IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LEADER TECHNOLOGIES, INC., a Delaware corporation,	)	
	)	
	)	Civil Action No. 08-862-JJF/LPS
Plaintiff-Counterdefendant,	)	
	)	
v.	)	
	)	
FACEBOOK, INC., a Delaware corporation,	)	
	)	
Defendant-Counterclaimant.	)	

LEADER TECHNOLOGIES, INC.'S MOTION *IN LIMINE* NO. 4
TO EXCLUDE EVIDENCE OF REEXAMINATION

OF COUNSEL:

Paul J. André
Lisa Kobialka
KING & SPALDING LLP
333 Twin Dolphin Drive
Suite 400
Redwood Shores, CA 94065
(650) 590-0700

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Philip A. Rovner (#3215)
Jonathan A. Choa (#5319)
POTTER ANDERSON & CORROON LLP
Hercules Plaza
P. O. Box 951
Wilmington, DE 19899
(302) 984-6000
provner@potteranderson.com
jchoa@potteranderson.com

Attorneys for Plaintiff
Leader Technologies, Inc.

I. INTRODUCTION

Leader Technologies, Inc. ("Leader") hereby moves to exclude from trial all evidence of the reexamination proceedings for U.S. Patent No. 7,139,761 (the "'761 Patent") under Federal Rule of Evidence 403 because the grant of reexamination is not relevant to the issue of patent validity and because the introduction of such evidence is likely to mislead the jury. The U.S. Patent and Trademark Office ("PTO") has issued no final decisions with regard to reexamination of the '761 Patent and has merely granted the request to reexamine the '761 Patent, a decision which the Federal Circuit has stated "is unrelated to a defendant's burden to prove invalidity by clear and convincing evidence at trial." *Proctor & Gamble Co. v. Kraft Foods Global, Inc*, 549 F.3d 842, 848 (Fed. Cir. 2008). In addition, a number of federal courts, including the District of Delaware, have excluded evidence of the reexamination proceedings in circumstances factually and procedurally similar to those in the instant action. For at least these reasons, Leader requests that this Court order the exclusion from trial of reexamination proceedings for the '761 Patent.

II. STATEMENT OF FACTS

The '761 Patent issued on November 21, 2006 and claims priority to a provisional application filed on December 12, 2002. Leader filed its Complaint in this action on November 19, 2008, alleging that Facebook, Inc. ("Facebook") infringes the '761 Patent with the architecture and operation of the website located at the URL, www.facebook.com ("Facebook Website"). Facebook filed an ex-parte reexamination request for the '761 Patent with the PTO on July 2, 2009. The PTO granted the reexamination request and ordered reexamination of the '761 Patent on September 25, 2009. The PTO has not issued any further substantive papers in connection with reexamination of the '761 Patent as of the filing date of this Motion.

III. ARGUMENT

Leader respectfully requests that this Court exclude any evidence of the PTO's ongoing reexamination proceedings for the '761 Patent on grounds that admitting such evidence would have a high likelihood of confusing the jury and that this evidence is not relevant to the key issue of the '761 Patent's validity. Federal Rule of Evidence 403 allows courts to exclude evidence "if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence." Fed. R. Evid. 403. Here, evidence of the PTO's preliminary decision to grant reexamination of the '761 Patent is not relevant to the issue of validity because of the different burdens of proof. The PTO uses a substantial question of patentability standard which is much less stringent than Facebook's burden to prove invalidity by "clear and convincing evidence." *See Manual of Patent Examination and Procedure*, § 2642 (8th ed., Rev. 7 2008)(hereinafter "MPEP"); *see also Hoechst Celanese Corp. v. BP Chemicals Ltd.*, 78 F.3d 1575, 1584-85 (Fed. Cir. 1996)("the grant by the examiner of a request for reexamination is not probative of unpatentability"). In addition, reexamination evidence has a likelihood of confusing a lay jury which will likely not have a significant understanding of patent law and the different standards applied by federal courts and the PTO. Fed. R. Evid. 403; *see also, e.g., SRI Int'l Inc. v. Internet Sec. Sys., Inc.*, 647 F. Supp. 2d 323, 356 (D. Del. 2009)(allowing evidence of reexamination results in "overwhelming possibility of jury confusion").

A. GRANT OF REEXAMINATION AT THE PTO IS NOT RELEVANT TO THE ISSUE OF PATENT VALIDITY

As noted above, the PTO has granted an *ex parte* reexamination request for the '761 Patent but has not issued a first Office Action, or issued any other determination of validity. The

PTO's decision to grant reexamination, taken alone, is not relevant to patent validity in a trial court because the "substantial new question of patentability" standard for ordering reexamination is not related to the "clear and convincing evidence" standard required to prove invalidity at trial. *See In re Etter*, 756 F.2d 852, 857 n.5 (Fed. Cir. 1985) (inquiry on reexamination request "is not directed toward resolution of validity."). The PTO's standard for granting a reexamination request is whether or not there exists "a substantial likelihood that a reasonable examiner would consider the prior art . . . *important* in deciding whether or not the claim is patentable." MPEP § 2642 (emphasis added). As the PTO itself acknowledges, this standard can be met "even if the examiner would not necessarily reject the claim...." *Id.* Therefore, the mere fact that the PTO has granted a reexamination request is simply not relevant to the validity of a patent.

The Federal Circuit recently addressed the relevance of reexamination proceedings in patent infringement actions and, in both cases, the Federal Circuit confirmed that such evidence has very little, if any, relation to the issue of patent validity. In *Proctor & Gamble*, the Federal Circuit unambiguously stated "[a]s this court has observed, a requestor's burden to show that a reexamination order should issue from the PTO is unrelated to a defendant's burden to prove invalidity by clear and convincing evidence at trial." *Proctor & Gamble Co.*, 549 F.3d at 848 (citation omitted). Subsequently, the Federal Circuit held that, even when the PTO issued an office action rejecting all asserted claims of the patent-in-suit, the trial court properly excluded reexamination evidence because "[t]he non-final re-examination determinations were of little relevance to the jury's independent deliberations on the factual issues underlying the question of obviousness." *Callaway Golf Co. v. Acushnet Co.*, 576 F.3d 1331, 1343 (Fed. Cir. 2009). These decisions, one of which involved a PTO proceeding that advanced well beyond the stage of the

'761 Patent reexamination, confirms that this Court should exclude reexamination evidence as not relevant to the validity of the '761 Patent.

B. INTRODUCTION OF REEXAMINATION EVIDENCE WILL CONFUSE THE JURY

In addition to lacking relevance, reexamination evidence should be excluded from trial because such evidence has a high likelihood of confusing the jury. A lay jury is not likely to understand the difference between a grant of reexamination at the PTO, the effect of a provisional rejection at the PTO, and the distinctly different type of validity analysis required at trial. The Federal Circuit noted this issue in *Callaway Golf*, stating that the trial court properly excluded reexamination evidence, in part, because "the risk of jury confusion if evidence of the non-final PTO proceedings were introduced was high." *Id.*, 576 F.3d at 1343.

Since the Federal Circuit's *Callaway Golf* and *Proctor & Gamble* opinions, several federal courts have excluded PTO reexamination evidence wholly, or in part, based on the high likelihood that this evidence would confuse the jury. This Court excluded reexamination evidence under Fed. R. Evid. 403 because the prejudice of the "overwhelmingly possibility of jury confusion" outweighed the extremely limited probative value of non-final PTO determinations made during reexamination. *SRI Int'l Inc.*, 647 F. Supp. 2d at 356. A California federal court noted that reexamination proceedings before the PTO were not relevant to the issues of obviousness or willfulness and, furthermore, even if reexamination proceedings were relevant to these issues, the court would nonetheless exclude this evidence because the "potential for jury confusion is great." *Presidio Components Inc. v. American Technical Ceramics Corp.*, 2009 WL 3822694, at *2 (S.D. Cal. Nov. 13, 2009).

More distinctly on point, a Texas federal court held that "the simple fact that a reexamination decision has been made by the PTO is not evidence probative of any element

regarding any claim of invalidity." *i4i Ltd. P'ship v. Microsoft Corp.*, 670 F. Supp. 2d 568, 588 (E.D. Tex. 2009) (citation omitted). Moreover, even if this evidence were to be somehow relevant, the court would still exclude this evidence due to "its prejudicial effect in suggesting to the jury that it is entitled to ignore both the presumption of validity and the defendant's clear and convincing burden at trial." *Id.* In a separate case, the same court confirmed that admitting reexamination evidence would cause jury confusion because it "may work to unduly alleviate Defendants' 'clear and convincing' burden for both invalidity and willfulness in front of the jury." *Intel Corp. v. Commonwealth Scientific & Ind. Research Org*, Case No. 6-06-cv-00551 (April 9, 2009 EDTX) (Davis, J.), attached as Exhibit 13 to the Declaration of Paul J. Andre in Support of Leader's Motions *In Limine* Nos. 1-7.

These cases highlight the near-uniformity with which federal courts have excluded PTO reexamination evidence at trial. This is true even in cases, such as *Callaway Golf*, in which the PTO issued an Office Action rejecting relevant claims of the patents-in-suit. In cases factually similar to the present case, in which the PTO has granted reexamination and done nothing more, the case law is even clearer that the extremely high probability that the jury will confuse the mere grant of reexamination request with a substantive opinion of validity dictates for the exclusion of reexamination evidence.

IV. CONCLUSION

For the above reasons, Leader respectfully requests this Court exclude all evidence of the reexamination proceedings for the '761 Patent from trial because the PTO's grant of reexamination is not relevant to patent validity and because, even if this evidence were relevant, the likelihood of jury confusion far outweighs any potential probative value under Federal Rule of Evidence 403.

POTTER ANDERSON & CORROON LLP

OF COUNSEL:

Paul J. André
Lisa Kobialka
King & Spalding, LLP
333 Twin Dolphin Drive
Suite 400
Redwood Shores, California 94065-6109
(650) 590-7100

Dated: May 20, 2010

By: */s/ Philip A. Rovner*

Philip A. Rovner (#3215)
Jonathan A. Choa (#5319)
Hercules Plaza
P.O. Box 951
Wilmington, DE 19899
(302) 984-6000
provner@potteranderson.com
jchoa@potteranderson.com

Attorneys for Plaintiff
Leader Technologies, Inc.

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CERTIFICATE OF SERVICE

I, Philip A. Rovner, hereby certify that on May 20, 2010, the within document was filed with the Clerk of the Court using CM/ECF which will send notification of such filing(s) to the following; that the document was served on the following counsel as indicated; and that the document is available for viewing and downloading from CM/ECF.

BY CM-ECF, E-MAIL AND HAND DELIVERY

Thomas P. Preston, Esq.
Steven L. Caponi, Esq.
Blank Rome LLP
1201 Market Street
Wilmington, DE 19801
Preston-T@blankrome.com
caponi@blankrome.com

I hereby certify that on May 20, 2010 I have sent by E-mail the foregoing document to the following non-registered participants:

Heidi L. Keefe, Esq.
Mark R. Weinstein, Esq.
Jeffrey Norberg, Esq.
Melissa H. Keyes, Esq.
Cooley LLP
Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306-2155
hkeefe@cooley.com
mweinstein@cooley.com
jnorberg@cooley.com
mkeyes@cooley.com

/s/ Philip A. Rovner
Philip A. Rovner (#3215)
Potter Anderson & Corroon LLP
Hercules Plaza
P. O. Box 951
Wilmington, DE 19899
(302) 984-6000
provner@potteranderson.com