fact, or in anything else—for  
7 certifying a class action against providers of online “sexually explicit” content and  
8 related businesses, if, as Acacia claims in its consolidation brief, “Acacia’s patents in  
9 suit cover technology practiced by nearly every entity distributing video over the  
10 internet today.” (Acacia Consolidation Mem. at 1.) As this bold statement concedes,  
11 the patents-in-suit have nothing to do with the type of content that is distributed. If a  
12 class action were to be certified because of Acacia’s overly broad view of its claims,  
13 such a class action should not have anything to do with content either.

14 Indeed, such a class action is almost guaranteed to yield the very evils that  
15 Acacia strenuously—but wholly disingenuously—claims it is trying to avoid. These  
16 include (1) the possibility of inconsistent judgments against one group of defendants  
17 (those who transmit or are tangentially related to the transmission of “sexually  
18 explicit” content) versus another group (all the other thousands of businesses  
19 transmitting compressed video and audio content over the Internet and in other ways);  
20 (2) the effects of stare decisis from this proposed case on the numerous other cases  
21 Acacia might bring against companies that do not transmit “sexually explicit”  
22 content; and (3) a profligate waste of judicial resources wholly devoted to one group  
23 of defendants that will have to be employed repeatedly as Acacia hopscotches from  
24 industry to industry, looking to scare up license fees from businesses small and large.

25 For these and other reasons, Acacia cannot satisfy the requirements of Rule 23  
26 of the Federal Rules of Civil Procedure. With respect to Rule 23(a), Acacia does not  
27 meet the prerequisites for a class action. The representative parties—Cybernet and  
28 ACMP—cannot fairly and adequately protect absent class members because, while

1 they have hired capable counsel and have significant resources at their disposal, their  
2 internal technical expertise (a matter of no small moment in a patent case) and  
3 resources are dwarfed by other media and technology companies, many of whom  
4 were operating in the relevant technical fields for many years before the relevant  
5 patent applications were filed.

6 Nor can Cybernet and ACMP fairly and adequately protect absent class  
7 members because the defendants in the proposed class do not all do the same thing,  
8 making it difficult or even impossible to represent absent members in accord with due  
9 process. This simply is not a case in which the members of the proposed class are all  
10 selling the same “widget” and thus a class representative will necessarily be aware of  
11 the same defenses as any other defendant. In this regard, to defendants’  
12 understanding, the case against Cybernet and ACMP is largely an inducement case—  
13 their primary alleged infringing activity is to “link” to sites that provide allegedly  
14 infringing content. This is a questionable infringement case to begin with, and is  
15 even a thinner reed on which to base a defendant class action. Indeed, there is a  
16 substantial question as to whether Acacia has a claim of infringement against most of  
17 the class at all. Much of Acacia’s case against “webmasters”—by far the most  
18 numerous members of the class—rests entirely on its largely untested infringement  
19 theory, whereby parties who allegedly practice only some of the steps of a claim are  
20 nevertheless liable as direct infringers.

21 Because of this diversity within the class, the invalidity defenses of Cybernet  
22 and ACMP will not be typical of the proposed class. And while there may be  
23 subsidiary issues, like patent ownership, common to the proposed class, the  
24 predominant question in common—whether defendants transmit “sexually explicit  
25 conduct,” as defined in the federal child pornography criminal code, or link to or  
26 advertise websites that do—has absolutely nothing to do with the asserted patents,  
27 leaving the proposed class both unfairly and unclearly defined.

1 Acacia also fails to meet any of the requirements of Rule 23(b). Acacia may  
2 not employ a 23(b)(1)(A) action because there is nothing incompatible about Acacia  
3 having to comply with judgments that the asserted patents are not invalid in one case,  
4 but are invalid in another. If Acacia's patents are declared invalid, that is the end of  
5 the matter: Acacia must comply with the judgment of invalidity and that judgment  
6 only. *See Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971).  
7 Nor is 23(b)(1)(B) any help to Acacia because a class action would create rather than  
8 avoid harm to absent members by taking away from them invalidity defenses that  
9 only they might know. The only argument Acacia offers in support of 23(b)(1)(B)—  
10 the anticipated precedential effect of this case on subsequent cases—has been widely  
11 rejected by federal appellate and district courts, and, if applied, suggests that Acacia  
12 ought to have a patent-wide class, and not a class limited to a particular type of  
13 content. Finally, a 23(b)(2) defendant class is not maintainable as a matter of law  
14 given the Rule's plain language. *Tilley v. TJX Cos., Inc.*, 345 F.3d 34, 35 (1st Cir.  
15 2003). Acacia's efforts to shoehorn this case into 23(b)(2) because defendants have  
16 pled their affirmative defenses also as declaratory judgment claims elevates form  
17 over substance to the extreme.

18 Accordingly, defendants respectfully request that Acacia's motion to certify a  
19 defendant class be denied.

## 20 **II. BACKGROUND**

### 21 **A. Acacia Has Delayed for Well Over a Year to Bring this Motion** 22 **Which Is the Culmination of Acacia's Pattern of Targeting the** **Internet Adult Entertainment Industry.**

23 At the outset, we note that Acacia has waited over eighteen months since the  
24 inception of these related cases and nearly twelve months since first raising the idea  
25 of a class action with the Court to file the pending motion. (Miller Dec. Ex. A at 16-  
26 17, 20.) While Acacia offers no explanation for this delay, one can presume from  
27 Acacia's behavior across the industry spectrum that it is purely a strategic choice  
28 designed solely for its benefit. Nothing in the relevant Internet industries has



1 changed since the inception of these cases to now warrant class treatment that would  
2 not have warranted class treatment before.

3 But even putting this unexplained delay aside, Acacia's motion is clearly  
4 designed to continue its pattern of preying on the politically unpopular, and largely  
5 small-business oriented, adult entertainment industry. Although Acacia  
6 acknowledges that its patents are "content neutral" (Miller Dec. Ex. B), the class  
7 proposed by it is decidedly not: Acacia wants to limit the class to those businesses  
8 involved in the transmission of "information depicting sexually explicit conduct (as  
9 defined in 18 U.S.C. § 2256)." (Acacia Mot. at 1-2.) Outrageously, this code section  
10 is part of the child pornography chapter of the federal criminal code. *See* 18 U.S.C.  
11 Chapter 110 ("Sexual Exploitation and Other Abuse of Children").

12 As a general matter, online adult entertainment businesses can be divided into  
13 four groups: content providers, webmasters, affiliate programs, and age verification  
14 services. In putting forth its proposed content-based class, Acacia seeks to sweep in  
15 all of these businesses and others tangentially connected with the industry, whether  
16 such businesses actually transmit compressed video (the purported subject matter of  
17 the patent) or not. According to Acacia, the defendant class should include entities  
18 that do the following:

19 (i) transmit[] prerecorded, compressed digital audio and audio/video  
20 information depicting sexually explicit conduct (as defined in 18 U.S.C.  
21 § 2256) via an electronic communication channel . . . ;

22 (ii) operate[] at least one interactive website where a user . . . can  
23 exchange information with a host computer for the purpose of gaining  
24 access to adult entertainment content and . . . have one or more other  
25 entities transmit, on [its] behalf, [such information] . . . ; and/or

26 (ii) [sic] operate[] at least one interactive website where a user . . . can  
27 exchange information with a host computer for the purpose of gaining  
28 access to adult entertainment content and/or for the purpose of

1 becoming a member of an affiliate or sponsorship program and . . .  
2 directly or indirectly distribute[], post[], or display[] on the Internet,  
3 advertisements for, banner advertisements for, and/or links to a  
4 computer system or website from which [such information] is  
5 transmitted . . . .

6 (Acacia Mot. at 1-2.)

7 Compounding the simultaneously underinclusive (because it is content-based)  
8 and overinclusive (because it includes many companies that do not transmit content)  
9 nature of the class are Acacia's infringement theories, which, because of the nature of  
10 the Internet (as opposed to cable television, for example), are necessarily tortured.  
11 For example, Acacia contends that content providers and webmasters are both direct  
12 infringers of method claim 41 of the '992 patent, even when neither type of entity  
13 performs all of the steps of this claim.<sup>1</sup> (Miller Dec. Ex. A at 3-11.) With respect to  
14 affiliate programs and age verification services, Acacia contends that these entities  
15 induce infringement by the mere fact that they link to businesses that transmit  
16 compressed video (businesses that themselves may only practice part of the claim,  
17 according to Acacia). Nor does or can Acacia contend that any of the defendants in  
18 the existing cases or in the proposed class—whether content provider, webmaster,  
19 affiliate program, or age verification service—directly infringe the '702 patent,  
20 because not one of them both transmits and receives media as the patent requires.

21 (Miller Dec. Exs. C, D.)

22 Last, but not least, in bringing its motion, Acacia has chosen putative class  
23 representatives for no discernable reason. As for Cybernet, it does none of the  
24 activities listed in the class definition. (Umbreit Dec. ¶¶ 2-4.) Acacia has known this

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25  
26 <sup>1</sup> According to Acacia, "Content providers may have another entity perform the  
27 storage and encoding steps on their behalf" and "the content provider infringes claim  
28 41 regardless of which of these methods is used." (Miller Dec. Ex. A at 9.)  
Likewise, Acacia contends, "By performing the final steps of claim 41, and by having  
the Content Provider, with whom the Webmaster has some connection, perform the  
other steps of the claim on the Webmaster's behalf, the Webmaster is a direct  
infringer under 35 U.S.C. § 271(a)." (Miller Dec. Ex. A at 10.)

1 fact for nearly a year. (Umbreit Dec. Ex. B.) And as for ACMP, it is an affiliate  
2 program, and thus the case against it is largely an inducement case based on its  
3 linking activity. Notably, ACMP does not sell or offer any compressed content for  
4 sale, the matters Acacia contends are at the heart of the patents-in-suit. (Umbreit  
5 Dec. ¶¶ 5, 6.)

6 **B. The Consequences of Certifying a Mandatory Defendant Class**  
7 **Action Against Adult Entertainment Companies Would Be Real,**  
8 **Severe, and Wholly Unfair.**

8 Acacia seeks to certify a mandatory defendant class concerning four issues,  
9 validity, enforceability, ownership, and claim construction (Acacia Mot. at 1), but if  
10 the class were certified and Acacia prevailed on these issues, Acacia would still have  
11 to file individual lawsuits against absent class members. Those suits would involve  
12 several issues, including infringement and damages. Additionally, Acacia and the  
13 absent class members necessarily would have to individually litigate defenses such as  
14 laches, equitable estoppel, and implied license. Finally, disputes over whether a  
15 defendant fits within the class definition, such as whether the defendant transmitted  
16 information that is “sexually explicit,” would also have to be litigated in individual  
17 suits.

18 Accordingly, the only effect of certifying a defendant class would be to  
19 possibly limit absent class members from defending themselves in any subsequent  
20 lawsuits. Acacia would argue that class certification prevents absent class members,  
21 in subsequent individual lawsuits against them, from asserting new evidence on the  
22 “class issues” that may have been unknown to or not raised by the class  
23 representatives. For example, if an absent class member knows of or discovers prior  
24 art demonstrating the invalidity of Acacia’s patents that was not known or asserted  
25 during the class action, Acacia would argue that the absent class member is barred  
26 from asserting that prior art.

27 In *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, the  
28 United States Supreme Court held, on grounds of public policy, that a finding of

1 invalidity collaterally estops a patentee in any later case, but that each alleged  
2 infringer can attack the validity of a patent even though the patent had not previously  
3 been found invalid. 402 U.S. 313 (1971). This law is particularly important in this  
4 case, which involves the development of technology since the late 1980s or earlier.  
5 Acacia's wildly overbroad interpretation of the patents-in-suit implicates a broad  
6 variety of applications developed over at least the last fifteen years by numerous  
7 companies and individuals. The potential sources of prior art, prior sales, and prior  
8 invention are enormous. The class action device, however, would eliminate the  
9 ability of absent class members to assert invalidating evidence that a class  
10 representative could easily fail to uncover.

11 This is especially true here because of the manner in which Acacia has  
12 artificially defined the proposed class to suit its strategic interests. By limiting the  
13 proposed class to the adult entertainment industry, Acacia has effectively excluded  
14 from the class those companies that are and were historically involved in developing  
15 the technology in issue—in other words, the potential defendants who know the prior  
16 art, prior sales, and prior inventions and who are in the best position to attack the  
17 patents. Acacia's strategy is apparent from its desire to select as class representatives  
18 companies that have never been involved in developing the technology in issue and  
19 that do not, even under Acacia's view, practice all elements of the claims of the  
20 asserted patents.

### 21 **III. ARGUMENT**

22 Given the paucity of any vaguely contemporary certifications of defendant  
23 classes in patent cases, it is unclear—to the defendants or to Acacia (Acacia Mem. at  
24 15 n.12)—whether Ninth Circuit or Federal Circuit law governs Acacia's motion.  
25 But there is no question that Acacia has the burden of proving each of the requisite  
26 elements of Rule 23 of the Federal Rules of Civil Procedure. *See Amchen Products,*  
27 *Inc. v. Windsor*, 521 U.S. 591, 613-14 (1997). Acacia must prove all four elements of  
28 Rule 23(a) and at least one of the elements of Rule 23(b). A class action may only be

1 certified if the Court is satisfied after a “rigorous analysis” that Acacia has proven  
2 these requirements. *See Gen. Tel. Co. of Southwest v. Falcon*, 457 U.S. 147, 161  
3 (1982); *Valentino v. Carter-Wallace, Inc.*, 97 F.3d 1227, 1233 (9th Cir. 1996).  
4 Acacia has not, and cannot, meet this burden.

5 Moreover, the Court has broad discretion in deciding whether to certify a  
6 proposed class. *See Armstrong v. Davis*, 275 F.3d 849, 871 n.28 (9th Cir. 2001). The  
7 Court should, in its discretion, deny Acacia’s motion to certify a defendant class.

8 **A. Acacia Cannot Prove All Rule 23(a) Prerequisites to a Class Action.**

9 Acacia must satisfy all four prerequisites set forth in Rule 23(a) of the Federal  
10 Rules of Civil Procedure:

11 One or more members of a class may sue or be sued as representative  
12 parties on behalf of all only if (1) the class is so numerous that joinder of  
13 all members is impracticable, (2) there are questions of law or fact  
14 common to the class, (3) the claims or defenses of the representative  
15 parties are typical of the claims or defenses of the class, and (4) the  
16 representative parties will fairly and adequately protect the interests of  
17 the class.

18 Fed. R. Civ. P. 23(a). Acacia cannot do so.

19 **1. Cybernet and ACMP Cannot Fairly and Adequately Protect**  
20 **the Interests of the Proposed Class.**

21 The proposed class representatives, Cybernet and ACMP, cannot fairly and  
22 adequately protect the interests of the proposed mandatory class, as required by both  
23 Rule 23(a)(4) and the United States Constitution. U.S. Const. amend. V; Fed. R. Civ.  
24 P. 23(a)(4). Rule 23(a)(4) is a constitutional requirement because adequacy of  
25 representation in a class action is required to comport with due process. *See*  
26 *Hansberry v. Lee*, 311 U.S. 32, 42-43 (1940). Therefore, due process is denied if the  
27 representative parties cannot fairly and adequately protect class interests.

1 First, neither of these defendants, nor any of the members of the proposed  
2 class, can “fairly” and “adequately” represent the absent class members because it is  
3 fundamentally unfair for Acacia to define the class in such a way that the alleged  
4 infringers that are best positioned to attack the patents are excluded from the class  
5 and to create a defendant class comprised of only a narrow segment of alleged  
6 infringers who are less able to defend themselves. Had Acacia defined the proposed  
7 defendant class with respect to all alleged infringers, certainly the Court would not  
8 appoint an adult website as class representative. Accordingly, Acacia should not be  
9 allowed to define the class in an artificial way that requires absent class members to  
10 be represented by parties who would not be considered adequate to represent a class  
11 of all alleged infringers.

12 If the Court were to certify a defendant class with respect to the issue of  
13 invalidity of the '992 and '702 patents, the class representative should be a party that  
14 is in the best position to attack these patents and demonstrate their invalidity. That  
15 party would be an entity in the industry that creates the technology that the patents-in-  
16 suit purportedly cover. Such companies would know about and have access to  
17 documents and sources of proof concerning their own activities in the field at the time  
18 of and prior to the patents-in-suit. (Umbreit Dec. ¶ 9.) They would also be in a better  
19 position than Cybernet or ACMP to know about and to investigate the activities of  
20 other companies and inventors in the field, and they would also be in a better position  
21 than Cybernet or ACMP to assist their respective counsel in all aspects of this case.  
22 (*Id.*)

23 By contrast, none of the defendants in the proposed class have the technical  
24 expertise or in-house prior art of telephone, cable, satellite, Internet, and computer  
25 companies that were and are at the forefront of technological development in the  
26 fields of data compression, data storage, and/or the transmission and reception of  
27 data. (*Id.*) While Cybernet and ACMP have hired able counsel and believe they have  
28 access to substantial invalidating art, neither these defendants, nor any members of

1 the proposed class, have the depth of experience and knowledge of and access to art  
2 that companies that have been in the relevant technical business from the time of  
3 filing of the patents have.

4 Accordingly, the court may, and here should, deny certification because the  
5 class representative is not the right type of party to represent the interests of the  
6 absent class members. *See* Advisory Committee's Notes to the 1966 amendment  
7 (“[T]he court may rule, for example, that a class action may be maintained only if the  
8 representation is improved through intervention of additional parties of a stated  
9 type.”).

10 Second, because the defendants in the proposed class do a variety of different  
11 things with respect to media transmission, no one designated as a class representative  
12 can fairly and adequately protect the interests of the entire class. *See D. Klein & Son,*  
13 *Inc. v. Giant Umbrella Co., Inc.*, 179 U.S.P.Q. 34, 36 (S.D.N.Y. 1972) (“Diversity in  
14 product alone makes it improper that anybody be designated as a class representative  
15 to protect fairly and adequately the interest of the entire class.”). Contrary to  
16 Acacia's contention (Acacia Mem. at 11), the interests of Cybernet and ACMP do not  
17 fully coincide with those of absent class members. Content providers provide adult  
18 entertainment content to webmasters. Webmasters provide access to this content to  
19 consumers. Affiliate programs, among other things, provide links from webmasters'  
20 websites to consumers. Age verification services ensure that minors do not purchase  
21 inappropriate materials. Yet Cybernet is none of these things and does not currently  
22 do any of the activities set forth in the proposed class definition, and ACMP is an  
23 affiliate program.

24 Moreover, even among these groups, the different types of entities do what  
25 they do in different ways. For example, content providers obtain and encode content  
26 in several different ways using different software, different technologies, and  
27 different techniques. Thus, the proposed class representatives might take a position  
28 regarding the proper construction of a claim limitation that is not shared by absent

1 class members or fail to identify as needing construction claim terms on which absent  
2 class members rest their non-infringement arguments. Accordingly, neither  
3 Cybernet, nor ACMP, nor any defendant within the proposed class, can fairly and  
4 adequately protect the interests of the entire class. A defendant class action might be  
5 an attractive device when a single party “seeks to prevent continued infringement on  
6 the part of many defendants who sell identical articles,” *Tilley v. TJX Cos., Inc.*, 345  
7 F.3d 34, 43 (1st Cir. 2003), but this proposed class is nothing like that.

8 Last, but far from least, the representative parties cannot fairly and adequately  
9 protect the interests of the proposed mandatory class because neither of them is even  
10 apparently accused of directly infringing the asserted patents (or, if they are, such  
11 alleged direct infringement is not the heart of their business). Cybernet currently  
12 does not transmit content, and ACMP does not sell any content. Acacia apparently  
13 accuses affiliate programs like ACMP of inducing infringement because they “link”  
14 to websites that transmit certain content. This is a questionable infringement  
15 allegation because, to establish an inducement claim, Acacia must prove that a  
16 defendant “‘possessed specific intent to encourage another’s infringement and not  
17 merely that the defendant had knowledge of the acts alleged to constitute  
18 infringement.’” *See Ferguson Beauregard/Logic Controls, Div. of Dover Res., Inc. v.*  
19 *Mega Systems, LLC*, 350 F.3d 1327, 1342 (Fed. Cir. 2003) (quoting *Manville Sales*  
20 *Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 553 (Fed. Cir. 1990)).

21 Acacia’s infringement accusations against content providers and webmasters  
22 are equally dubious. A determination of patent infringement requires that every  
23 claim limitation or its equivalent be found in a defendant’s accused product or  
24 method. *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 29  
25 (1997). Yet Acacia contends that these defendants are liable for infringement even if  
26 they do not each perform all of the steps of the asserted claims. This is contrary to  
27 the fundamental proposition that “infringement of a method claim occurs only when  
28 the accused infringer carries out every step as set forth in the claim.” *Faroudja Labs.,*



1 *Inc. v. Dwin Elecs., Inc.*, No. 97-20010, 1999 WL 111788, at \*3 (N.D. Cal. Feb. 24,  
2 1999) (citing *Gen. Foods Corp. v. Studiengesellschaft Kohle mbH*, 972 F.2d 1272,  
3 1274-75 (Fed. Cir. 1992)); *see also Mobil Oil Corp. v. Filtrrol Corp.*, 501 F.2d 282,  
4 291-92 (9th Cir. 1974) (“The trial court correctly concluded ...[e]ach and every  
5 element of a claim asserted to be infringed must be found in the accused product or  
6 process. . . . We question whether a method claim can be infringed when two  
7 separate entities perform different operations and neither has control of the other’s  
8 activities.”).

9       If a defendant class were to be certified with respect to these patents, the class  
10 representative should be a party that is most likely to actually infringe them because  
11 that party would have the greatest stake in the matter and hence the greatest incentive  
12 to litigate the “class issues” Acacia proposes. And while Acacia urges the Court to  
13 accept its infringement allegations as true, the Court may consider the substantive  
14 claims of the parties to determine whether the elements of Rule 23 have been met.  
15 *See O’Connor v. Boeing N. Am., Inc.*, 184 F.R.D. 311, 318 (C.D. Cal. 1998) (citing  
16 *Gen. Tel. Co. of Southwest v. Falcon*, 457 U.S. 147, 160 (1982); *Coopers & Lybrand*  
17 *v. Livesay*, 437 U.S. 463, 469 (1978); *Hanon v. Dataproducts Corp.*, 976 F.2d 497,  
18 509 (9th Cir. 1992)). The novel nature of Acacia’s infringement contentions counsels  
19 strongly against class treatment.

20                   **2.     The Claims and Defenses of Cybernet and ACMP Are Not**  
21                   **Typical of Those of the Proposed Class.**

22       With regard to typicality, Acacia’s contention that the “class issues” do not  
23 require defendant-specific discovery or analysis (Acacia Mem. at 1, 10) is dead  
24 wrong.

25       First, the invalidity defenses of the proposed class representatives are not  
26 typical of the class. Acacia contends that its patents cover the media transmission  
27 systems used by existing defendants who actually transmit media. Some of these  
28 systems may have preceded the patents-in-suit, and if an accused system came before

1 the asserted patent, this is a complete defense to an allegation of infringement  
2 because the patent is invalid. *See Vanmoor v. Wal-Mart Stores, Inc.*, 201 F.3d 1363,  
3 1366 (Fed. Cir. 2000) (finding that Wal-Mart’s burden of proving anticipation was  
4 satisfied by Vanmoor’s allegation of patent infringement); *see also Evans Cooling*  
5 *Sys., Inc. v. Gen. Motors Corp.*, 125 F.3d 1448, 1451 (Fed. Cir. 1997) (holding a  
6 patent invalid under the on-sale bar when the accused product was offered for sale  
7 prior to the critical date of the patented invention). This defense can be asserted by  
8 the defendants whose transmission systems Acacia has accused. This defense could  
9 not be asserted on behalf of absent class members without knowing what defendant  
10 systems Acacia eventually would accuse of infringement. Cybernet and ACMP do  
11 not have this defense. Accordingly, their invalidity defenses are atypical.<sup>2</sup>

12 Second, because defendants in the existing cases and the proposed class do  
13 different things in different ways, as discussed above, claim construction is also not  
14 typical to all online adult entertainment companies, as Acacia wrongly contends  
15 (Acacia Mem. at 4). While many of defendants in the consolidated cases have pooled  
16 their resources to present common claim construction issues, not all have. And when  
17 the pool of defendants grows to the size proposed by Acacia, non-litigated claim  
18 construction issues will doubtlessly result.<sup>3</sup>

19 Accordingly, there is simply no way for the proposed class representatives to  
20 be aware of numerous invalidity and claim construction issues that might be raised by  
21 absent class members.

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23 <sup>2</sup> With respect to unenforceability, defendants presume that Acacia intends to  
24 limit the “class issue” to inequitable conduct because it is plaintiff specific. If that is  
25 not the case, then many of the unenforceability defenses of defendants in the  
26 proposed class, like those of the defendants in the existing cases, will be based on  
different facts unique to each defendant. One example is laches. *See D. Klein & Son*,  
179 U.S.P.Q. at 36.

27 <sup>3</sup> With respect to the numerosity requirement of Rule 23(a)(1), we simply note  
28 that Acacia has put forward no real evidence of what the size of the proposed class  
would be beyond attaching letters to the declaration of a highly interested party,  
Robert Berman, Acacia’s general counsel.

1                   **3. The Predominant Question Common to the Proposed Class**  
2                   **Has Nothing to Do with the Substance of Acacia's Claims.**

3                   While there certainly are some questions of law and fact common to the class,  
4 *see* Fed. R. Civ. P. 23(a)(2), such as the issue of Acacia's ownership of the patents-in-  
5 suit, or whether Acacia committed inequitable conduct by failing to disclose, for  
6 example, the references contained in the Sarnoff Report until a decade after receiving  
7 those references, the predominant question common to the class has nothing to do  
8 with the substance of Acacia's patent infringement claims—this is, of course,  
9 Acacia's attempt to define a class based on the content of what is transmitted.

10                  First, as noted above, the proposed class is underinclusive. The Court should  
11 deny Acacia's motion to certify because by defining the class with respect to the  
12 wholly irrelevant and highly inflammatory issue of the subject matter transmitted, the  
13 proposed class fails to capture all members necessary for an efficient and fair  
14 resolution:

15                  The court should also consider whether the class definition captures all  
16 members necessary for efficient and fair resolution of common questions  
17 of fact and law in a single proceeding. If the definition fails to include a  
18 substantial number of persons with [defenses] similar to those of the class  
19 members, the definition of the class may be questionable. A broader  
20 class action definition or separate class might be more appropriate.  
21 Manual for Complex Litigation (Fourth) § 21.222 (2004). To the best of defendants'  
22 knowledge, no defendant class action has ever involved a content-based subset of all  
23 alleged infringers like this proposed class does.

24                  Second, the proposed class is not readily ascertainable. Rule 23 requires that  
25 the judgment in a class action maintained under Rule 23(b)(1)(A), 23(b)(1)(B), or  
26 23(b)(2) must include and describe those who the Court finds to be members of the  
27 class. Fed. R. Civ. P. 23(c)(3). Thus, courts refuse to certify a class when the  
28 proposed definition would not allow the court to ascertain who is a member of the

1 class. *See, e.g., D. Klein & Son*, 179 U.S.P.Q. at 36 (“The class as proposed, lacks  
2 sufficient definition and identity of interest to determine whether a particular person  
3 is within or without the class. . . . Here, the class is ‘amorphous.’”).

4 Acacia’s decision to define the proposed class with reference to the federal law  
5 prohibiting child pornography is not only transparently offensive, but also fails to  
6 create clear class boundaries. This law defines “sexually explicit conduct” as “actual  
7 or *simulated* . . . (A) sexual intercourse . . . ; (B) bestiality; (C) masturbation; (D)  
8 sadistic or masochistic abuse; or (E) lascivious exhibition of the genitals or pubic area  
9 of any person.” 18 U.S.C. § 2256(2) (emphasis added). As the United States  
10 Supreme Court has recognized, this definition extends well beyond adult  
11 entertainment displaying actual sexual activity to Hollywood movies depicting sexual  
12 activity. In *Ashcroft v. Free Speech Coalition*, the Supreme Court explained that this  
13 definition of sexually explicit conduct with respect to the apparent involvement of  
14 minors would reach recent films such as *Traffic* and *American Beauty*, as well as  
15 numerous reproductions of William Shakespeare’s *Romeo and Juliet*. *See generally*  
16 *Ashcroft v. Free Speech Coalition*, 535 U.S. 234 (2002) (holding that the prohibition  
17 of any visual depiction that appears to be of a minor engaging in sexually explicit  
18 conduct violated the First Amendment). Of course, this definition of sexually explicit  
19 conduct by itself, without the now-unconstitutional prohibition of visual images  
20 appearing to depict minors engaged in such conduct, would encompass many more  
21 mainstream films depicting adults engaged in such conduct. The thorny question of  
22 which films and other visual materials this definition would reach would need to be  
23 answered by the Court if Acacia’s motion to certify were granted.

24 In addition, Acacia’s proposed class definition is vague in other respects. For  
25 example, the third part of Acacia’s proposed class definition is so amorphous that  
26 Internet search engines like Google™ might be swept within its scope. This is  
27 because Internet users looking for adult content can use the Google™ search engine  
28 in the same way as users looking for websites that contain any other content.

1 Similarly, the first part of Acacia’s proposed class definition is so broad that an  
2 individual who e-mails a one-minute dirty movie to a friend in California might be a  
3 member of the class. The difficult questions of whether such search engines and  
4 individuals would be members of the class would also need to be answered by the  
5 Court if Acacia’s motion to certify were granted.

6 **B. Acacia Cannot Prove that the Action May Be Maintained as a Class**  
7 **Action Pursuant to Rule 23(b)(1)(A), 23(b)(1)(B), or 23(b)(2).**

8 **1. Acacia May Not Maintain a 23(b)(1)(A) Defendant Class**  
9 **Because Separate Actions Do Not Risk Inconsistent**  
10 **Adjudications that Establish Incompatible Standards of**  
11 **Conduct for Acacia.**

12 “An action may be maintained as a class action if the prerequisites of  
13 subdivision (a) are satisfied, and in addition . . . the prosecution of separate actions by  
14 or against individual members of the class would create a risk of . . . inconsistent or  
15 varying adjudications with respect to individual members of the class which would  
16 establish incompatible standards of conduct for the party opposing the class.” Fed. R.  
17 Civ. P. 23(b)(1)(A).

18 Rule 23(b)(1)(A) requires more than just the possibility of “inconsistent or  
19 varying adjudications.” According to the Rule’s plain language, such a possibility  
20 must also establish “incompatible standards of conduct” for the party opposing the  
21 class, which is Acacia. Fed. R. Civ. P. 23(b)(1)(A). Under this standard,  
22 “[c]ertification is proper under Rule 23(b)(1)(A) only when different judgments in  
23 individual cases would trap [Acacia] ‘in the [in]escapable legal quagmire of not being  
24 able to comply with one such judgment without violating the terms of another.’”  
25 *Sembach v. McMahon College, Inc.*, 86 F.R.D. 188, 192 (S.D. Tex. 1980) (quoting  
26 *Walker v. City of Houston*, 341 F. Supp. 1124, 1131 (S.D. Tex. 1971)). There is no  
27 such quagmire here.

28 The weight of authority—some of which Acacia buries in a footnote—  
demonstrates that Acacia cannot meet this standard. *See Winder Licensing, Inc. v.*  
*King Investment Corp.*, 130 F.R.D. 392, 393-94 (N.D. Ill. 1990); *Webcraft Techs.*,

1 *Inc. v. Alden Press, Inc.*, 228 U.S.P.Q. 182, 185-86 (N.D. Ill. 1985); *In re Yarn*  
2 *Processing Patent Litig.*, 56 F.R.D. 648, 654 (S.D. Fla. 1972); *D. Klein & Son*, 179  
3 U.S.P.Q. at 36; *Technitrol, Inc. v. Control Data Corp.*, 164 U.S.P.Q. 552, 553 (D.  
4 Md. 1970) (all reasoning that separate actions by a patentee against alleged infringers  
5 would not create incompatible standards of conduct for the patentee). These “better[-  
6 ]reasoned” cases about motions to certify defendant classes in patent cases under  
7 Rule 23(b)(1)(A) deny such motions because, “[a]lthough the ways in which a  
8 plaintiff may be required to act with respect to different parties may be inconsistent,  
9 they would not be incompatible since the plaintiff would not find itself with court  
10 orders both permitting and prohibiting the enforcement of the patent against a  
11 particular alleged patent infringer.” *Winder Licensing*, 130 F.R.D. at 394. At most,  
12 varying adjudications resulting from separate patent infringement actions would  
13 mean that the patentee can enforce its patents against some alleged infringers but not  
14 others. *Id.* This may be inconsistent, but it is not incompatible, as the Rule requires.  
15 Fed. R. Civ. P. 23(b)(1)(A); *see also Tilley v. TJX Cos., Inc.*, 212 F.R.D. 43, 49 (D.  
16 Mass. 2003), *rev’d on other grounds*, 345 F.3d 34 (1st Cir. 2003) (“Though the cases  
17 that certify defendant classes under Rule 23(b)(1)(A) rest on the possibility of  
18 inconsistent outcomes and take no notice of the further required showing of  
19 incompatible standards of conduct, . . . the rule as I read it makes that element crucial.  
20 Individualized adjudication always risks inconsistent results—something more is  
21 necessary to warrant certification under Rule 23(b)(1)(A).”).

22       Moreover, because the Federal Circuit now has exclusive jurisdiction over  
23 patent cases, once an initial case is appealed and ruled on by the Federal Circuit, there  
24 will not even be any inconsistency, let alone incompatibility. And because of  
25 *Blonder-Tongue*, 402 U.S. 313, once Acacia’s patents are found invalid in any court,  
26 that is also the end of the matter. Acacia must comply with the judgment of  
27 invalidity and that judgment only, and there is nothing incompatible about that. In  
28 fact, the United States Supreme Court adopted this very outcome.

1           The two district court cases on which Acacia relies misapply the standard of  
2 Rule 23(b)(1)(A) and should not be followed. One of these cases, *Standal's Patents*,  
3 improperly considered incompatible standards of conduct for members of the  
4 proposed defendant class instead of for the plaintiff—the party opposing the class.  
5 *Compare Standal's Patents*, 2 U.S.P.Q.2d at 1190 (“If this action were not certified  
6 as a class action there would be a risk of ‘inconsistent or varying adjudication with  
7 respect to individual members of the class which would establish incompatible  
8 standards of conduct’ *for individual class members.*” (emphasis added)), *with Leer v.*  
9 *Washington Educ. Ass’n*, 172 F.R.D. 439, 450-51 (W.D. Wash. 1997) (“[W]here the  
10 issue is whether a defendant class should be certified under Rule 23(b)(1)(A), the  
11 Court must consider whether the plaintiffs will be subject to incompatible standards  
12 of conduct if the defendant class is not certified.”). *Standal's Patents* got this wrong.<sup>4</sup>

13           Likewise, *Dale Electronics, Inc. v. R.C.L. Electronics, Inc.*, 53 F.R.D. 531  
14 (D.N.H. 1971), misapplies Rule 23(a)(1)(A) and predates the creation of the Federal  
15 Circuit and its exclusive jurisdiction. The court rested its conclusion on the  
16 “possibility of a validity finding by this court and an invalidity finding by another  
17 court.” *See id.* at 537. But such a possibility would not establish incompatible  
18 standards of conduct for the patentee, and *Dale Electronics* ignored this crucial Rule  
19 23(a)(1)(A) requirement. Further, conflicting lower court decisions are now resolved  
20 definitively by the Federal Circuit. In short, *Dale Electronics* is not persuasive, nor  
21 likely even good law. Indeed, the case has been discredited recently by the Court of  
22 Appeals for the First Circuit and overruled on other grounds. *See Tilley*, 345 F.3d at  
23 42; *see also Winder Licensing*, 130 F.R.D. at 394 (rejecting *Dale Electronics*).

24  
25           <sup>4</sup> Acacia apparently is aware that *Standal's Patents* wrongly considers the  
26 standards of conduct with respect to individual class members. (Acacia Mem. at 13  
27 (“[P]atent infringement defendant class actions have been certified under Rule  
28 23(b)(1)(A) on the ground that inconsistent or varying adjudications on validity and  
enforceability issues in individual actions might establish incompatible standards of  
conduct for the patentee and/or *individual class members.*” (emphasis added)). And  
even Acacia is aware that this is not what Rule 23(b)(1)(A) requires. (Acacia Mem.  
at 6 (“Rule 23(b)(1)(A) is designed to prevent prejudice to the party opposing the  
class.”)).

1 In a weak attempt to support maintaining a 23(b)(1)(A) defendant class action  
2 despite the weight of contrary authority, Acacia contends that “it is both wasteful and  
3 unfair to require a patentee to bring repetitive, successive individual actions” (Acacia  
4 Mem. at 15 n.12), but even if Acacia’s class action were allowed, Acacia would still  
5 have to bring additional actions given that Acacia seeks to limit the class to an  
6 unpopular subset of alleged infringers. Acacia cannot fairly contend that it will face  
7 incompatible standards of conduct by virtue of successive actions if the proposed  
8 class is not certified, but define the class in an underinclusive way such that  
9 successive actions will take place even if it were.

10 **2. Acacia May Not Maintain a 23(b)(1)(B) Defendant Class**  
11 **Because Separate Actions Do Not Risk Adjudications that Are**  
12 **Dispositive of Other Class Members’ Interests or that**  
**Substantially Impair or Impede Their Ability to Protect Their**  
**Interests.**

13 “An action may be maintained as a class action if the prerequisites of  
14 subdivision (a) are satisfied, and in addition . . . the prosecution of separate actions by  
15 or against individual members of the class would create a risk of . . . adjudications  
16 with respect to individual members of the class which would as a practical matter be  
17 dispositive of the interests of the other members not parties to the adjudications or  
18 substantially impair or impede their ability to protect their interests.” Fed. R. Civ. P.  
19 23(b)(1)(B). A Rule 23(b)(1)(B) class is intended to protect absent class members:  
20 “[T]he wording of the rule, that adjudications of individual claims would  
21 ‘substantially impair [the class members’] ability to protect their interests,’ as well as  
22 examples given in the Advisory Committee Notes, indicate that this section applies to  
23 situations where separate actions would *harm* the absent members.” *Webcraft Techs.*,  
24 228 U.S.P.Q. at 186.

25 Here, defendants absent from the proposed class would not be harmed by  
26 separate actions, and, in fact, would benefit from them. Under *Blonder-Tongue*,  
27 individual adjudications benefit absent alleged infringers because a finding of  
28 invalidity in an individual action can be used against the patentee by any defendant in



1 a subsequent action, rendering the patent worthless. 402 U.S. 313 (1971). A failure  
2 to find invalidity in an individual action, however, cannot be used against subsequent  
3 defendants by the patentee. *Blonder-Tongue*, 402 U.S. at 329 (“Some litigants—  
4 those who never appeared in a prior action—may not be collaterally estopped without  
5 litigating the issue. They have never had a chance to present their evidence and  
6 arguments on the claim. Due process prohibits estopping them despite one or more  
7 existing adjudications of the identical issue which stand squarely against their  
8 position.”).

9 Individual actions are especially beneficial to absent class members in this  
10 particular case, which involves rapidly developing technology, a patent from over a  
11 decade ago and its continuation, and a vast array of accused applications. In  
12 subsequent actions, if the patents-in-suit have not yet been proved invalid, alleged  
13 infringers could raise additional prior art, additional sales, and additional 102(g)  
14 references, as well as tailor their arguments and strategy about the interplay of claim  
15 construction and infringement with an eye toward validity. A class action, on the  
16 other hand, would preclude absent class members in subsequent infringement actions  
17 from raising prior art and other references not previously considered and from  
18 making these types of arguments. Thus, class treatment would harm absent class  
19 members whereas individual actions would benefit them.

20 Acacia’s argument that the persuasive value of a judgment would  
21 “substantially impair or impede” the ability of absent class members to protect their  
22 interests (Acacia Mem. at 16) is contrary to the overwhelming majority view that the  
23 anticipated precedential effect of a case on subsequent cases is insufficient  
24 justification for defendant class certification under Rule 23(b)(1)(B). *See, e.g., Tilley*,  
25 345 F.3d at 40-43 (“We hold, contrary to the court below, that the anticipated effect  
26 of stare decisis on subsequent cases brought by absent class members, without more,  
27 is an insufficient justification for class certification under Rule 23(b)(1)(B).”). Yet  
28 the “mere possibility that the precedential effect of an individual suit will influence

1 the outcome of later actions,” *Tilley*, 345 F.3d at 41, is Acacia’s only argument in  
2 support of certification pursuant to this Rule 23 subsection.

3 Acacia offers no further rationale to support a 23(b)(1)(B) class and relies on a  
4 total of three district court cases that are more than thirty-years old and were decided  
5 before the creation Federal Circuit. The reasoning of these cases (Acacia Mem. at  
6 16-17) has been rejected recently by the First Circuit’s *Tilley* opinion. For example,  
7 in reversing the district court, *Tilley* addressed its reliance on *Dale Electronics*, 53  
8 F.R.D. 531, and pointed out that the *Dale Electronics* case “recognized that it was  
9 ‘venturing into what is mainly uncharted waters’ with ‘the possibility that a higher  
10 court [would] determine that the class action device was not intended for such a  
11 voyage.” *Tilley*, 345 F.3d at 42. The First Circuit, in accord with the Eleventh  
12 Circuit, as well as the great weight of the case law, has now made the determination  
13 that the class action device was not so intended and overruled *Dale Electronics*:

14 We agree with the Eleventh Circuit that a rule like the one in *Dale*  
15 *Electronics* “would enable any action, with the possibility that it might  
16 be one of multiple actions, to be certified pursuant to Rule 23(b)(1)(B).”  
17 . . . Because of this ‘flood gate’ phenomenon, common sense suggests  
18 that class certification based solely on the prospect of a stare decisis  
19 effect is improper. The vast majority of courts confronted with the  
20 question have so ruled.

21 *Tilley*, 345 F.3d at 42 (citing *In re Catawba Indian Tribe of S.C.*, 973 F.2d 1133,  
22 1137-38 & n.4 (4th Cir. 1992); *In re Dennis Greenman Sec. Litig.*, 829 F.2d 1539,  
23 1546 (11th Cir. 1987); *La Mar v. H & B Novelty & Loan Co.*, 489 F.2d 461, 466-67  
24 (9th Cir. 1973); *Eliassen v. Green Bay & W. R.R. Co.*, 93 F.R.D. 408, 412 (E.D. Wis.  
25 1982), *aff’d*, 705 F.2d 461 (7th Cir. 1983) (table); *Landau v. Chase Manhattan Bank,*  
26 *N.A.*, 367 F. Supp. 992, 998 (S.D.N.Y. 1973)). In accord with the majority rule, this  
27 Court should reject Acacia’s argument that a 23(b)(1)(B) class is warranted because  
28 courts in later cases may be influenced by this Court’s decisions in this case.

1           **3. Acacia May Not Maintain a 23(b)(2) Defendant Class as a**  
2           **Matter of Law.**

3           A 23(b)(2) defendant class is improper in this case as a matter of law. *See Fed.*  
4 *R. Civ. P. 23(b)* (“An action may be maintained as a class action if the prerequisites  
5 of subdivision (a) are satisfied, and in addition . . . the party opposing the class has  
6 acted or refused to act on grounds generally applicable to the class, thereby making  
7 appropriate final injunctive relief or corresponding declaratory relief with respect to  
8 the class as a whole.”). All Federal Courts of Appeals that have addressed the issue  
9 hold that defendant class actions generally may not be certified pursuant to Rule  
10 23(b)(2), as Acacia is fully aware (*Acacia Mem.* at 19 n.15).<sup>5</sup> *See Tilley*, 345 F.3d at  
11 35 (holding that “the district court [] erred as a matter of law in employing Rule  
12 23(b)(2) as a vehicle for certifying a defendant class”); *Henson v. East Lincoln*  
13 *Township*, 814 F.2d 410, 411 (7th Cir. 1987) (holding that defendant classes are not  
14 permissible in actions governed by Rule 23(b)(2) of the Federal Rules of Civil  
15 Procedure); *Thompson v. Bd. of Educ. of Romeo Cmty. Sch.*, 709 F.2d 1200, 1204  
16 (6th Cir. 1983) (“[T]he language in this rule contemplates certification of a plaintiff  
17 class against a single defendant, not the certification of a defendant class.”); *Paxman*  
18 *v. Campbell*, 612 F.2d 848, 854 (4th Cir. 1980) (per curiam) (“To proceed under  
19 23(b)(2) against a class of defendants would constitute the plaintiffs as ‘the party

20           <sup>5</sup> In 1979, the Court of Appeals for the Second Circuit certified a defendant class  
21 under Rule 23(b)(2), but limited its holding to suits seeking injunctive relief against a  
22 class of local public officials. *See Marcera v. Chinlund*, 595 F.2d 1231, 1238 (2d  
23 Cir. 1979), *vacated on other grounds sub nom, Lombard v. Marcera*, 422 U.S. 915  
24 (1979). The First Circuit has recently rejected *Marcera*:

25           [T]he *Marcera* court’s decision rested on thin support: a case decided under the  
26 pre-1966 version of Rule 23 and without any mention of Rule 23(b)(2); a  
27 district court decision that relegated its summary discussion of this matter to a  
28 footnote; and two student-authored law review notes (one of which concludes  
that Rule 23(b)(2) cannot be used as a vehicle for certifying a defendant class).

*Tilley*, 345 F.3d at 40.

Additionally, *Marcera* is factually distinguishable, both from *Tilley* and from this case. The Second Circuit’s “conclusion that Rule 23(b)(2) was ‘an appropriate vehicle’ for certification of a defendant class was limited to suits ‘for injunctive relief

1 opposing the class,’ and would create the anomalous situation in which the plaintiffs’  
2 own actions or inactions could make injunctive relief against the defendants  
3 appropriate.”). The two district court cases on which Acacia relies—*Research Corp.*  
4 *v. Pfister Associated Growers, Inc.*, 301 F. Supp. 497 (N.D. Ill. 1969); *Technograph*  
5 *Printed Circuits, Ltd. v. Methode Electronics, Inc.*, 285 F. Supp. 714 (N.D. Ill.  
6 1968)—are both in conflict with this consistent appellate court precedent.

7 As explained by the First Circuit in *Tilley*, the language of Rule 23(b)(2)  
8 generally forecloses defendant class actions because, when a plaintiff seeks to certify  
9 a defendant class, “there will be no single act or refusal to act on the part of the  
10 plaintiff . . . that makes injunctive or declaratory relief appropriate” and “it will be the  
11 defendants—the members of the putative class—who allegedly have acted in the  
12 same tortious or unlawful way.” *See Tilley*, 345 F.3d at 39-40. Likewise, in *Henson*,  
13 Judge Posner analyzed the language Rule 23(b)(2) and concluded that it does not  
14 apply to defendant classes. *Henson*, 814 F.2d at 414 (“[T]he language of (b)(2) is  
15 against [the plaintiff]. Always it is the alleged wrongdoer, the defendant—never the  
16 plaintiff (except perhaps in the reverse declaratory suit)—who will have ‘acted or  
17 refused to act on grounds generally applicable to the class.’ In this case, for example,  
18 the plaintiff class is complaining about the conduct of the named defendants and of  
19 the unnamed defendant class members . . . . No one is complaining about any act or  
20 refusal to act by [the plaintiff] or by any member of the plaintiff class.”). As *Wright*  
21 *& Miller* puts it,

22 Although arguments have been made that certification of defendant  
23 class suits under Rule 23(b)(2) would be desirable, as well as  
24 consistent with the policies underlying the rule, the fact remains that  
25 the language is clear, and the better view is to restrict its applicability  
26 to plaintiff classes seeking injunctive relief.

27 7A Wright, Miller & Kane, Federal Practice and Procedure § 1775 (1986).

28 against a class of local public officials.” *Tilley*, 345 F.3d at 40 (citing *Marcera*, 595

1           Additionally, as Judge Posner elucidated in *Henson*, the drafting history of the  
2 Rule does not support a 23(b)(2) defendant class action: “The Advisory Committee’s  
3 Notes make no reference to defendant class actions in connection with (b)(2). They  
4 describe the (b)(2) class action as an action by a plaintiff class against a defendant  
5 who has done something injurious to the class as a whole.” *Henson*, 814 F.2d at 414.  
6 In short, Rule 23(b)(2) is restricted to plaintiff classes seeking injunctive or  
7 declaratory relief from defendants. This is obviously not such a case.

8           Thus, although Acacia argues that the fact that it has threatened litigation and  
9 sent letters to alleged infringers means that it has “acted on grounds generally  
10 applicable to the class” (Acacia Mem. at 18), it is the actions of Acacia (the party  
11 opposing, or adverse to, the class) that must make injunctive or declaratory relief  
12 appropriate because these actions are tortious or otherwise unlawful. This is because  
13 the injunctive or declaratory relief sought should “sett[le] the legality of the behavior  
14 with respect to the class as a whole.” Judicial Conference Advisory Committee,  
15 Notes on Rule 23(b)(2), 39 F.R.D. 69, 102 (1966). Accordingly, a 23(b)(2) defendant  
16 class is not maintainable as a matter of law in this case.

17           Acacia’s attempt to fit this case within a theoretical declaratory judgment  
18 exception to which *Tilley* and *Henson* allude (Acacia Mem. at 19 n.15) is completely  
19 misguided. These cases recognized such an exception only in theory. *See Tilley*, 345  
20 F.3d at 39 n.3 (citing *Henson*, 814 F.2d at 414) (“[O]ne can envision strange cases in  
21 which a defendant class might fit within the literal contours of Rule 23(b)(2)”);  
22 *Henson*, 814 F.2d at 414 (“[I]n a declaratory judgment action the parties frequently  
23 get reversed. . . . In such a case a (b)(2) ‘defendant’ class might conceivably be  
24 permissible, thought that is not an issue we need resolve today.”). More importantly,  
25 Judge Posner’s point in *Henson* is that, if a party brings a declaratory judgment action  
26 against defendants who are the real-plaintiffs-in-interest, a defendant class action  
27 might be appropriate pursuant to Rule 23(b)(2):

28  
F.2d at 1238). This is obviously not such a suit.

1 A debtor for example might bring a suit against a class of creditors,  
2 seeking a declaration of nonliability. In such a case it could be argued  
3 that the “real” plaintiffs were the creditors and the “real” defendant  
4 the debtor—that it was the debtor who had “acted or refused to act on  
5 grounds generally applicable to the class.

6 *Henson*, 814 F.2d at 414. Although the defendants in this case have asserted claims  
7 for declaratory judgment of patent invalidity, unenforceability, and noninfringement  
8 against Acacia, the defendants are not the “real” plaintiffs. The defendants’  
9 declaratory judgment claims are purely defensive in nature, in that they basically seek  
10 a declaration of nonliability, and defendants asserted these claims only after and in  
11 response to Acacia’s lawsuit against them. Surely, class certification does not turn on  
12 whether defenses are asserted as only affirmative defenses or also as declaratory  
13 judgment claims, as is commonplace in patent cases. Acacia is the patentee seeking  
14 damages from accused infringers—the parties are not “reversed.” Accordingly, there  
15 is no question that this case does not fit within this theoretical exception to the  
16 general rule that defendant class actions are not maintainable pursuant to Rule  
17 23(b)(2).

#### 18 **IV. CONCLUSION**

19 For the foregoing reasons, the Court should deny Acacia’s request to certify a  
20 class of defendants in this action.

21 Dated: June 4, 2004

FISH & RICHARDSON P.C.

22  
23 By: \_\_\_\_\_  
Todd G. Miller

24 Attorneys for Defendants AEBN, Inc., Ademia  
25 Multimedia, LLC, Audio Communications, Inc.,  
26 Club Jenna, Inc., Cyber Trend, Inc., Cybernet  
27 Ventures, Inc., Game Link, Inc., Global AVS, Inc.,  
28 Innovative Ideas International, Lightspeed Media  
Group, Inc., National A-1 Advertising, Inc., New  
Destiny Internet Group, LLC; and VS Media, Inc.

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that a copy of the foregoing **DEFENDANTS'**  
3 **MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO**  
4 **ACACIA'S MOTION FOR CERTIFICATION OF A MANDATORY**  
5 **DEFENDANT CLASS** was served on this date upon all counsel of record as  
6 follows:

7 *Via United States District Court, Central District of California,*  
8 *Electronic Case Filing Program, by uploading the electronic files*  
9 *for the above listed document.*

10 Roderick G. Dorman  
11 Alan P. Block  
12 Armand F. Ayazi  
13 Hennigan, Bennett & Dorman  
14 601 S. Figueroa Street, Suite 3300  
15 Los Angeles, CA 90017

16 Executed at San Diego, California this 4th day of June, 2004.

17 \_\_\_\_\_  
18 /s/  
19 JoAnne M. Owens