

IN THE UNITED STATES DISTRICT IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

CIVIX-DDI, LLC,)	
)	Case No. 10-cv-04887
Plaintiff,)	
)	
vs.)	
)	Judge Guzman
MIDWEST REAL ESTATE DATA, LLC,)	
)	
)	
Defendant.)	

**MIDWEST REAL ESTATE DATA, LLC’S ANSWER AND
COUNTERCLAIM TO PLAINTIFF CIVIX-DDI, LLC’S COMPLAINT**

Defendant MIDWEST REAL ESTATE DATA, LLC (“MRED”) by their undersigned attorneys hereby answer the Complaint presented by Plaintiff CIVIX-DDI, LLC (“CIVIX”) as follows (in which CIVIX’s Complaint, paragraph-by-paragraph, is reproduced below, and in each case followed by MRED’s reply):

THE PARTIES

1. CIVIX is a Colorado limited liability company having its principal place of business at 1220 Prince Street, Alexandria, Virginia 22314.

RESPONSE: Admitted that the Colorado Secretary of State website shows that CIVIX is a limited liability company in the State of Colorado with the address as shown; otherwise denied.

2. Midwest Real Estate Data, LLC is a limited liability company having a principal place of business at 2443 Warrenville Road, Lisle, Illinois 60532.

RESPONSE: Admitted.

3. MRED is one of the largest Regional Multiple Listing Services in the world.

RESPONSE: Admitted that MRED is in the top five in the United States, in terms of membership numbers; otherwise, denied as unknown.

4. MRED is owned by ten Chicagoland area Board/Associations of REALTORS and serves over 42,500 professional REALTORS throughout the metro Chicagoland and Northern Illinois area, including this judicial district.

RESPONSE: As to the first line, denied. As to “serves over 42,500...,” MRED states that currently, the number is approximately that. As to the remaining portion of this statement, admitted.

5. MRED operates the mredllc.com website and related URLs that provide, among other things, access to location based searching services for real estate listings in the greater Chicago area, southeastern Wisconsin and northwestern Indiana, and is regularly used throughout these areas, including in this judicial district by persons who reside in Illinois and in this district.

RESPONSE: Admitted.

JURISDICTION AND VENUE

6. This is a complaint for patent infringement under the patent laws of the United States, Title 35 of the United States Code. This Court has original jurisdiction over the subject matter of this Complaint under 28 U.S.C. § 1338(a). Venue in this district is proper under 28 U.S.C. §§ 1400(b) and 1391 (b) and (c).

RESPONSE: Admitted.

PATENT INFRINGEMENT

7. CIVIX owns full right, title and interest in and has the sole and exclusive right to

enforce and has standing to sue and recover damages for infringement of U.S. Patent No. 6,385,622 ("the '622 patent"), entitled "System and Methods for Remotely Accessing a Selected Group of Items of Interest From a Database" (Exhibit A); and U.S. Patent No. 6,415,291 ("the '291 patent"), entitled "System and Methods for Remotely Accessing a Selected Group of Items of Interest From a Database" (Exhibit B). The '622, and the '291 patents ultimately derive from U.S. Patent Application No. 08,371,425, filed on January 11, 1995.

RESPONSE: As to the first sentence, Defendant is without knowledge concerning these allegations and therefore denies same. As to the second sentence, admitted.

8. The '622 patent was issued by the United States Patent and Trademark Office on May 7, 2002. An Ex Parte Reexamination Certificate issued on September 22, 2009, confirming the patentability of claims 20 and 26.

RESPONSE: Admitted.

9. The '291 patent was issued by the United States Patent and Trademark Office on July 2, 2002. An Ex Parte Reexamination Certificate issued on September 8, 2009, confirming the patentability of claims 8, 11-13, 16-19, 22 and 23.

RESPONSE: Admitted.

10. MRED has infringed at least claims 20 and 26 of the '622 patent and at least claims 8, 17, 18 and 22 of the '291 patent under 35 U.S.C. § 271 {a) by using certain "connectMLS" location-based searching systems, services and related products (such as RatePlug) through the mredllc.com, mredllc.connectMLS.com and mredllc.net web sites, client web pages and, upon information and belief, other related URLs. MRED has committed these acts of infringement throughout Illinois and other midwestern states, including in this judicial district.

RESPONSE: Denied.

11. MRED has also actively induced third parties, including realtor members and other users of the mredllc.com, mredllc.connectMLS.com and mredllc.net websites, client web pages and, upon information and belief, other related URLs, to infringe at least claims 20 and 26 of the '622 patent and at least claims 8, 17, 18 and 22 of the '291 patent under 35 U.S.C. § 271(b) by providing, operating and/or promoting and assisting in the use of certain "connectMLS" location-based searching systems and related products (such as RatePlug) through the mredllc.com, mredllc.connectMLS.com and mredllc.net websites, client web pages and, upon information and belief, other related URLs.

RESPONSE: Denied.

12. connectMLS is a product of dynaConnections Corporation, which is provided to MRED under the terms of a multi-year contract.

RESPONSE: Admitted.

13. The version of connectMLS used by MRED and offered to MRED's realtor members and others is made, used, provided, operated and maintained under the direction and control of MRED.

RESPONSE: Admitted in part; denied in part. dynaConnections Corporation offers connectMLS both to MRED and to other MLS customers. dynaConnections operates and maintains its systems. MRED requests dynaConnections to customize portions of its system.

14. CIVIX has granted license and other rights under the '622 patent and the '291 patent to third parties. However, MRED's infringing activities are not immunized by any of these licenses or other rights.

RESPONSE: Denied.

15. CIVIX is currently asserting the '622 and '291 patents against Hotels.com, L.P. and Hotels.com GP, LLC in Civil Action No. 05 C 6869 (N.D. Ill.) ("the Hotels.com suit"), which is pending before the Honorable Amy J. St Eve. The Hotels.com suit was filed on December 6, 2005, and originally included the National Association of Realtors ("NAR") and Homestore, Inc. (now Move, Inc.) as defendants. CIVIX reached a settlement with NAR and Homestore on December 31, 2009.

RESPONSE: As to the first and second sentences, admitted. As to the third sentence, denied as MRED is without knowledge sufficient to verify same.

16. Prior to this action, MRED was aware of the '622 patent and the '291 patent, and had actual notice of CIVIX' s infringement claims. **RESPONSE: Admitted that MRED's counsel became aware of the patents-in-suit as a result of receipt of a letter from CIVIX's counsel on July 22, 2010; otherwise, denied.**

17. CIVIX has been injured by the infringement caused by MRED and is entitled to damages adequate to compensate it for all the infringement that has occurred. The unlawful acts of infringement of the claims of the '622, and '291 patents by MRED will continue unless enjoined by this Court.

RESPONSE: Denied.

WHEREFORE, Defendant MRED prays this Court enter judgment in its favor and against CIVIX-DDI, LLC and deny each subsection A-F of Prayer for Relief requested in its Complaint.

AFFIRMATIVE DEFENSES

Further answering the Complaint, and as additional defenses thereto, MRED asserts the following affirmative defenses:

1. CIVIX fails to state a claim upon which relief may be granted.
2. One or more of CIVIX's claims are barred in whole, or in part, by the doctrine of laches.
3. One or more of CIVIX's claims are barred in whole, or in part, by the doctrine of equitable estoppel.
4. One or more of CIVIX's claims are barred, in whole or in part, by the doctrine of unclean hands.
5. One or more of CIVIX's claims are barred or exhausted, in whole or in part, because MRED is licensed by virtue of CIVIX releasing such claims through settlement and/or license.
6. One or more of CIVIX's claims are barred, in whole or in part, because one or more of the CIVIX patents asserted in the Complaint are invalid under at least one of 35 U.S.C. §§ 101, 102, 103 or 112.
7. One or more of the CIVIX claims are barred, in whole or in part, because one or more of the patents asserted in the Complaint are unenforceable either directly or under the doctrine of infectious enforceability due to the relatedness of their prosecution.
8. One or more of the CIVIX claims are barred, in whole or in part, by the doctrine of prosecution laches.
9. One or more of the CIVIX claims are barred, in whole or in part, by the doctrine of acquiescence.
10. One or more of the CIVIX claims are barred, in whole or in part, by the doctrine of patent misuse.

11. One or more of the CIVIX claims are barred, in whole or in part, by the doctrines of waiver and/or implied license.

12. One or more of the CIVIX claims are barred, in whole or in part, by a failure to mark.

COUNTERCLAIM

Nature of the Action

1. This Counterclaim seeks, inter alia, a judgment declaring that the claims of U.S. Patent No. 6,385,622 ("the '622 patent"), entitled "System and Methods for Remotely Accessing a Selected Group of Items of Interest From a Database" and U.S. Patent No. 6,415,291 ("the '291 patent"), entitled "System and Methods for Remotely Accessing a Selected Group of Items of Interest From a Database" are invalid, unenforceable and not infringed by MRED.

Jurisdiction and Venue

2. This Court has subject matter jurisdiction over this Counterclaim pursuant to the Declaratory Judgment Act, 28 U.S.C. Section 2201 et seq., under 38 U.S.C. Section 1338(a), and under the patent laws of the United States, 35 U.S.C. Section 1, et seq. This Court also has jurisdiction over this dispute pursuant to 28 U.S.C. Section 1332(a) in that the amount in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and diversity of citizenship exists among the parties. Venue is proper in this judicial district under the provisions of 28 U.S.C. Sections 1391(b) and 1400.

3. MRED is a limited liability company having a principal place of business at 2443 Warrenville Road, Lisle, Illinois 60532.

4. Upon information, belief and representation, Counter-Defendant CIVIX is a

Colorado corporation with a place of business at 1220 Prince Street, Alexandria, VA 22314.

Acts Giving Rise to the Counterclaim

5. On August 4, 2010, CIVIX commenced a civil lawsuit against MRED alleging that MRED is infringing upon certain claims of the '622 and '291 Patents.

6. By these actions, CIVIX has created an actual and justiciable case and controversy between itself and MRED concerning whether the '622 and '291 Patents are valid and/or enforceable, as well as whether MRED is infringing upon any valid and/or enforceable claim of the '622 and '291 Patents.

7. MRED has not infringed and is not infringing, upon any claims of either the '622 or '291 Patents.

COUNT I

Declaratory Judgment of Invalidity, Unenforceability
and Non-Infringement of U.S. Patent No. 6,385,622
(28 U.S.C. Sections 2201 and 2202)

8. MRED incorporates by reference each and every allegation set forth in paragraphs 1 through 7 of this Counter-claim as if fully set forth and restated herein.

9. Upon information and belief, all of the claims of the '622 Patent are invalid, unenforceable, and void, for at least one or more of the following reasons:

(a) The patentee did not invent the subject matter of the '622 Patent, nor did he make any invention or discovery, either novel, original, or otherwise, within the meaning of United States Code, Title 35;

(b) The alleged invention of the '622 Patent was made by another in this country before the patentee's alleged invention, and such other person had not abandoned, suppressed, or concealed it;

(c) In light of the prior art at the time the alleged invention was made, the subject matter as claimed in the '622 Patent would have been obvious to one skilled in the art to which the alleged invention relates and does not constitute a patentable invention;

(d) More than one year prior to the filing of the original application which matured into the '622 Patent, the alleged invention was described in printed publications in this country, and/or was in public use and on sale in this country;

(e) Before the alleged invention claimed in the '622 Patent by the Patentee, the alleged invention was known or used by others in this country and was described in a printed publication in this country;

(f) During the prosecution of the application which matured into the '622 Patent, the patentee failed to comply with its duty of candor and good faith in dealing with the United States Patent and Trademark Office ("PTO");

(g) The alleged invention does not involve the exercise of inventive faculty but only the judgment, knowledge and skill possessed by persons having ordinary skill in the art at the time of the alleged invention thereof by the patentee, and/or

(h) The patent does not contain a written description of the alleged invention in such full, clear, concise and exact terms to enable one skilled in the art to which it is directed to make and use it, and further, does not set forth the best mode contemplated by the alleged inventor of carrying out the alleged invention.

10. By reason of the proceedings in the United States Patent and Trademark Office during the prosecution of the application that matured into the '622 Patent, and in particular, the applicant's and/or his representative(s) and/or agents remarks, representations, concessions, amendment and/ or admissions during those proceedings, CIVIX is precluded and estopped from

asserting that MRED has infringed upon any of the claims of the '622 Patent.

11. Upon information and belief, the claims of the '622 Patent are unenforceable due to the commission of inequitable conduct because CIVIX, and/or others involved in the preparation, original examination, and prosecution of the application that matured into the '622 Patent, failed to disclose and/or concealed to the United States Patent and Trademark Office, with deceptive intent, material information of which they were aware, which was material to the patentability of the alleged invention claimed in the '622 Patent, and which was materially prejudicial to the examination of the application of the '622 Patent, in violation of 37 C.F.R. §1.56. More specifically, CIVIX failed to inform the PTO Examiner in writing about: (1) its litigation with Microsoft, and the fact that the Colorado court (*CIVIX v. Microsoft*, 84 F.Supp.2d 1132 (D.Colo. 2000) ("the Colorado court")) construed terms of the parent '525 patent that are also present in the patents-in-suit, as articulated in the opinion in *CIVIX v. Hotels.com et al.* granting summary judgment of non-infringement of the '525 patent (2/1/10 Memorandum Opinion And Order of Judge St. Eve), in violation of 37 CFR §1.56 and MPEP ¶¶ 2001.06(c), 2002.02; or (2) the defendants' invalidity summary judgment motions filed in the Colorado court and citing pertinent prior art to the '525 patent. As the principal behind CIVIX, Mr. Semple, a named inventor of the patents-in-suit, was involved in the Colorado case and in the prosecution of the '525 patent and the patents-in-suit, and failed to disclose the above information, upon information and belief, with intent to deceive. (See Judge St. Eve above-referenced opinion, denying CIVIX's motion for summary judgment that no inequitable conduct had been committed by it.) CIVIX also committed inequitable conduct because it and/or by and through its prosecuting attorney, Curtis Vock, attempted to deceive the PTO Examiner by submitting an IDS during the prosecution of the '291 patent that included 598 prior art references, thus

effectively burying the Microsoft-cited prior art (see Judge St. Eve opinion).

12. Any claims of the '622 Patent that may not be, arguendo, held invalid and/or unenforceable are so restricted in scope that MRED has not infringed, and does not infringe, upon any upon any such claims.

COUNT II

Declaratory Judgment of Invalidity, Unenforceability and Non-Infringement of U.S. Patent No. 6,415,291 (28 U.S.C. Sections 2201 and 2202)

13. MRED incorporates by reference each and every allegation set forth in paragraphs 1 through 12 of this Counterclaim as if fully set forth and restated herein.

14. Upon information and belief, all of the claims of the '291 Patent are invalid, unenforceable, and void, for at least one or more of the following reasons:

(a) The patentee did not invent the subject matter of the '291 Patent, nor did he make any invention or discovery, either novel, original, or otherwise, within the meaning of United States Code, Title 35;

(b) The alleged invention of the '291 Patent was made by another in this country before the patentee's alleged invention, and such other person had not abandoned, suppressed, or concealed it;

(c) In light of the prior art at the time the alleged invention was made, the subject matter as claimed in the '291 Patent would have been obvious to one skilled in the art to which the alleged invention relates and does not constitute a patentable invention;

(d) More than one year prior to the filing of the original application which matured into the '268 Patent, the alleged invention was described in printed publications in this country, and/or was in public use and on sale in this country;

(e) Before the alleged invention claimed in the '291 Patent by the Patentee, the alleged invention was known or used by others in this country and was described in a printed publication in this country;

(f) During the prosecution of the application which matured into the '291 Patent, the patentee failed to comply with its duty of candor and good faith in dealing with the United States Patent and Trademark Office ("PTO");

(g) The alleged invention does not involve the exercise of inventive faculty but only the judgment, knowledge and skill possessed by persons having ordinary skill in the art at the time of the alleged invention thereof by the patentee, and/or

(h) The patent does not contain a written description of the alleged invention in such full, clear, concise and exact terms to enable one skilled in the art to which it is directed to make and use it, and further, does not set forth the best mode contemplated by the alleged inventor of carrying out the alleged invention.

15. By reason of the proceedings in the United States Patent and Trademark Office during the prosecution of the application that matured into the '291 Patent, and in particular, the applicant's and/or his representative(s) and/or agents remarks, representations, concessions, amendment and/or admissions during those proceedings, CIVIX is precluded and estopped from asserting that MRED has infringed upon any of the claims of the '291 Patent.

16. Upon information and belief, the claims of the '291 Patent are unenforceable because CIVIX, and/or others involved in the preparation, original examination, and prosecution of the application that matured into the '291 Patent, failed to disclose and/or concealed to the United States Patent and Trademark Office, with deceptive intent, material information of which they were aware, which was material to the patentability of the alleged invention claimed in the

'291 Patent, and which was materially prejudicial to the examination of the application of the '291 Patent, in violation of 37 C.F.R. Section 1.56. More specifically, MRED alleges that the same facts as specified in ¶11, above, resulted in the commission of inequitable conduct by CIVIX as to the '291 patent.

17. Any claims of the '291 Patent that may not be, arguendo, held invalid and/or unenforceable are so restricted in scope that MRED has not infringed, and does not infringe, upon any such claims.

WHEREFORE, Defendant/Counter-Plaintiff MIDWEST REAL ESTATE DATA, LLC prays this Court enter judgment in its favor and against CIVIX-DDI, LLC and deny each subsection of Prayer for Relief requested by in its Complaint.

JURY DEMAND

MRED requests a jury as to all issues raised not only by its Answer to Complaint, but also by its Counterclaims and/or CIVIX's claims and/or MRED's reply thereto.

Respectfully submitted,

FOR MIDWEST REAL ESTATE DATA, LLC

Dated: August 20, 2010

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CERTIFICATE OF SERVICE

The undersigned certifies that all counsel of record who have consented to electronic service are being served with a copy of **MIDWEST REAL ESTATE DATA, LLC's ANSWER AND COUNTERCLAIM TO PLAINTIFF CIVIX-DDI, LLC'S COMPLAINT** via the Court's CM/ECF system pursuant to L.R. 5.9 on August 20, 2010.

/s/ Michael P. Mazza