

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 L.L.C.,
and DISH NETWORK CORPORATION,

Defendants-Appellants.

**ECHOSTAR'S OPPOSITION TO THE MOTION FOR LEAVE OF
THE ASSOCIATION FOR COMPETITIVE TECHNOLOGY, INC.
TO FILE AN *AMICUS CURIAE* RESPONSE**

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TABLE OF CONTENTS

TABLE OF AUTHORITIES.....	ii
I. INTRODUCTION.....	1
II. ARGUMENT	2
A. ACT Adds Nothing Regarding the Merits of the Appeal.....	2
B. ACT's Policy Arguments Have Already Been Made by TiVo	5
III. CONCLUSION	7

TABLE OF AUTHORITIES

Cases

<i>Arbek Mfg., Inc. v. Moazzam</i> , 55 F.3d 1567 (Fed. Cir. 1995)	2
<i>KSM Fastening Sys., Inc. v. H.A. Jones Co., Inc.</i> , 776 F.2d 1522 (Fed. Cir. 1985)	3, 5
<i>State Industries, Inc. v. A.O. Smith Corp.</i> , 751 F.2d 1226 (Fed. Cir. 1985)	4-5
<i>Voices for Choices v. Ill. Bell Tel. Co.</i> , 339 F.3d 542 (7th Cir. 2003)	6

I. INTRODUCTION

The Association for Competitive Technology, Inc. (“ACT”) has moved for leave to file an amicus curiae response¹ in support of TiVo, Inc.’s (“TiVo”) opposition to the motion for a stay pending appeal that has been filed by Defendants-Appellants EchoStar Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, EchoSphere Limited Liability Company, EchoStar Satellite L.L.C., and Dish Network Corporation (collectively “EchoStar”). Both ACT’s motion for leave and its Amicus Response demonstrate that ACT’s participation as an amicus would add nothing to this Court’s knowledge of the issues.

The Amicus Response is conspicuously superficial. To the extent it purports to deal with merits issues, such as whether EchoStar’s redesigned DVRs were more than colorably different from the DVRs found to infringe, ACT has nothing meaningful to say and simply assumes the answer (against EchoStar, of course). And to the extent the Amicus Response purports to deal with policy issues, such as the purported need to protect small businesses from larger ones, ACT provides no unique perspective, merely arguing (as TiVo already has, but at lesser length) that large companies ignore the rules and run roughshod over small companies in litigation—an argument that is not particularly helpful in any event. Because

¹ Response of *Amicus Curiae* Association for Competitive Technology, Inc. in Support of Plaintiff-Appellee in Opposition of Emergency Motion to Stay Permanent Injunction Pending Appeal (“Amicus Response”).

ACT's Amicus Response would provide no assistance to the Court, ACT's motion for leave should be denied.

II. ARGUMENT

A. ACT Adds Nothing Regarding the Merits of the Appeal

EchoStar has never contested TiVo's right to challenge whether EchoStar was successful in its design-around efforts, *but in the appropriate proceeding*—a new action in front of a jury. When EchoStar redesigned its DVRs, it eliminated the very elements that TiVo had relied on at trial to establish infringement. *See* EchoStar Emergency Motion for a Stay Pending Appeal of the District Court's Permanent Injunction ("EchoStar Mot.") at 5-6. As a result, in arguing that EchoStar's redesigned DVRs still infringed—and as the district court expressly recognized (*see* EchoStar Mot. Ex. 2 at 21-23)—TiVo was forced to rely on new infringement theories different from those it had prevailed on at trial.

Nonetheless, the district court decided that it could determine infringement through summary contempt proceedings rather than conduct a new infringement action. EchoStar believes that the district court erred in reaching this conclusion and that its contempt order ran afoul of this Court's repeated admonitions that unless a design-around is a ruse, the question of whether it still infringes must be resolved in a new action, with all the rights that flow from that, including discovery and the right to a jury. *See* EchoStar Mot. at 2 (citing *Arbek Mfg., Inc. v. Moazzam*, 55 F.3d 1567, 1570 (Fed. Cir. 1995) (contempt is an extraordinary remedy limited to "flagrant disregard for court orders," 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”); and *KSM Fastening Sys., Inc. v. H.A. Jones Co.*, 776 F.2d 1522, 1531 (Fed. Cir. 1985) (contempt is inappropriate where “substantial issues” exist with respect to infringement)).

The obvious problem with ACT’s Amicus Response is clear from reading it. ACT’s discussion of EchoStar’s redesigned DVRs (Amicus Response at 5-7) shows that ACT knows nothing about whether the redesigned DVRs infringe, whether under the infringement theories TiVo pursued at trial or under the infringement theories TiVo pursued during the contempt hearing. As a result, ACT can contribute nothing meaningful to this Court’s resolution of the issues before it.²

² EchoStar will not respond to the bulk of ACT’s disparaging attacks on it. EchoStar must note, however, that while ACT states on page 3 of its motion for leave that its Amicus Response “describes how EchoStar has repeatedly engaged in improper litigation tactics for the sole purpose of delaying its compliance with the district court’s permanent injunction ruling,” ACT does nothing of the kind. In its Amicus Response, ACT asserts that when this Court granted EchoStar’s stay motion in the original action (October 3, 2006), “unbeknownst to this Court, the district court or TiVo, EchoStar was covertly developing a design-around to the ’389 patent.” Amicus Response at 4. In reality, however, EchoStar had made its efforts to begin designing around TiVo’s patent public in August 2006—two months before this Court’s decision to grant a stay pending appeal in the original action. And while TiVo has admitted that it was aware of EchoStar’s redesign efforts when they began, it did not raise the issue in either this Court or the district court. *See Reply in Support of EchoStar’s Motion for a Stay Pending Appeal of the District Court’s Permanent Injunction (“EchoStar Rep.”) at 8-9.*

In disparaging EchoStar's design-around efforts, for example, ACT labels them "weak" (*id.* at 5) and characterizes the changes EchoStar made as "irrelevant or insubstantial" (*id.* at 6). But ACT's assertions are unsupported, and it provides no analysis—of any kind—regarding whether EchoStar's redesigned DVRs actually infringe. In fact, in the paragraph where ACT asserts that EchoStar's redesigned DVRs were not more than colorably different from the DVRs that had been adjudicated as infringing, ACT simply assumes that conclusion:

Under *KSM*, if a re-designed product and the adjudged product are *not* "more than colorably different," the court must then conclude that the re-designed product still infringes the claims of the patent at issue in order to find a party in contempt. [776 F.2d] at 1532. As EchoStar's Modified DVRs were not more than colorably different than its Infringing DVRs — and the Modified DVRs continued to infringe upon the '389 patent, it was entirely proper under *KSM* to hold EchoStar in contempt.

Amicus Response at 5-6 (footnote omitted).³

Finally, to the extent ACT implies that there is something improper about attempting to avoid future infringement via a design-around, the implication is directly contrary to this Court's precedent. In *State Industries, Inc. v. A.O. Smith*

³ ACT also unfairly minimizes EchoStar's efforts in connection with the design-around (in terms of employees, dollars, and lines of code to produce its redesigned DVRs). *Id.* at 7 n.8. And one assertion in particular—that "EchoStar's changing of 5,000 lines of DVR code was minimal in comparison to the hundreds of thousands of lines of DVR code in each EchoStar box" (*id.*)—is wrong and needs to be corrected. What this assertion ignores is that the vast majority of the code in a DVR receiver has nothing to do with DVR functionalities. Undisputed testimony showed that EchoStar "virtually rewrote" the *relevant* code. See attached Ex. A (Feb. 18, 2009 testimony of Dan Minnick) at 19, 26-27.

Corp., 751 F.2d 1226 (Fed. Cir. 1985), for example, this Court stated that design-arounds bring “a steady flow of innovations to the marketplace.” *Id.* at 1236. *See also KSM*, 776 F.2d at 1530 (cautioning that “[a]llowing the patentee to proceed by a summary contempt proceeding in all cases would unnecessarily deter parties from marketing new devices that are legitimately outside the scope of the patent in question”).

In sum, the central issues in resolving EchoStar’s stay motion relate to the issue of whether its redesigned DVRs were more than colorably different from the adjudicated DVRs (which is intertwined with whether there were open issues of infringement) and the question of whether the district court erred in determining infringement in a contempt proceeding. The Amicus Response, however, shows that ACT can contribute nothing to the Court’s understanding of these issues.

B. ACT’s Policy Arguments Have Already Been Made by TiVo

To the extent ACT purports to address arguments of public policy, ACT presents a cartoonish view of small companies and large companies. According to ACT, all small companies are innovating “Davids” and all large companies are ill-behaving “Goliaths.” Amicus Response at 2-4, 7-9. But corporate morality is independent of a company’s size, and the economy needs both small and large companies. ACT notes, for example, that EchoStar and Dish Network together employ over 28,000 employees. *Id.* at 2 n.3. But that is an admirable statistic, not one to be reviled.

And while TiVo is smaller than EchoStar, TiVo is hardly a David-type startup unable to compete with the likes of EchoStar. TiVo has been in business for over a decade, and (as EchoStar noted in its stay motion) its CEO boasted that TiVo actually prospered during the previous stay (EchoStar Mot. at 19-20).⁴

Nor is TiVo unable to represent its own interests in this Court. In fact, while TiVo's arguments about the evils large companies pose to small companies may not be as dominant as ACT's, TiVo unquestionably makes the point, first attacking large companies generally and then attacking EchoStar more specifically. TiVo's Opposition to EchoStar's Emergency Motion for a Stay Pending Appeal at 3 and 18.

EchoStar submits that these kinds of arguments, whether made by TiVo or ACT, serve no purpose. And certainly, there is no need for more of them. ACT provides no unique perspective on the issues not already provided by TiVo, and the Court will learn nothing new by considering its Amicus Response. Accordingly, ACT's motion should be denied. *See, e.g., Voices for Choices v. Ill. Bell Tel. Co.*, 339 F.3d 542, 545 (7th Cir. 2003) (chambers opinion) (denying motion for leave to file amicus curiae briefs where the briefs did not "articulat[e] a distinctive

⁴ EchoStar would also like to note that ACT is wrong in asserting that *if* the injunction were not stayed and the district court's injunction were to go into effect, EchoStar's customers would "*still be able to watch their favorite television programs and even record them for later viewing.*" Amicus Response at 8. The injunction prohibits "all storage to and playback from a hard disk drive of television data," thus prohibiting all recording in the products in customers' homes. EchoStar Mot. Ex. 1 at 2.

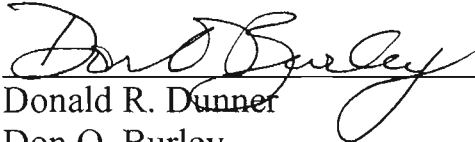
perspective or present[] specific information, ideas, arguments, etc. that go beyond what the parties whom the amici are supporting have been able to provide”).

III. CONCLUSION

For the reasons discussed above, ACT’s motion for leave to file a response as *amicus curiae* should be denied.

Dated: June 17, 2009

Respectfully submitted,



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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

TIVO v. ECHOSTAR

No. 2009-1374

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rules 27(a)(7) and 47.4(a), counsel for defendants-appellants EchoStar Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, EchoSphere L.L.C., EchoStar Satellite L.L.C., and Dish Network Corporation, certify the following:

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

Dish Network Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, EchoSphere L.L.C., EchoStar Satellite L.L.C., and EchoStar Corporation.

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by us is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of any party represented by us are:

Dish Network Corporation (“DNC”) (formerly known as EchoStar Communications 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 (now known as Dish DBS Corporation), EchoSphere L.L.C., and EchoStar Satellite L.L.C. (now known as Dish Network L.L.C.). DNC has no parent corporation.

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 (now known as EchoStar Technologies L.L.C.). EchoStar Corporation has no parent corporation.

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

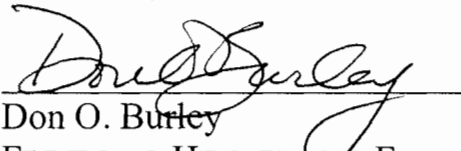
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CERTIFICATE OF SERVICE

I hereby certify that two copies of the foregoing ECHOSTAR'S OPPOSITION TO THE MOTION FOR LEAVE OF THE ASSOCIATION FOR COMPETITIVE TECHNOLOGY, INC. TO FILE AN *AMICUS CURIAE* RESPONSE were served by Federal Express (and that courtesy copies were sent by e-mail) on this 17th day of June, 2009, on each of the following counsel:

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