

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

In the Matter of: CERTAIN COURSE MANAGEMENT SYSTEM SOFTWARE PRODUCTS	Investigation No. 333-TA-_____
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COMPLAINT UNDER SECTION 337
OF THE TARIFF ACT OF 1930, AS AMENDED

COMPLAINANT:

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RESPONDENT:

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I. INTRODUCTION

1. Blackboard Inc. ("Blackboard") files this Complaint pursuant to Section 337 of the Tariff Act of 1930, 19 U.S.C. § 1337, as amended, based on the importation into the United States, sale for importation, and/or sale after importation of certain course management system software products, namely Desire2Learn Incorporated's Learning Environment software. The use of these products is covered by U.S. Patent No. 6,988,138 (the "'138 patent"), which is entitled "Internet Education Support Systems and Methods." A certified copy of the '138 patent accompanies this Complaint as *Exhibit 1*. The '138 patent is owned by Blackboard.

2. Blackboard and Desire2Learn Incorporated ("Desire2Learn") are in the business of licensing educational software. Specifically, they sell course management system ("CMS") software, which is used by colleges, universities, and K-12 schools throughout the United States to facilitate instruction and learning. CMS software is used for posting and downloading course materials, taking and administering tests, submitting and receiving completed assignments, calculating and distributing grades, facilitating synchronous and asynchronous communication, and other course management functions. Students, instructors, and administrators typically access a CMS through the Internet via a web browser. Blackboard is the market leader in the CMS space in the United States.

Desire2Learn, which is based in Canada, is one of Blackboard's leading commercial competitors in U.S. markets.

3. In July 2006, Blackboard sued Desire2Learn in the U.S. District Court for the Eastern District of Texas, Lufkin Division (Judge Ron Clark) (the "district court"), alleging that Desire2Learn's Learning Environment software infringed the '138 patent. Blackboard prevailed on all counts in a two-week jury trial and a separate bench trial. *Exhibit 2.*

4. In March 2008, the district court entered judgment that Desire2Learn infringed claims 36, 37, and 38 of the '138 patent, which were neither invalid nor unenforceable. A copy of the district court's judgment is attached as *Exhibit 3.*

5. The district court also issued a permanent injunction in connection with Learning Environment (versions 8.2.2 or earlier) or any product not more than colorably different therefrom. *Id.*

6. The district court entered final judgment in May 2008. The final judgment incorporated the earlier March 2008 judgment by reference. It also included the invalidation of claims 1-35 as a result of a claim construction ruling holding that one means-plus-function term in independent claim 1 lacked corresponding structure in the specification. A copy of the final judgment is attached as *Exhibit 4.*

7. Blackboard and Desire2Learn each appealed the final judgment to the U.S. Court of Appeals for the Federal Circuit. The appeals are pending as Nos. 2008-1368 and 2008-1396 and were argued on March 31, 2009.

8. After the district court issued its permanent injunction, Desire2Learn introduced and began selling and offering for sale Learning Environment version 8.3, a purported design-around product. Desire2Learn announced on its corporate website that by June 11, 2008, when the district court's injunction took effect, all of Desire2Learn's customers had upgraded to version 8.3. *Exhibit 5*.

9. Learning Environment version 8.3 is not more than colorably different from the enjoined version 8.2.2. Consequently, Blackboard moved the district court for an order holding Desire2Learn in contempt of the permanent injunction.

10. The district court held a contempt hearing and heard testimony. The district court found that Desire2Learn "has not made a good-faith effort to modify this previously adjudged or admitted infringing device," *Exhibit 6* at 39:2-5, stating further:

And I guess I want to be very clear on the record. It's my analysis that if you just take a look at the steps, regardless of where they are performed, the new method, 8.3 and its patches, are not colorably different than 8.2.

Id. at 199:6-10.

11. However, Desire2Learn was not found in contempt. The district court relied on *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282 (Fed. Cir. 2005), which it read to hold that U.S. patent laws have “limited territorial reach” and that they “were not intended to operate beyond the limits of the United States.” *Id.* at 200:1-5. The district court summarized:

So, I’m—also to make clear for the record, I’m making my ruling based on the lack of a showing by clear and convincing evidence that every item—or every step—and, in particular, Step 36(a). That’s the only one that really there is any question about. The other steps are performed in this country. It’s not been established by clear and convincing evidence that Step 36(a) is performed in this country; and, therefore, an order of contempt is not justified.

Id. at 204:15-23.

12. On March 16, 2009, after additional discovery, the district court denied a renewed motion for contempt, maintaining:

In other words, while version 8.3 of D2L’s Learning Environment was not colorably different from the enjoined prior versions of the software, the fact that step (a) of claim 36 was not performed in the United States compelled the conclusion that D2L did not violate the injunction.

Exhibit 7 at 4.

13. Now that Desire2Learn has circumvented the district court’s permanent injunction by relying on the proposition that a judgment of infringement under 35 U.S.C. § 271(a) requires that all steps of a patented

method must be performed within the United States, Blackboard appropriately seeks relief from the Commission because Section 337 does not contain the territorial limitation of Section 271(a). Under Section 337, it does not matter where each step of the claims is being performed. What matters is that there has been importation into the United States of Desire2Learn Incorporated's Learning Environment software whose use is covered by the '138 patent. Here, as in *Certain Digital Processors And Digital Processing Systems, Components Thereof, and Products Containing Same*, 337-TA-559 (Initial Determination June 21, 2007) (*attached as Exhibit 8*), the governing principle is that "Section 337 is a trade law which is not necessarily limited by the principles of domestic patent law."¹

14. Although Blackboard avers that both Desire2Learn and Desire2Learn's customers perform every step of claim 36 in the United States, Desire2Learn disagrees. In this forum, however, it does not matter. *Digital Processors* rejected a respondent's contrary position, holding: "Although, like in *NTP*, some of the method steps in the accused claims of the '945 patent in this investigation are performed outside the United States, respondents' reliance on *NTP* is misplaced." *Id.* at 24-25. As the Senate Report accompanying the Trade Act of

¹ In *Digital Processors*, the ALJ ultimately found that Section 337 had not been violated because the patent-in-suit was not infringed and was invalid and unenforceable. The Commission reviewed the ALJ's determination that the term "infringe" in 19 U.S.C. § 1337(a)(1)(B)(i) is not defined by 35 U.S.C. § 271(a). In affirming the ALJ's determination, the Commission took no position on that issue. See 2007 ITC LEXIS 910, at *3-*4 (Aug. 6, 2007).

1974 made clear, the Commission's primary responsibility is to administer the trade laws, not the patent laws: "In patent-based cases, the Commission considers, for its own purposes under section 337, the status of imports with respect to the claims of U.S. patents." S. Rep. No. 1298, 93d Cong., 2d Sess. 196, *reprinted in* 1974 U.S. Code Cong. & Admin. News 7186, 7329.

15. Accordingly, Blackboard seeks a limited exclusion order against Desire2Learn pursuant to Section 337(d) excluding all products of Desire2Learn and components thereof covered by one or more claims of the '138 patent. Depending on the circumstances of further marketing, Blackboard also seeks a general exclusion order to the extent necessary to prevent circumvention of an exclusion order limited to Desire2Learn.

16. Blackboard also seeks a cease and desist order directing Desire2Learn to halt the importation, marketing, advertising, demonstration, servicing, sale, and use of such covered imported products and related services in the United States, pursuant to Section 337(f).

II. COMPLAINANT: BLACKBOARD INC.

17. Blackboard is a Delaware corporation with its principal place of business at 650 Massachusetts Avenue, N.W., in Washington, D.C. Excerpts from Blackboard's most recent annual report accompany this Complaint as *Exhibit 9*.

18. Blackboard is the market leader in the CMS space in the United States. Blackboard's CMS products are currently marketed as Blackboard Learn. Previously they were marketed as various iterations of the Blackboard Academic Suite. Blackboard's U.S. CMS customers include colleges and universities, K-12 schools and school systems, corporations, and the U.S. military.

19. Since its founding in 1997, Blackboard has been at the heart of the development of the CMS software industry. Blackboard's strong and ongoing investment in research and development has been a cornerstone of its success and its strategy from the beginning.

III. PROPOSED RESPONDENT: DESIRE2LEARN INCORPORATED

20. Desire2Learn is a Canadian corporation with its principal place of business at 305 King Street West, Suite 200, Kitchener, Ontario, Canada.

21. Desire2Learn is involved in the development, marketing, and sale of CMS software, which it markets as its flagship Desire2Learn Learning Environment products, as well as its ePortfolio, Learning Repository, Live Room, Essentials, 2Go, and Competencies products. Desire2Learn also markets and sells services to support use of its products, including but not limited to implementation, training, content, and help desk services.

22. Desire2Learn markets and sells its products in the United States and imports its products into the United States.

23. Desire2Learn's U.S. customers who have licensed Learning Environment include several of the largest universities in the United States. Desire2Learn's U.S. customers include The Ohio State University, the University of Iowa, the University of Arizona, the University of Oklahoma, Oklahoma State University, the University of Wisconsin system, the Tennessee Board of Regents system, the Minnesota State Colleges and Universities system, Marquette University, and the University of Southern California.

IV. THE '138 PATENT

A. Identification of the Patent-in-Suit and Ownership by Blackboard

24. The '138 patent is entitled "Internet Education Support Systems and Methods" and was issued on January 17, 2006, to co-inventors Robert L. Alcorn, Daniel E. Cane, Michael L. Chasen, Timothy R. Chi, Stephen R. Gilfus, Matthew Pittinsky, and Scott Perian.

25. The '138 patent is assigned to Blackboard. A certified copy of the assignment of the '138 patent to Blackboard is attached as *Exhibit 10*.

26. Pursuant to Rule 210.12(c), this Complaint is accompanied by a certified copy and three additional copies of the prosecution history of the '138 patent (*Appendix A*), and four copies of each reference document mentioned in the prosecution history (*Appendix B*).

27. No license agreement has arisen out of the '138 patent.

B. Background of the Invention

28. In 1996, Daniel Cane was a junior at Cornell University. He became frustrated with the amount of time that was taken up by handing out and collecting assignments in one of his classes. Mr. Cane approached the instructor and said he thought he had a better way of doing things. With the instructor's blessing, Mr. Cane set up an Internet website through which students could download course material such as homework assignments, answer keys, and lecture notes.

29. Soon, word spread of what Mr. Cane was doing, and he was approached by other professors. By the end of the semester, Mr. Cane had put several different classes on the Internet. Mr. Cane, along with his college housemates Stephen Gilfus and Timothy Chi, started a business that they called CourseInfo. Their software product, CourseInfo 1.5, was a rudimentary system for managing individual courses online.

30. In the CourseInfo 1.5 system, each course had its own website. Students and instructors had to remember a web address, a user name, and a password for each different course with which they were associated. CourseInfo 1.5 allowed a person with one login identity to be assigned to only one "role," such as student or teacher. The role was associated with specific privileges in the course. For example, a user with the role of teacher would be permitted by the software to post a quiz, while a user with the role of student would be permitted

to complete and submit the quiz. A person could not be a student in one course and a teacher in another using one user name and password. Thus, a Ph.D. student who was also an instructor in an undergraduate course could not access all of his roles in all of his courses through a single login.

31. Other contemporaneous course management system products had the same limitation. Accordingly, university administrators had to maintain multiple user names and passwords for each person who used the system, severely limiting product adoption.

32. Recognizing this limitation to growth, in early 1998 Mr. Cane, Mr. Gilfus, and Mr. Chi conceived the idea of enabling a person using a course management system to access all his roles in all his courses at once. With a single login and password, a person could be a student in one course and a teacher in another during one interaction with the system.

33. The CourseInfo company merged into Blackboard. There, the invention was implemented in a software product, CourseInfo 2.0. The invention of Mr. Cane and his college housemates was the foundation of CourseInfo 2.0 and all of the CourseInfo and Blackboard products that followed, and it led to Blackboard's huge success in the marketplace. Tens of millions of people have used the CourseInfo and Blackboard products for teaching and learning.

C. Non-Technical Description of the Invention

34. With the invention of the '138 patent, a person can access multiple roles across multiple courses using one user name and password.

35. In the prior art, each component of a user's online experience involved traversing multiple web pages and logging on multiple times to access different system resources. For example, a student might need to type in one web address to view materials for his Economics course, where he would use the user name "JohnSmith" and the password "hamilton." The same student would need to type in a different address to view materials for his Calculus course, where he would use the user name "Smithj" and the password "madison."

36. The '138 patent overcame that. The invention allows each person using the system to log on and immediately see a list of hyperlinks to all the courses with which he is associated. Because a user can have the role of a student in one course and the role of an instructor in another—for example, a professor of music may take an accounting class—the list includes all the courses that the user is teaching (in Figure 6, Introduction to Music and American History) and all the courses in which the user is enrolled as a student (in Figure 6, Accounting 101, Space and Beyond, and Algebra 2). If the user clicks on a link for a course he is teaching, he will go to that course and automatically have the privileges associated with the instructor role. If, however, the user clicks on a

link for a course in which he is a student, his privileges, which are predetermined, will automatically be limited to those of a student.

V. DESIRE2LEARN'S UNFAIR ACTS

37. Desire2Learn directly infringes claims 1-44 of the '138 patent. Desire2Learn also induces infringement and contributes to the infringement of claims 1-44 of the '138 patent by Desire2Learn's customers.

38. Use of Desire2Learn's Learning Environment products is covered by method claims 36, 37, 38, 39, 40, 41 42, 43, and 44 of the '138 patent.

39. Desire2Learn has already been adjudicated to infringe claims 36, 37, and 38 of the '138 patent. *Exhibit 3*.

40. Desire2Learn's Learning Environment versions 8.2.2. and earlier and all products not more than colorably different and are the subject of a permanent injunction issued by a federal district court. *Id.* Learning Environment version 8.3 has been found by that district court to be not more than colorably different from version 8.2.2 and earlier versions. *Exhibit 7* at 4. The infringing products have been imported into the United States, sold for importation, and/or sold after importation by Desire2Learn.

41. A claim chart setting forth one way claim 36 of the '138 patent covers Desire2Learn's Learning Environment products is attached as *Exhibit 11*.

42. Desire2Learn's Learning Environment products are also covered by system claims 1 through 35 of the '138 patent. Blackboard's appeal regarding those claims is currently under review by the Federal Circuit.

43. A claim chart setting forth one way claim 1 of the '138 patent covers Desire2Learn's Learning Environment product is attached as *Exhibit 12*.

44. Learning Environment is intended for a community of users engaged in online education in a network-based system. In implementing method claim 36 of the '138 patent, Desire2Learn and its customers install and configure the system and also upgrade systems to new versions. In some cases, Desire2Learn's customers run the Learning Environment software on their own servers. In other cases, Desire2Learn runs the software for the customers on Desire2Learn's own servers in Canada. Just like the invention of the '138 patent, in the Learning Environment, a person can access multiple roles across multiple courses using a single user name and password. For example, in the Learning Environment, a person can assume the role of a student in one course and the role of instructor in another course, all upon a single login. Both Desire2Learn and its customers create courses for use on Learning Environment. They also convert course files designed for another CMS (often, Blackboard's) into course files for Learning Environment and upload them onto the Learning Environment system. The systems operate on a daily basis to provide appropriate level of access and control to course files.

45. Just like system claim 1 of the '138 patent, Desire2Learn's Learning Environment provides a course-based system for providing online courses to an educational community of users. The Learning Environment system is comprised of multiple user computers and a server computer in communication with them over a network. The user computers are in the United States, and in some cases the server is in United States, while in others, it is in Canada. A person can assume the role of a student in one course and the role of instructor in another course, all upon a single login. Each role provides a level of access to course data files and a level of control over the course data files. The Learning Environment server computer communicates with the user computers, and stores course data files, assigns levels of access to and control of each data file based on user roles, determines whether access to a course data file is authorized, and allows access to and control of the course data file if authorization is granted based on the user's role and access level. The system is made and used in the United States, for example, every time there is server communication with user computers.

46. Desire2Learn's activities are subject to redress in this forum because there has been importation into the United States of Desire2Learn's Learning Environment software whose use here is covered by the '138 patent, and this forum is not necessarily limited by the principles of domestic patent law.

Desire2Learn's activities also constitute acts of direct and contributory infringement, as well as inducement to infringe.

47. The accused products have no substantial use other than infringing the '138 patent.

48. The sale and promotion of the accused products actively induces infringement of the patent claims at issue by third parties.

49. Desire2Learn has known about the '138 patent since at least July 26, 2006, several hours *before* it knew that Blackboard had sued it for patent infringement. Desire2Learn's Chief Operating Officer, Jeremy Auger, read the patent and sent an e-mail to Desire2Learn executives including Chief Executive Officer John Baker and products manager Kenneth Chapman, in which Mr. Auger wrote: "Well if this is enforced there will be no other vendors in this space. Or we'll ALL be licensing the technology use from BB." Thus, upon reading the '138 patent and without knowledge that his company had been sued, Desire2Learn's number two official concluded that use of Desire2Learn's software is covered by the '138 patent. Yet Desire2Learn continued to promote the Learning Environment products.

50. Desire2Learn continued to sell Learning Environment, to service its use, to promote its use at user conferences in the United States, and to distribute literature that teaches customers how to use it to infringe. Desire2Learn continued this inducing conduct after Desire2Learn was found by the jury to

infringe the '138 patent, after it was permanently enjoined, and even after the district court held, first orally and then in writing, that version 8.3 of Learning Environment is not colorably different from earlier versions.

51. Blackboard has repeatedly told Desire2Learn that Desire2Learn could avoid infringement simply by removing the functionality allowing a user to access multiple roles during one interaction with the system. Desire2Learn represented to the district court that it could make this change easily and inexpensively. But Desire2Learn refused to do so.

VI. SPECIFIC INSTANCES OF UNFAIR IMPORTATION AND SALE

52. Unlawful importation occurs both in cases where Desire2Learn's customers run the Learning Environment software on their own servers and in cases where Desire2Learn runs the software for the customers on Desire2Learn's own servers in Canada.

53. For example, unlawful importation occurs when Desire2Learn transmits Learning Environment installation files over the Internet to customer servers in the United States. *See, e.g., Digital Satellite System Receivers and Components Thereof*, No. 337-TA-392, 1997 ITC LEXIS 307, at *7-*15 (Oct. 20, 1997). In a specific instance, Learning Environment installation files have been transmitted in zip form over the Internet to the Columbus, Ohio servers of The Ohio State University. Desire2Learn has also unlawfully transmitted files over

the Internet to the Columbus, Ohio servers of The Ohio State University for upgrading Learning Environment to a new version.

54. In cases where Desire2Learn runs the software in Canada, unlawful importation occurs, for example, when Learning Environment material (for example, grades, assignments, and tests) and web pages (for example, web pages including Javascript) are transmitted over the Internet to customers in the United States, allowing them to use Learning Environment via their computer web browsers in the United States. In a specific such instance, Desire2Learn has transmitted Learning Environment material (for example, grades, assignments, and tests) and web pages (for example, web pages including Javascript) over the Internet to customers in the Tennessee Board of Regents system. Desire2Learn has also transmitted a new version of Learning Environment material (for example, grades, assignments, and tests) and web pages (for example, web pages including Javascript) into the United States over the Internet to customer computers at the Tennessee Board of Regents system.

55. Upon information and belief, Desire2Learn's U.S. customers as of this writing include The Ohio State University, the University of Oklahoma, Oklahoma State University, the University of Arizona, the University of Wisconsin System, Minnesota State Colleges and Universities, Tennessee Board of Regents, Marquette University, the University of South Dakota, the University of Illinois Global Campus, and the Colorado Community College System.

Desire2Learn has engaged in unlawful importation regarding Learning Environment used by each of these customers and numerous other customers. Lists of Desire2Learn's customers that appear on Desire2Learn's corporate website are attached as *Exhibit 13*.

56. Desire2Learn's current U.S. customers include (i) those customers that upgraded to Learning Environment version 8.3 after the district court issued the permanent injunction, and (ii) those customers who became Desire2Learn customers after the district court issued the injunction and whose first version was Learning Environment version 8.3 or higher.

57. A copy of a screen shot from Desire2Learn's corporate website, in which Desire2Learn CEO John Baker announces that all of Desire2Learn's U.S. customers had been upgraded to version 8.3 of Learning Environment as of June 11, 2008, is attached as *Exhibit 5*.

VII. CLASSIFICATION OF INFRINGING PRODUCTS UNDER THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES

58. Upon information and belief, Desire2Learn's products may be classified under subheading 8523.40.4000 of the Harmonized Tariff Schedule of the United States.

59. In certain instances, Desire2Learn's software products are imported via the Internet. In such instances, the products do not fall within the tariff

schedule but are nevertheless imported goods and/or merchandise. *See* HQ 114459 (Customs Ruling Letter, September 17, 1998, *attached as Exhibit 14*).

VIII. THE DOMESTIC INDUSTRY

60. A domestic industry as defined by Section 337(a)(2) and (3) exists in connection with Blackboard's activities related to CMS software products and related services covered by the '138 patent, including (i) significant United States investments in plant and equipment, (ii) significant employment of labor and capital in the United States, and (iii) substantial investment in the exploitation of the '138 patent, including engineering and research and development.

61. Blackboard's engineering, research, and development activities in connection with the '138 patent for purposes of the domestic industry requirement of Section 337 are located in Washington, D.C. Blackboard employees hundreds of people at its 650 Massachusetts Avenue headquarters who are engaged in engineering, research, and development activities. *See, e.g., Exhibit 9* at 8. Blackboard employs in Washington, D.C., engaged in engineering, research, and development activities specifically with respect to Blackboard software products that practice the '138 patent include:

- i. 24 software engineers
- ii. 16 architects
- iii. 9 engineering managers
- iv. 24 quality assurance / q.a. automation employees

- v. 10 infrastructure and configuration managers
- vi. 7 performance engineers
- vii. 14 product managers
- viii. 8 project managers
- ix. 8 user interface employees

These figures exclude third-party contractors employed by Blackboard to work on the products.

62. In 2008, Blackboard's sales in the United States of products that practice the '138 patent were over \$70 million.

63. Blackboard's engineering, research, and development activity in the United States is reflected in Blackboard's flagship course management system software, Blackboard Learn, which is covered by at least claim 36 of the '138 patent.

64. A claim chart applying claim 36 of the '138 patent to Blackboard Learn is attached as *Exhibit 15*. This chart demonstrates Blackboard's practice of the '138 patent.

65. Blackboard has made significant investment in engineering, research, and development in the United States relating to Blackboard products that practice the '138 patent. For example, in 2008 alone, Blackboard spent more than \$20 million on product development related to Blackboard Learn, the majority of which was spent in the United States.

IX. RELATED LITIGATION

A. Federal Court Litigation

66. The '138 patent was the subject of *Blackboard Inc. v. Desire2Learn Inc.*, No. 9:06-cv-155 (E.D. Tex., filed July 26, 2006), in which Desire2Learn was adjudicated to infringe claims 36, 37, and 38 of the '138 patent and became subject to a permanent injunction, which remains in place.

67. The final judgment in the case above is the subject of two related appeals pending in the U.S. Court of Appeals for the Federal Circuit: Appeal Nos. 2008-1368 and 2008-1396. Additionally, an order relating to an award of costs in the case above is the subject of Appeal No. 2008-1548. All these appeals were orally argued on March 31, 2009.

68. On February 16, 2009, the U.S. Patent and Trademark Office issued U.S. Patent No. 7,493,396 (the "'396 patent"), which is owned by Blackboard. The '396 patent is a continuation of the '138 patent. The '396 patent is the subject of *Blackboard Inc. v. Desire2Learn Inc.*, No. 9:09-cv-40 (E.D. Tex., filed Mar. 16, 2009). In that case, Desire2Learn has waived service of process and is due to file a responsive pleading on May 4, 2009.

B. Related Reexamination Proceeding

69. The '138 patent is the subject of an *inter partes* reexamination requested by Desire2Learn and an *ex parte* reexamination requested by Richard Fontana. Both reexaminations were requested after Blackboard initiated patent

infringement litigation against Desire2Learn. The reexaminations have been merged under the *inter partes* rules.

70. On March 25, 2008, the examiner issued a non-final office action rejecting claims 1-44. On April 15, 2009, the examiner issued a non-final office action closing prosecution, in which the examiner maintained the initial non-final rejections. Blackboard's next response is currently due May 15, 2008, after which Desire2Learn will have 30 days to comment.

71. The issued claims of the '138 patent have not been altered or amended in the reexamination proceeding.

72. On September 3, 2008, Blackboard petitioned the PTO to partially terminate the *inter partes* reexamination pursuant to 35 U.S.C. § 317(b). The PTO initially dismissed the petition, and Blackboard sought judicial review in the U.S. District Court for the Eastern District of Virginia. Subsequently, the PTO requested that Blackboard voluntarily dismiss the district court action and instead petition the PTO to reconsider its decision. Blackboard petitioned for reconsideration of December 18, 2008. A copy of the petition is attached as *Exhibit 16*. The PTO is currently considering that petition.

73. Desire2Learn's request for *inter partes* reexamination of the '138 patent was filed in response to Blackboard's initiation of litigation against Desire2Learn. Desire2Learn has moved to stay the litigation brought by

Blackboard pending reexamination on four separate occasions. Each time, Desire2Learn's motion has been denied, including by the Federal Circuit.

a. First, Desire2Learn moved to stay the litigation pending reexamination based on its then-pending request for reexamination. The district court denied that motion on December 8, 2006. *See Exhibit 17* at 4-8.

b. Second, Desire2Learn moved to stay the litigation pending reexamination after the PTO granted Desire2Learn's request and commenced the reexamination. The district court denied that motion on March 10, 2007. *See Exhibit 18*.

c. Third, Desire2Learn moved to stay the litigation pending reexamination after the PTO examiner rejected claims 1-35. The district court denied Desire2Learn's motion on April 18, 2008. *See Exhibit 19*.

d. Fourth, Desire2Learn moved the Federal Circuit to stay the litigation pending the PTO's final office action in the reexamination. At the time the Federal Circuit considered that motion, the PTO examiner had already rejected claims 1-35. The Federal Circuit denied Desire2Learn's motion on June 20, 2008. The Federal Circuit's order is attached as *Exhibit 20*.

74. Since Congress adopted the *inter partes* reexamination procedure, no fully contested *inter partes* reexamination has been completed. *See* MATTHEW A. SMITH, *Inter Partes Reexamination*, Ed. 1E at 47 (Jan. 31, 2009), *attached as Exhibit 21*. One study suggests that a fully contested reexamination could consume six to

seven years. *Id.* at 54. However, given that the first requests for *inter partes* reexamination were made in 2001 and *still* no contested *inter partes* reexamination has run its course, that study's "six to seven years" may well be optimistic.

X. FOREIGN PATENTS AND PATENT APPLICATIONS

75. The following list comprises each foreign patent, each foreign patent application (not already issued as a patent), and each foreign patent application that has been denied corresponding to the '138 patent, to the extent known, listed alphabetically by country:

- i. Australian Patent Application No. AU20050203324, filed July 28, 2005, published on August 25, 2005, now abandoned.
- ii. Australian Patent No. AU780938, which issued August 11, 2005 from Application No. AU20000063396, filed on June 30, 2000.
- iii. Brazilian Patent Application No. BR20000012207, filed June 30, 2000, published July 23, 2002.
- iv. Canadian Patent No. CA2378200, which issued March 10, 2009 from Application No. CA2378200, filed on June 30, 2000.
- v. European Patent Convention Application No. EP20000950270, filed June 30, 2000, published on April 3, 2002, currently pending.

- vi. Hong Kong Patent Application No. 02107280 filed on June 30, 2000, published on January 4, 2001.
- vii. Indian Patent Application No. 1240/DELNP/2005, filed June 30, 2005, now abandoned.
- viii. Indian Patent No. 217564, which issued March 27, 2008 from Application No. IN/PCT/2001/01185/DE, filed on June 30, 2000.
- ix. Israel Patent Application No. 147,231, filed June 30, 2000, currently pending.
- x. Japanese Patent Application No. JP20010506517T, filed June 30, 2000, published on January 28, 2003, now abandoned.
- xi. Mexican Patent Application No. MXPA06005064, filed on June 30, 2000, currently pending.
- xii. Mexican Patent No. 240,703, which issued October 2, 2006 from Application No. MX2001PA13399, filed on December 19, 2001.
- xiii. New Zealand Patent No. NZ516437, which issued June 8, 2004 from Application No. NZ20000516437, filed on June 30, 2000.
- xiv. Patent Cooperation Treaty Application No. PCT/US00/17979, filed on June 30, 2000, currently pending.

- xv. Peoples Republic of China Patent Application No. CN20008012114, filed on June 30, 2000, published September 25, 2002.
- xvi. Republic of Korea Patent No. 1007545120000, which issued August 27, 2007 from Application No. 10-2001-7016984, filed on June 30, 2000.
- xvii. Singapore Patent No. 85904, which issued June 30, 2004 from Application No. 200107949-0, filed on June 30, 2000.

XI. RELIEF REQUESTED

76. Blackboard requests that the Commission:

(a) institute an immediate investigation pursuant to 19 U.S.C. § 1337(a)(1)(B)(i) and (b)(1) into violations based on Desire2Learn's unlawful importation into the United States, sale for importation, and/or sale after importation of certain course management system products which are covered and whose use is covered by one or more of the claims of U.S. Patent No. 6,988,138;

(b) issue a limited exclusion order pursuant to 19 U.S.C. § 1337(d) excluding from entry into the United States all such course management system products;

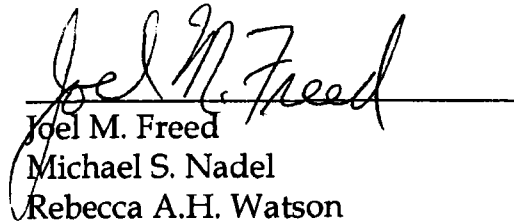
(c) issue a general exclusion order to the extent necessary to prevent circumvention of an exclusion order limited to Desire2Learn;

(d) issue an order pursuant to 19 U.S.C. § 1337(f) directing Desire2Learn to cease and desist from importing, marketing, advertising, demonstrating, selling, offer for sale, using, and supporting the use of such course management system products and services; and

(e) grant such other further relief as the Commission deems appropriate and just under the law, based on the facts complained of herein and determined by the investigation.

April 17, 2009

Respectfully submitted,

A handwritten signature in black ink, reading "Joel M. Freed", is written over a horizontal line. The signature is cursive and extends slightly above and below the line.

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Counsel for Complainant Blackboard Inc.

VERIFICATION OF COMPLAINT

I, Justin Tan, Senior Vice President and Deputy General Counsel of Blackboard Inc., declare that:

1. I am duly authorized to execute this verification.
2. I have read the foregoing Complaint and am familiar with the allegations and statements contained therein.
3. To the best of my knowledge, information, and belief, founded after reasonable inquiry, the allegations in the Complaint are well grounded in fact, are warranted by existing law or good faith argument for extension, modification, or establishment of new law.
4. The foregoing Complaint is not being filed for any improper purpose.

I declare under penalty of perjury that the foregoing is true and correct.

4-17-09
Date



JUSTIN TAN