

## **BREAKING: Yahoo Hit With \$15M Verdict For Infringing Web Tech Patent**

By **Bonnie Eslinger**

Law360 (March 29, 2022, 7:55 PM EDT) -- A San Francisco federal jury found Tuesday that Yahoo Inc. infringed Droplets Inc.'s patented technology for quickly updating web pages, saying the Silicon Valley web services giant owes \$15 million to the small Texas company, which had sought \$260 million in damages.

The nine-member jury reached its unanimous decision after about seven hours of deliberation, on the day after the three-week trial wrapped up. The five women and four men found that Droplets proved it was more likely than not that Yahoo infringed one claim of the patent-at-issue with one product — Yahoo Search Assist — but found against Droplets with respect to four other Yahoo products.

Just one day earlier, a lawyer for Droplets urged the jury **during closing arguments** to hit Yahoo with a \$260 million verdict for "free-riding" on Droplets' intellectual property and then "bullying" his client.

Courtland Reichman of Reichman Jorgensen Lehman & Feldberg LLP told Law360 after the verdict was read that the money was less important than the recognition that Yahoo had used Droplets' invention.

"We feel really good; we feel really happy. They had done something special and then somebody was trying to take that away from them," Reichman said. "I think the jury considers \$15 million a lot of money, and so do we."

Droplets **sued Yahoo** back in 2011 along with tech giants Amazon, Apple, Facebook, Google and YouTube. The other companies all settled.

During closing arguments, an attorney for Droplets 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.

Reichman told the jury on Monday that they were responsible for policing Droplets' patent.

"You're the only way for someone who has property ... [to] stop people from free-riding on it," Reichman said. "From taking and using your property, squatting on it, and then make a bunch of excuses and bullying you by saying nobody's ever heard of Droplets."

The invention allows a portion of a website to be quickly updated without waiting on a whole page refresh, Reichman told jurors during the trial's March 8 kickoff.

Droplets co-founder Philip Brittan **took the stand** that day 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.

At one point, Droplets was in talks with Goldman Sachs about investing in their company, but the banking giant wanted Droplets to also talk to a venture capital firm, which unexpectedly brought an executive from Macromedia to their meeting.

Droplets later heard that the VC firm wasn't interested, which also scuttled the Goldman Sachs investment.

Yahoo's lawyer, 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.

Now, Droplets is asking Yahoo for a "ridiculous" amount of money, Jameson said.

When Adobe Systems Inc., which acquired Macromedia, settled the patent dispute brought by Droplets, it only paid \$10 million, Jameson said.

"This is the company that destroyed Droplets, we heard in closing," Yahoo's lawyer said. "Adobe paid \$10 million ... that's a data point you can't walk away from."

Yahoo's counsel declined to remark on Tuesday's verdict.

The patent-in-suit is U.S. Patent Number 6,687,745.

Droplets is represented by Courtland L. Reichman, Aisha Mahmood Haley, Ariel Green, Christine E. Lehman, David King, Jaime F. Cardenas-Navia, Jennifer P. Estremera, Kate Falkenstien, Khue V. Hoang, Michael Matulewicz-Crowley, Philip Eklem, Shawna L. Ballard and Taylor Nowell Mauze of Reichman Jorgensen Lehman & Feldberg LLP.

Yahoo is represented by George Niespolo, Kevin P. Anderson, Aleksander Goranin, Woody Jameson and Matt C. Gaudet of Duane Morris LLP, and Jennifer Haltom Doan and Joshua Thane of Haltom & Doan.

The 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.

--Editing by Robert Rudinger.