



Portfolio Media, Inc. | 648 Broadway, Suite 200 | New York, NY 10012 | www.law360.com
Phone: +1 212 537 6331 | Fax: +1 212 537 6371 | customerservice@portfoliomedia.com

Adobe Settles Network Patent Dispute With Droplets

By **Samuel Howard**

Law360, New York (October 13, 2008) -- Adobe Systems Inc. has settled a patent dispute with Droplets Inc., which accused the software giant of violating trade secret protections and infringing a computer networking patent.

Under the settlement, submitted Friday to Judge T. John Ward of the U.S. District Court for the Eastern District of Texas, Droplets, Adobe and co-defendant Polaris Venture Partners will bear their own costs associated with the lawsuit. Additional details of the settlement were not available.

Representatives for Droplets and Adobe were not immediately available for comment on the settlement.

Droplets filed the suit against Adobe and venture capital investment firm Polaris in July 2006. Droplets alleged that Adobe had acquired trade secrets through an individual who tried to negotiate a deal between Droplets and Polaris. The trade secrets then the subject of Droplets' patent, according to the suit.

Droplets claimed that information discussed in a confidential meeting with the investment firm was used to develop technology by a company that Adobe acquired in 2005. Adobe argued that Droplet's patent was invalid.

In 2001, as the newly formed Droplets sought investors, the company met with Polaris officers. Those meetings included Simeon Simeonov, founder of Allaire Corp., which Polaris had extensively funded. Simeonov, acting as a technology adviser, was then chief technology officer at Macromedia Inc., according to the complaint.

During the meetings, Droplets revealed details about its technology under an agreement of confidentiality, and Simeonov and Polaris expressed interest in it, Droplets said. But later that year Polaris said that it would not invest in Droplets, the complaint said.

Macromedia announced in 2003 that it planned to introduce a product line called Flex, a presentation server designed to work with Macromedia's popular Flash player.

In February 2004, the USPTO granted Droplets its patent on the disputed technology. A month later, Macromedia released Flex.

Adobe acquired Macromedia in 2005 and continued to sell Flex products that infringed Droplet's U.S. Patent Number 6,687,745, according to the complaint.

Last year the software giant introduced a new product, called Adobe Integrated Runtime, that also infringes Droplet's patent, the complaint said.

Droplets' complaint accused Adobe of patent infringement, misappropriation of trade secrets, unjust enrichment, breach of contract and civil conspiracy. It also accused Polaris of breach of contract, civil conspiracy and breach of fiduciary duty.

The disputed patent describes software by which client computers and servers on a network exchange information. Among other things, it allows computers to run on networks even if the network connection is only intermittently available.

The complaint sought an injunction against Adobe, compensatory damages, enhanced damages for willful infringement and an award of attorneys' fees.

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

Droplets is represented by James Andrew Holmes, attorney at law, Capshaw DeRieux, LLP, Parker Bunt & Ainsworth PC, Brown McCarroll LLP, Ireland Carroll & Kelley PC, Jones & Jones, Susman Godfrey LLP, Akin Gump Strauss Hauer & Feld LLP, and Spangler Law PC.

Adobe is represented by Weil Gotshal & Manges LLP. Polaris is represented by Dechert LLP, Ramey & Flock PC, and Pillsbury Winthrop Shaw Pittman LLP.

The case is Droplets Inc. v. Adobe Systems Inc. et al., case number 2:06-cv-00307 in the U.S. District Court for the Eastern District of Texas.

--Additional reporting by Brendan Pierson