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25 **UNITED STATES DISTRICT COURT**
 26 **FOR THE DISTRICT OF ARIZONA**
 27 **PHOENIX DIVISION**

28	Integrated Technology Corporation and	)	Case No. CV-06-02182-PHX-ROS
	Nevada Integrated Technology Corporation,)	
		)	Judge Silver
	Plaintiffs/Counterdefendants,)	
		)	INTEGRATED
	v.	)	TECHNOLOGY'S RESPONSE
		)	TO DEFENDANTS' MOTION
		)	TO STAY THE
	Rudolph Technologies, Inc., et al.,	)	PROCEEDINGS PENDING
		)	COMPLETION OF THE
	Defendants/Counterclaimants.	)	REEXAMINATIONS OF THE
		)	'394 AND '894 PATENTS
		)	(ORAL ARGUMENT
		)	REQUESTED)

1 **I. Introduction**

2 Rudolph argues that staying this case pending an *ex parte* reexamination—that it
3 initiated—will both simplify the issues and cause no prejudice to ITC. This is only true,
4 however, if ITC ***and Rudolph*** are both bound by the outcome of the Patent Office’s
5 validity determination. Despite Rudolph filing its reexamination request and motion to
6 stay nearly ***three years*** into this litigation, ITC will ***not*** oppose staying these proceedings.
7 ITC simply requests that the Court impose ***one condition*** should it decide to stay the
8 case: that Rudolph not be allowed to challenge the validity of ITC’s patents—again—
9 after the reexamination is completed.

10 After receiving Rudolph’s motion, ITC proposed ***stipulating*** to a stay provided
11 that Rudolph would agree to be bound by the Patent Office’s determination—a
12 determination Rudolph requested. And this makes perfect sense. Rudolph’s
13 reexamination requests were based on the same references it relies on to support its
14 invalidity arguments in this Court. Indeed, the Patent Office even ***rejected*** Rudolph’s
15 vaunted Tokyo Cathode Laboratories materials as a basis for reexamining the patents in
16 suit. Despite the obvious overlap between the arguments Rudolph makes in this Court
17 and those made in the Patent Office, Rudolph refused ITC’s proposed stipulation.

18 Simply put, Rudolph wants two bites at the apple. It wants this Court to stay the
19 proceedings to accommodate a reexamination it sought ***three years*** into this case, yet it
20 wants to preserve its right to argue validity based on the same references post-
21 reexamination. This Court should follow the lead of other district courts encountering
22 similar situations and require Rudolph to be bound by the findings of the Patent Office.

23 **II. Argument**

24 In light of the Patent Office’s decision to grant Rudolph’s requests for *ex parte*
25 reexamination, Rudolph has moved for a stay of the current litigation.¹ As Rudolph’s

26
27 ¹ Rudolph’s attempt to imply that the Patent Office’s decision was based on ITC’s
28 “failure to disclose” information during prosecution of the patents in suit is absurd. The
Patent Office merely concluded that the art cited by Rudolph “raises a substantial new
question of patentability.” Moreover, the Patent Office’s decision is entirely

1 brief makes clear, the decision to grant or deny a motion for a stay pending conclusion of
2 reexamination proceedings is within the discretion of this Court. *Ethicon, Inc. v. Quigg*,
3 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). In attempting to persuade this Court to
4 exercise its discretion and stay this litigation, Rudolph argues that a stay will both
5 “simplify the case” and “not cause undue prejudice” to ITC. (See Rudolph Motion to
6 Stay (Dkt. # 274) at 2:25-3:5; 4:2-6:13.) And it may—if the Patent Office’s decision is
7 the last word on validity in this case. Rudolph should not be allowed to multiply these
8 proceedings by rearguing invalidity based on prior art after the reexamination.

9 This Court can place conditions on any stay that it chooses to grant to ensure that
10 the reexamination truly simplifies these proceedings. See, e.g., *Riparius Ventures LLC v.*
11 *Skype Technologies, S.A.*, 1:07-cv-00812 (N.D. Ill. June 9, 2009) (granting one
12 defendant’s motion to stay litigation pending resolution of reexamination proceedings on
13 the condition that remaining co-defendants agreed to be bound by the decision of the
14 Patent Office in the reexamination proceedings) (Attached hereto as Exhibit 1); *Emhart*
15 *Industries, Inc. v. Sankyo Seiki Mfg. Co., Ltd.*, 1987 WL 6314, *4 (N.D. Ill. 1987)
16 (granting defendant’s motion to stay litigation pending resolution of reexamination
17 proceedings based on assurances by defendant that it would not challenge the decision of
18 the Patent Office). Such a conditional stay is equally appropriate here, as Rudolph, like
19 the co-defendants in *Riparius* and the defendant in *Emhart*, would not otherwise be
20 bound by the Patent Office’s decision and could continue to press the issue of validity in
21 this litigation.

22 A conditional stay is further warranted by the fact that Rudolph waited until the
23 eleventh hour to file its request for reexamination—and then based that request on prior
24 art that had either already been cited in the ITC patents or had appeared in the Rudolph
25 expert reports from 2008. This includes Rudolph’s TCL materials, raised in the summary
26 judgment briefing, that the Patent Office **rejected** as a basis for reexamination. In light of

27 unremarkable—indeed, from 2005 to 2008, **91% of all requests for ex parte**
28 **reexamination were granted**. See,
http://www.uspto.gov/web/offices/com/annual/2008/oai_05_wlt_13a.html.

1 these concerns, ITC offered to stipulate to a conditional stay—an offer Rudolph declined.
2 (See 11/5/09 email chain (Attached hereto as Exhibit 2.)

3 Thus, ITC does not oppose a stay pending reexamination, but asks that the Court,
4 in its discretion, to enter the stay with the condition that Rudolph is barred from further
5 validity challenges based on prior art.

6 **III. Conclusion**

7 To ensure that these proceedings are truly simplified and that ITC suffers
8 no undue prejudice, ITC asks that the Court condition any stay on Rudolph being
9 barred from further validity challenges based on prior art.

10
11 Date: November 6, 2009

Respectfully submitted,

12 s/ Thomas G. Fistek

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CERTIFICATE OF SERVICE

I hereby certify that on November 6, 2009, the foregoing INTEGRATED TECHNOLOGY’S RESPONSE TO DEFENDANTS’ MOTION TO STAY THE PROCEEDINGS PENDING COMPLETION OF THE REEXAMINATIONS OF THE ‘394 AND ‘894 PATENTS (ORAL ARGUMENT REQUESTED) was filed electronically. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system.

s/ Thomas G. Fistek

Attorney for Integrated Technology Corporation, et al.