

Informatica Awarded \$25M in Patent Judgment

The jury's judgment finds that Business Objects conducted "willful infringement" on valid Informatica patents for data warehousing software.

Nearly five years after the original lawsuit was filed, data integrator Informatica was awarded \$25 million April 2 by a jury in the San Francisco federal court against a Business Objects subsidiary, Acta.

The award was based on the finding that business intelligence provider Business Objects willfully infringed on two Informatica patents in selling its Data Integrator product. Business Objects will appeal the judgment, a company attorney said.

An Informatica spokesperson declined comment April 2.

"While we are disappointed with the jury's decision, the case is not over," said Brian Stine, acting general counsel of Business Objects, said in a statement.

"The trial court must still determine whether Informatica engaged in inequitable conduct in failing to disclose prior art regarding these patents to the U.S. Patent and Trademark Office. We remain confident that we will prevail.

"Should the patents be shown to be enforceable, we are prepared to quickly replace the code in our shipping products - with workarounds - and will continue to provide our customers with the quality solutions they have come to expect from Business Objects Enterprise Information Management products," Stine said.

Suit brought in July 2002

Informatica, in Redwood City, Calif., filed a lawsuit against Business Objects in July 2002, only a week after Business Objects announced that it would acquire Acta for about \$65 million.

"We find it an interesting coincidence that Informatica has decided to file patent infringement claims against Acta Technology seven days after Business Objects has announced its intent to acquire them," said Bernard Liautaud, then chief executive officer of Business Objects, in a July 2002 press release.

"We were aware of Informatica's patents and do not see them as an obstacle in any way. Their action neither surprises us nor dissuades us from moving forward with the Acta transaction."

In court documents, Informatica asserted that it had discovered the patent infringement months before July 2002 and offered Acta a chance to license back the technology.

A former Informatica employee, Sachin Chawla, who was familiar with the technology in question, was a co-founder of Acta.

"The fact that Mr. Chawla clearly had access to our core technology months prior to founding Acta, coupled with the similarity of the Acta products to our patented technology, is not likely to be overlooked by the court in determining the issue of damages," Informatica said in its complaint.

Informatica asserted that the ActaWorks product (now sold by Business Objects as Data Integrator), infringes several Informatica patents, including U.S. Patent Nos. 6,014,670 and 6,339,775, both titled "Apparatus and Method for Performing Data Transformations in Data Warehousing."

Both patents deal with reusable data transformation in data warehousing technology owned by Informatica.

On March 28, as part of the proceedings, the judge determined that, as a matter of law, Business Objects and customers' use of the Data Integrator product infringes on Informatica's patents. On April 2, a jury unanimously determined that the patents are valid and that Business Objects' infringement on Informatica's patents was done willfully.

Counter claim was filed, but to no avail

Business Objects earlier had filed a counter claim seeking a declaration that each patent asserted is not infringed and is invalid and unenforceable, but the jury did not agree.

Therefore, the jury found a reasonable royalty for Business Objects' infringement to be \$25 million. The jury's determination that Business Objects' infringement was willful permits the judge to increase this reasonable royalty damages award up to three times the amount agreed upon by the jury, according to court rules.

Informatica said it will ask for a permanent injunction preventing San Jose, Calif.-based Business Objects from shipping the infringing technology now and in the future.

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