

Rackspace, Red Hat Win Decisive Patent Victory

MAR 28, 2013

Eastern District of Texas grants early motion to dismiss and invalidates patent claim alleged to cover Linux

RALEIGH, N.C.--(BUSINESS WIRE)-- Red Hat, Inc. (NYSE: RHT) and Rackspace Hosting, Inc. (NYSE: RAX) announced today that they have won a federal court decision granting early dismissal of all claims in a lawsuit brought by the patent assertion entity Uniloc USA, Inc.

Plaintiff Uniloc USA, Inc. is a frequent litigator, having brought patent lawsuits against many high-tech companies including Adobe, Microsoft, Sony and Symantec. Rackspace provides its customers with managed servers running the Linux operating system. Red Hat, which supplies Linux to Rackspace, provided Rackspace's defense as part of Red Hat's commitment to standing behind customers through [Red Hat's Open Source Assurance program](#).

Uniloc USA, Inc. filed the complaint against Rackspace in June 2012 in federal court in the Eastern District of Texas. The complaint alleged that the processing of floating point numbers by the Linux operating system violated U.S. Patent 5,892,697. Rackspace and Red Hat immediately moved to dismiss the case prior to filing an answer. In dismissing the case, Chief Judge Leonard Davis found that Uniloc's claim was unpatentable under Supreme Court case law that prohibits the patenting of mathematical algorithms. This is the first reported instance in which the Eastern District of Texas has granted an early motion to dismiss finding a patent invalid because it claimed unpatentable subject matter. In the ruling released today, Judge Davis wrote that the asserted claim "is a mathematical formula that is unpatentable under Section 101."

"The early dismissal of this case delivers a clear message that patent assertion entities can't expect quick settlements on weak claims, a tactic many patent assertion entities use to monetize questionable patents," said Alan Schoenbaum, Rackspace General Counsel. "We salute Red Hat for its outstanding defense and for standing firm with its customers in defeating this patent troll. We hope that many more of these spurious software patent lawsuits will be dismissed on similar grounds."

"This is a major victory for open source software," said Michael Cunningham, Executive Vice President and General Counsel, Red Hat. "We are gratified to have beaten another patent for open source and for our customer. We also believe that the thoughtful dismissal by Chief Judge Davis on a 12(b)(6) motion will encourage earlier decisions by other courts on invalid software patents, reducing vexatious litigation by non-producing entities and their corrosive effect on innovation."

About Red Hat

Red Hat is the world's leading provider of open source software solutions, using a community-powered approach to reliable and high-performing cloud, Linux, middleware, storage and virtualization technologies. Red Hat also offers award-winning support, training, and consulting services. As the connective hub in a global network of enterprises, partners, and open source communities, Red Hat helps create relevant, innovative technologies that liberate resources for growth and prepare customers for the future of IT. Learn more at <http://www.redhat.com>.

Forward-Looking Statements

Certain statements contained in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: risks related to delays or reductions in information technology spending; the effects of industry consolidation; the ability of the Company to compete effectively; uncertainty and adverse results in litigation and related settlements; the integration of acquisitions and the ability to market successfully acquired technologies and products; the inability to adequately protect Company intellectual property and the potential for infringement or breach of license claims of or relating to third party intellectual property; the ability to deliver and stimulate demand for new products and technological innovations on a timely basis; risks related to data and information security vulnerabilities; ineffective management of, and control over, the Company's growth and international operations; fluctuations in exchange rates; and changes in and a dependence on key personnel, as well as other factors contained in our most recent Quarterly Report on Form 10-Q (copies of which may be accessed through the Securities and Exchange Commission's website at <http://www.sec.gov>), including those found therein under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". In addition to these factors, actual future performance, outcomes, and results may differ materially because of more general factors including (without limitation) general industry and market conditions and growth rates, economic and political conditions, governmental and public policy changes and the impact of natural disasters such as earthquakes and floods. The forward-looking statements included in this press release represent the Company's views as of the date of this press release and these views could change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release.

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