

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

1201 NORTH MARKET STREET
P.O. BOX 1347
WILMINGTON, DELAWARE 19899-1347

(302) 658-9200
(302) 658-3989 FAX

JEREMY A. TIGAN
(302) 351-9106
(302) 425-3096 FAX
jtigan@mnat.com

August 27, 2010

The Honorable Mary Pat Thyng
United States District Court
844 N. King Street
Wilmington, Delaware 19801

BY ELECTRONIC FILING

Re: Xerox Corp. v. Google, Inc., et al., C.A. No. 10-136-LPS-MPT

Dear Magistrate Judge Thyng:

Defendants submit this letter in response to the letter submitted by Andrew C. Mayo on behalf of Plaintiff Xerox on August 24, 2010, D.I. 74, and pursuant to the Court's request for supplemental briefing concerning whether the "prosecution bar" to be imposed in this case should preclude Xerox counsel who have reviewed Defendants' confidential information from involvement in the amendment or drafting of claims in connection with reexamination proceedings concerning the patents-in-suit. The Court asked the parties to address in particular (1) the risks to Defendants to be addressed by Defendants' proposed prosecution bar, and (2) the harm that would flow to Xerox as a result of the provision's restrictions on activities of Xerox's counsel.

As for risk to Defendants, Xerox acknowledges that it intends for its counsel who have reviewed Defendants' confidential information to consult with separate re-exam counsel regarding amendment of claims or drafting of new claims during reexamination of the patents-in-suit, and to use Defendants' confidential information in connection therewith. Xerox's assertion that this would be proper is a radical one that would astonish most patent litigators. It has no support whatsoever in any of Xerox's cited authority, and is in fact antithetical to the universally understood rule that confidential material produced under a protective order may be used only for the litigation in which it is produced.

In contrast to the great risk of harm faced by Defendants, any "harm" to Xerox posed by Defendants' proposal is minimal. Unlike commonly advanced proposals that would preclude a patentee's trial counsel from *any* involvement in reexamination proceedings related to patents-in-suit, Defendants' proposal is narrowly tailored (1) to target precisely the most significant risk of misuse of confidential information that is presented in a reexamination proceeding—i.e. that such information will be used by the patentee to prepare new or amended claims intended to cover confidential features of Defendants' accused products — and (2) to minimize any resultant prejudice to Xerox by allowing Xerox the full assistance of its trial counsel in pursuing its primary interest in the re-examination proceedings — i.e. the defense of the validity of Xerox's *existing* claims.

The risk of misuse of Defendants' confidential information created by Xerox's proposed consultation between trial and reexam counsel significantly outweighs any prejudice to Xerox that would flow from prohibiting such consultation, justifying adoption of Defendants' proposed form of prosecution bar.

Xerox Admits It Intends To Use Defendants' Confidential Information For The Reexamination.

Xerox conspicuously declines to promise that it will not "use" (as opposed to "disclose") Defendants' confidential information when its trial counsel consults with its reexamination counsel regarding claim amendment or drafting. Xerox's assertion is instead that Xerox's trial counsel *should be permitted to use* Defendants' confidential information in such consultations. See, e.g., D.I. 70 at 1-2 ("If Defendants' information is used . . . there is nothing wrong with that. . . . It is not a *misuse* of a party's information.") (emphasis in original). No such proposition has been advanced or squarely considered in any of the decisions we have reviewed concerning application of prosecution bars to reexamination proceedings.¹ For example, Xerox's position certainly was not endorsed by the court in the *Document Generation* case, which expressly relied on the protections afforded by a conventional use restriction. See *Document Generation Corp. v. Allscripts, LLC*, 2009 U.S. Dist. LEXIS 52874, at *9-10 (E.D. Tex. June 23, 2009). And no such assertion was endorsed by Judge Robinson in her decision in *Kenexa*. Nor was any such assertion at issue before Judge Jordan in *Amberwave*, where the patentee's litigation counsel acknowledged up front that "[w]e obviously recognize that we're not going to participate in anything relating to the amendment of claims." D.I. 69, Ex. A at 5:5-7.

Moreover, Xerox's assertion that its trial counsel should be free to use Defendants' confidential information when consulting with re-exam counsel concerning claim drafting renders *meaningless* any commitment not to "disclose" such information to re-exam counsel. It makes no difference whether the use of Defendants' confidential information to shape claims in re-examination is accomplished indirectly by Xerox's trial counsel through consultation with re-exam counsel, or directly by re-exam counsel to whom such information has actually been disclosed. In *either* case, Xerox will have exploited Defendants' confidential information, obtained by force of law in this litigation, to secure patent rights tailored for future use against Defendants outside of this litigation.

Xerox Cannot Justify Using Defendants' Confidential Information in Reexamination.

Xerox's unusual assertion that such use of Defendants' confidential information would not be improper rests on two false premises: (1) that Defendants' interest in preventing such use is

¹ Most of these cases address the concern that "[i]t is very difficult for the human mind to compartmentalize and selectively suppress information once learned, no matter how well-intentioned the effort may be to do so." *In re Deutsche Bank Trust Companies*, 605 F.3d 1373, 1378 (Fed. Cir. 2010) (quoting *FTC v. Exxon Corp.*, 636 F.2d 1336, 1350 (D.C. Cir. 1980)). This is not at issue here as Xerox has made clear it will not even attempt to suppress the confidential information it has learned for purposes beyond the litigation.

either illegitimate or *de minimis* because claims in reexamination can only be narrowed and not broadened; and (2) that the general use restriction to which Xerox has agreed² should not be deemed to prohibit such use because reexamination is merely a part of the litigation. We explain below why these premises are false.

The risk of harm to Defendants from use of their confidential information in narrowing claims is just as pronounced as the risk from use in connection with broadening claims. That new or amended claims prepared in reexamination proceedings must be narrower than predecessor claims in no way diminishes Defendants' legitimate interest in ensuring that claim preparation is not informed by Defendants' confidential information. In *Deutsche Bank*, the Federal Circuit specifically noted that the interest in preventing misuse or disclosure of confidential information that underlies a prosecution bar has heightened relevance when the confidential information is possessed by attorneys involved in "strategically amending or surrendering claim scope during prosecution," such that attorneys involved in these activities "would not likely be properly exempted from a patent prosecution bar." 603 F.3d at 1380 (emphasis added).

Use of Defendants' confidential information to prepare and obtain a new or amended patent claim that might be asserted by Xerox against confidential aspects of Defendants' products more effectively than an original claim, or a new claim prepared without knowledge of such confidential information, is simply the exploitation of Defendants' confidential information outside this litigation. This type of use to obtain a benefit for Xerox at Defendants' expense is *precisely* what a protective order is supposed to guard against. And despite Xerox's suggestion to the contrary (p. 2), this risk applies every bit as much to the confidential documents regarding Defendants' existing products that have been produced in this case as it would to documents concerning "new inventions and new technologies."

Xerox's arguments in reliance on the prohibition against broadening of claims in reexamination are founded on a fundamental fallacy—the notion that Xerox has "legitimate intellectual property rights" in the full range of hypothetical patent claims that it *might* prepare that would be adequately supported by the patent disclosure, narrower than the patent's original claims, and also valid in view of the prior art. In truth, Xerox has a legitimate intellectual property right only in the patent claims that it has *actually* prepared and prosecuted and that are both supported by the patent disclosure and valid in view of the prior art. When Xerox chooses to amend a claim in reexamination, its rights in the full scope of the former claim are effectively extinguished. Indeed, Judge Robinson confirmed as much in *Kenexa* when she warned that "[t]he court considers amendments and revisions to claims on reexamination to be admissions regarding validity." *Kenexa Brassring Inc. v. Taleo Corp.*, Civ. A. No. 07-521-SLR, 2009 U.S. Dist. LEXIS 120022, at *5-6 n.2 (D. Del. Feb. 18, 2009).

² Section 1.A.1. of the Agreed Protective Order states in pertinent part that "[a]ny CONFIDENTIAL INFORMATION obtained by any party from any person pursuant to discovery in this litigation may be used only for purposes of this litigation." D.I. 68, Ex. D.

What defines Xerox's "legitimate intellectual property rights" in the context of the preparation of new or amended claims in reexamination (assuming adequate support in the specification and validity in view of the prior art) is the scope of such claims *as prepared*. Defendants' interest in preventing Xerox from exploiting Defendants' confidential information, which Xerox would not possess but for this litigation, in the preparation of such claims is not, as Xerox suggests, an interest in "evad[ing] ... liability" for infringement of rights to which Xerox is presently "entitled." There simply is no such entitlement and, in the absence of an actual valid patent claim, no such liability. The equity of this proposition becomes even more clear where the original claim asserted against Defendants in litigation turns out to have been invalid, requiring that it be amended in reexamination.

Reexamination is not part of this litigation. To reconcile its agreement to a general prohibition against use of Defendants' confidential information for purposes other than this litigation (see note 2, *supra*) with its contention that its trial counsel should be allowed to use such information when consulting its reexamination counsel concerning new or amended claims, Xerox has no logical choice but to assert that its participation in a reexamination proceeding concerning a patent-in-suit would literally be an activity within the scope of this litigation. To this end, Xerox opportunistically seizes on language in *Kenexa* characterizing a reexamination initiated by a litigation defendant as "part and parcel" of the case. Defendants submit that it is a very dangerous course to suggest that use restrictions in protective orders should be interpreted in a manner that is not strict and literal. To take a step down this slippery slope threatens to fundamentally undermine the protections afforded by such orders.

Defendants further submit that it would be an injustice to Judge Robinson to suggest that her language in the very brief *Kenexa* opinion reflects an endorsement of a patentee's use of a litigant's confidential information to prepare new or amended claims in reexamination, let alone in the face of a conventional use restriction provision. In *Kenexa*, nobody was contending to Judge Robinson that the patentee should be able to engage in such a use, and the question presented was not the imposition of a narrow restriction on reexamination related activities along the lines now proposed by Defendants, but instead whether patentee's litigation counsel should be prohibited from *any* participation in the reexamination proceedings. Finally, it bears noting that Judge Robinson's "part and parcel" language, and also her language characterizing the defendant's confidential information as "basically irrelevant to the reexamination," were taken from the *Hochstein* decision that she cites, and in *Hochstein* the patentee had committed that it would not draft new claims or amend existing claims during the reexamination. *Hochstein v. Microsoft Corporation*, Civ. A. No. 04-73071, 2008 U.S. Dist. LEXIS 72750, at *9 (E.D. Mich. Sept. 24, 2008). Moreover, in *Hochstein* the court clarified that its "part and parcel" language referred to the accused infringer's "litigation strategy" and not literally to the litigation *per se*. See *id.* at *11 ("[T]he Court views the reexamination by a party to this litigation to be a part-and-[parcel] of Defendant Microsoft's strategy in the instant case.").

Further, as noted at the August 19 hearing, Xerox incorrectly assumes that all Defendants will be participating in the reexamination proceedings. In fact, only one of the Defendant groups is expected to do so. Reexamination cannot be deemed "an extension" of the litigation in the case of a Defendant who is not participating in the reexamination, and yet such a Defendant is just as vulnerable as a participating Defendant to the misuse by Xerox of confidential information in the preparation of new or amended claims.

Finally, the assertion that participation in reexamination is “part of” or “an extension of” litigation is most implausible of all when the reexamination activity in question concerns not the defense of existing claims against assertions of invalidity based on the prior art, but rather the amendment of a claim, an event that clearly, in Judge Robinson’s mind, signals the termination of the litigation with respect to that claim. *See Kenexa*, 2009 U.S. Dist. LEXIS 120022, at *5-6 n.2.

Defendants’ Proposal Would Impose No Substantial Prejudice on Xerox

Xerox has conceded that it will in any event retain separate reexamination counsel, so it cannot contend that it will be forced to do so as a result of Defendants’ proposal. Nor can Xerox complain that Defendants’ narrowly tailored proposal will deny it the assistance of its trial counsel in support of Xerox’s primary objective in any reexamination initiated by a defendant— i.e. defending its *existing* patent claims against assertions of invalidity based on the prior art. Indeed, by the stage of reexamination proceedings in which Xerox would be forced to resort to amendment of claims or preparation of new claims, it will no doubt have been made quite clear to any competent reexamination counsel precisely what obstacles to the validity of the original claims were presented by the prior art on which the PTO relied as a basis for rejection. Xerox cannot credibly claim that such reexamination counsel would require assistance from trial counsel to prepare claims narrowed so as to avoid that art.

Xerox is left then to complain that if Defendants’ proposal is adopted and a reexamination is initiated by a Defendant, the restrictions on Xerox’s trial counsel will deprive Xerox of a level playing field because Defendants’ counsel will have an unfettered ability to participate in the reexamination. This assertion misses the mark in several important respects. First, as stated above, only one of the Defendant groups is expected to file a reexamination. Obviously, any level playing field argument cannot apply to the other Defendant group. Second, as noted previously, any claim being amended in reexamination would no longer be viable for assertion in this litigation, and any claim newly prepared in reexamination could never have been part of this litigation in the first place. Third, one of the patents-in-suit (the ‘994 patent) is, because of its filing date, eligible only for *ex parte* reexamination. An initiating Defendant’s participation in such an *ex parte* reexamination would be limited by rule to its initial phase. Xerox cannot complain that Defendants’ proposal would force Xerox’s trial counsel’s participation in an *ex parte* reexamination to be more limited than that of Defendants’ counsel.

Xerox’s Argument Concerning “Information Triggering the Bar” is a Red Herring

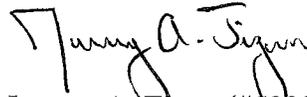
Xerox and Defendants reached agreement, without requiring the assistance of the Court, concerning the scope of confidential information that would trigger application of the prosecution bar in the proposed protective order. Having made that agreement, Xerox should not be heard to complain now for the first time, in its third and final submission concerning the parties’ disputes regarding the protective order, that the scope of information triggering the bar is defined too broadly. That is simply not a dispute before this Court.

Conclusion

For the reasons stated above, the risks to Defendants mitigated by their prosecution bar proposal easily outweigh the insubstantial prejudice (if any) that the proposal would cause to Xerox. Good cause for the proposal has been established, and it should be adopted by the Court.

The Honorable Mary Pat Thyng
August 27, 2010
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Respectfully,

A handwritten signature in black ink that reads "Jeremy A. Tigan". The signature is written in a cursive style with a large, stylized initial "J".

Jeremy A. Tigan (#5239)

JAT/lm

cc: Clerk of Court (by hand delivery)
All Counsel of Record (by e-mail)

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