

# Nordstrom Settles Patent Suit After Yahoo's \$15M Trial Loss

By **Lauren Berg**

Law360 (April 22, 2022, 6:26 PM EDT) -- A California federal judge Friday signed off on an agreement dismissing Nordstrom Inc. from claims that it infringed Droplets Inc.'s patented technology for quickly updating web pages, just a month after Yahoo Inc. was hit with a \$15 million infringement verdict over the same claims.

U.S. District Judge Jon S. Tigar signed a stipulation noting that the small Texas company and the Seattle retail giant have settled the dispute and agreed to dismiss it with prejudice, according to the two-page **filing**.

"Plaintiff Droplets Inc. and defendant Nordstrom Inc. have filed a stipulation of dismissal dated April 12, 2022, in which Droplets dismissed its claims against Nordstrom with prejudice and Nordstrom dismissed its defenses and counterclaims against Droplets with prejudice ... with all attorneys' fees, costs and expenses to be borne by the party incurring the same," the stipulation states.

Representatives for the parties were not immediately available for comment Friday.

Droplets sued Nordstrom in 2011, along with eBay Inc., Target Corp., Williams-Sonoma Inc. and other retailers, alleging infringement of its U.S. Patent Nos. 6,687,745 and 7,502,838, which are related to an invention that lets a portion of a website be quickly updated without waiting on a whole page refresh.

In 2012, Nordstrom's case was severed from the pack, and in its answer to Droplets' complaint, it said it didn't infringe the patents, that the patents are invalid and that Droplets didn't suffer any irreparable harm because of Nordstrom's conduct.

Droplets also **sued Yahoo** back in 2011 — along with tech giants Amazon, Apple, Meta Platform's Facebook, Google and YouTube — and Nordstrom's stipulation with Droplets on Thursday came nearly a month after an Oakland federal jury said Yahoo owes Droplets **\$15 million for infringing** its patented technology.

The nine-person jury found that Droplets proved it was more likely than not that Yahoo infringed one patent claim with one product, Yahoo Search Assist, but found against Droplets with respect to four other Yahoo products.

During **closing arguments** on March 28, Courtland L. Reichman of Reichman Jorgensen Lehman & Feldberg LLP, a lawyer for Droplets, urged the jury to hit Yahoo with a \$260 million verdict for "free-riding" on Droplets' intellectual property and then "bullying" his client.

Reichman told jurors that while the patented invention is used by Yahoo in several ways, it is central to the tech company's "Search Suggest" function.

By making searching easier and faster for users, Yahoo generates more traffic, and that results in more advertising revenue, Reichman said.

During the trial, Droplets' expert testified that Yahoo had made \$868 million in profits from the invention and that Droplets' contribution deserved a 30% cut.

Droplets co-founder Philip Brittan **took the stand** at the beginning of the trial and testified that he and his colleagues came up with the idea behind its patented website technology while trying to create an application to post financial data for a previous company they created.

Yahoo's attorney, Woody Jameson of Duane Morris LLP, told jurors during closing arguments that his client's case on infringement is so strong, the company decided to drop its invalidity defense.

The patents-in-suit are U.S. Patent No. 6,687,745 and 7,502,838.

Droplets is represented by Courtland L. Reichman, Shawna L. Ballard, Jennifer Estremera, Ariel C. Green, Taylor N. Mauze, Khue V. Hoang, Jaime F. Cardenas-Navia, Michael Matulewicz-Crowley, Christine Lehman, Aisha Mahmood Haley and Phil Eklem of Reichman Jorgensen Lehman & Feldberg LLP.

Nordstrom is represented by Ben Kleinman, James Isbester, Macaulay Ivory and Kathleen Rose Geyer of Kilpatrick Townsend & Stockton LLP and Jordan Trent Jones.

The present case is Droplets Inc. v. Nordstrom Inc., case number 4:12-cv-04049, in the U.S. District Court for the Northern District of California. The Yahoo case is Droplets Inc. v. Yahoo! Inc., case number 4:12-cv-03733, in the U.S. District Court for the Northern District of California.

--Additional reporting by Bonnie Eslinger. Editing by Ellen Johnson.