

UNITED STATES DISTRICT COURT
Northern District of Indiana
South Bend Division

HEARTLAND RECREATIONAL)	
VEHICLES, LLC,)	
Plaintiff,)	
)	
)	
v.)	CASE NO.: 3:08-cv-490 TLS-CAN
)	
FOREST RIVER, INC.,)	
Defendant.)	

**HEARTLAND'S RESPONSE IN OPPOSITION
TO FOREST RIVER'S OBJECTIONS TO MAGISTRATE'S ORDER (DE #107)**

INTRODUCTION

In its (Motion for Review of) Forest River's Objections to Magistrate's Order (DE#107) (the "Objections"), Forest River accuses Heartland Recreational Vehicles, LLC of filing a surreply poisoned with devious "wordsmithing" and "slight (sp) of hand." (Objections, DE #114, pp. 6, 8.) Forest River uses its Rule 72(a) Objections to insinuate that Baker & Daniels LLP ("Baker & Daniels") performed or solicited the prior art search that yielded the fourteen patents found in the patent prosecution files of Barnes & Thornburg, even though Barnes & Thornburg was the firm responsible for prosecuting U.S. Patent No. 7,278,650 (the "'650 patent'") at the time the fourteen patents were found. It then hints that Baker & Daniels or Heartland hid the prior art references that were unfavorable to Heartland's patent prosecution. Forest River makes these allegations without citing any credible evidence indicating that they are plausible. Forest River's suspicions have no merit. As discussed more fully below, Baker & Daniels did not perform a search for prior art relevant to the '650 patent, and Baker & Daniels did not solicit a prior art search for the '650 patent.

Heartland has strived to be utterly transparent about the prosecution of the '650 patent. Heartland has waived attorney-client privilege with respect to the prosecution of the '650 patent, permitting Forest River to scour the communications between Heartland and its patent counsel. It has provided the full patent prosecution files of Barnes & Thornburg and Baker & Daniels for the '650 patent. Barnes & Thornburg and Baker & Daniels have provided Forest River with the bills containing the relevant time records of the attorneys involved in the prosecution of the '650 patent. Forest River has deposed the two principal attorneys responsible for the prosecution of the '650 patent, Gregory Cooper and Gerard Gallagher. Mr. Cooper is the attorney at Barnes & Thornburg who was responsible for the prosecution of the '650 patent before it was transferred to Baker & Daniels. The fourteen prior art references provided to the Patent Office were in Mr. Cooper's files. Mr. Cooper testified as to the potential sources of the fourteen patents and stated that it was unlikely that a professional prior art search was performed. Heartland voluntarily searched its financial records for the relevant years in an attempt to locate a record of a professional prior art search related to the '650 patent, and it found no such record. As discussed more fully below, Baker & Daniels also searched its records for evidence of a prior art search, and it found no such evidence. None of the information yielded by this extensive discovery indicates that the alleged prior art search occurred, or that Heartland or its counsel committed inequitable conduct in the prosecution of the '650 patent. Forest River may not want to face this reality, but the Court should not permit Forest River to continue to harass Heartland with its repeated fishing expeditions simply because reality does not yet match one of Forest River's many conspiracy theories.

No legal or factual basis exists for Forest River's Objections, and the Court should uphold the Magistrate Judge's ruling.

STANDARD OF REVIEW

When reviewing a magistrate order on a nondispositive issue, a district court must "modify or set aside any part of the order that is clearly erroneous or is contrary to law." Fed. R. Civ. P. 72(a). "The district court reviews the magistrate's factual determinations under the 'clear error' standard and the legal determinations under the 'contrary to law' standard." *Lafayette Life Ins. Co. v. City of Menasha*, 2010 WL 1138973, at *1 (N.D. Ind. Mar. 17, 2010) (Springmann, J.) (citations omitted). "Under the 'contrary to law' standard, the district court conducts a plenary review of the magistrate judge's purely legal determinations, setting aside the magistrate judge's order only if it applied an incorrect legal standard or if it 'misapplied relevant statutes, case law, or rules of procedure.'" *Id.* (quoting *Jensen v. Solvay Chem., Inc.*, 520 F.Supp.2d 1349, 1351 (D.Wyo. 2007); *DeFazio v. Wallis*, 459 F.Supp.2d 159, 163 (E.D.N.Y. 2006)). When reviewing an alleged mistake in the magistrate judge's factual analysis under the "clear error" standard, "the district court can overturn the magistrate judge's ruling only if the district court is left with the definite and firm conviction that a mistake has been made." *Id.* (quoting *Weeks v. Samsung Heavy Indus. Co.*, 126 F.3d 926, 943 (7th Cir. 1997)).

ARGUMENT

I. The Court Did Not Commit an Error of Law In Ruling on Heartland's Motion for Leave to File a Surreply Without Waiting For Forest River to Respond

In responding to the Motion to Compel underlying Forest River's Objections, Heartland chose proactive transparency over stubborn resistance. Instead of waiting for the Court to issue an opinion on whether Heartland needed to perform a search of its financial records for some evidence of a prior art search related to the '650 patent, Heartland chose to perform the search voluntarily and then disclose the results in its briefing. Unfortunately, because Heartland does

not maintain its 2004 financial records in electronic form, that search was time-consuming, and Heartland did not complete the search before the deadline for filing its response to Forest River's motion. As a courtesy to the Court, Heartland filed a two-page surreply devoid of legal argument that merely stated the results of Heartland's completed search. (Surreply in Opp. Forest River's Mot. to Comp., DE #104.) Forest River argues that the Magistrate Judge violated "due process" by issuing its order before Forest River could file a rebuttal to Heartland's innocuous surreply. (Objections, p. 8.)

This district's Local Rules do not expressly provide for the filing of surreplies, but "that is not an absolute bar to their use." *Merrill Lynch Life Ins. Co. v. Lincoln Nat. Life Ins. Co.*, 2009 WL 3762974, at *1 (N.D. Ind. Nov. 9, 2009) (noting absence of rules regarding surreplies but finding them permissible under proper circumstances). Because there are no rules outlining the proper procedure governing surreply briefing, Forest River cannot contend that the Magistrate Judge acted contrary to the law by allowing Heartland to provide it with new information useful to its determination. Similarly, the absence of rules governing surreply briefing entails that the Magistrate Judge did not act contrary to the law by issuing its order on Forest River's Motion to Compel without waiting for a response to Heartland's surreply. In short, because no rules governing surreply briefing exist, there is no basis for concluding that the Magistrate Judge "misapplied relevant statutes, case law, or rules of procedure," and the Court's order was not contrary to law. *Lafayette Life Ins. Co.*, 2010 WL 1138973, at *1.

II. Heartland Already Provided Forest River with the Representation it Seeks

Forest River alleges that the Court's "order is clearly erroneous as a matter of law and of factual analysis" because representations contained in Heartland's surreply left "a 'hole' for non-prosecution prior art searches." (Opposition, p. 10.) In doing so, Forest River clings to

Heartland's statement in its surreply that it could not locate "a bill for research services related to the prosecution of the '650 patent." (*Id.* at 6.) However, Forest River ignores the concluding sentence of Heartland's surreply, which states unequivocally that "even if the Court were to order Heartland to produce all billing records related to a professional prior art search **in connection with the '650 patent**, Heartland would have nothing to produce." (Surreply, DE #104, p. 2) (emphasis added.) The scope of this representation is clearly not limited to prior art searches related to the prosecution of the '650 patent. The Magistrate Judge's reliance on this more general representation was completely justified, and its finding that Heartland "engaged in a comprehensive search of their financial records for the relevant years and did not recover any records related to the alleged prior art search" is correct. (Order, DE # 107, p. 4.) Therefore, the Court should uphold the Magistrate's order. *Lafayette Life Ins. Co.*, 2010 WL 1138973, at *1 ("[T]he district court can overturn the magistrate judge's ruling only if the district court is left with the definite and firm conviction that a mistake has been made.").

III. Forest River Has Exhausted the Potential Sources of Documents Related to its Hypothetical Prior Art Search

According to Forest River, its Motion to Compel focused on two categories of documents related to its hypothetical prior art search: (1) "Heartland's financial records showing an invoice for or payment of the prior art search;" and (2) "Baker & Daniels time and billing records showing such a search being conducted." (*Id.* at p. 5, n.3.)

As Heartland explained throughout the briefing related to Forest River's Motion to Compel, if a record of Forest River's suspected prior art search existed, it would have been found in the files of Barnes & Thornburg, the law firm whose files actually contained the fourteen prior art patents fueling Forest River's suspicions. Yet, Forest River acknowledges that Barnes &

Thornburg "fully complied with [its] production requests," and no evidence of the alleged prior art search was located. (Objections, p. 5.)

Barnes & Thornburg's billing records for the prosecution of the '650 patent proved that Barnes & Thornburg had not billed Heartland for a prior art search. Hypothetically, though, Heartland could have independently asked a third party to perform a professional prior art search and then forwarded the results to Barnes & Thornburg. However, as Heartland explained in both its response brief and surreply opposing this motion, it searched its financial records¹ for any evidence that it requested and paid for a prior art search related to the '650 patent, and it found no record of a prior art search related to the '650 patent.

That leaves Baker & Daniels, a law firm that had no involvement in the application for or prosecution of the '650 patent at the time that the fourteen patents were placed in the Barnes & Thornburg file. Forest River argues that Baker & Daniels may have been performing some preliminary work with respect to the enforcement of the '650 patent—i.e. writing letters to potential infringers—before it took over the prosecution of the '650 patent. Forest River suggests that Baker & Daniels must have performed a prior art search before providing potential infringers notice of Heartland's pending patent application. However, it cites no case law requiring attorneys to search for or analyze prior art before issuing letters informing potential infringers of a pending patent application.² There is no requirement that inventors perform a prior art search in connection with a patent application, *Frazier v. Roessel Cine Photo Tech.*,

¹ Forest River eyes Heartland's use of the word "bill" or "billing record" with suspicion, hypothesizing that Heartland may have located a record of payment for a prior art search, but no "bill." Heartland's search of its financial records for the relevant years located no record of payment for a prior art search related to the '650 patent.

² In arguing that such an inquiry is required, Forest River cites Rule of Professional Conduct 3.1. This rule applies when a lawyer is filing and prosecuting an actual proceeding, not to the mere writing of a letter. "A lawyer shall not **bring or defend a proceeding**, or assert or controvert an issue **therein**, unless there is a basis in law and fact for doing so that is not frivolous...." Rule of Professional Conduct 3.1 (emphasis added).

Inc., 417 F.3d 1230, 1238 (Fed. Cir. 2005), let alone in connection with providing potential infringers notice of that patent application.

Nonetheless, the extensive steps Baker & Daniels has taken to comply with Forest River's discovery requests confirm that Baker & Daniels did not conduct a search for prior art related to the '650 patent. Baker & Daniels has given Forest River its entire patent prosecution file for the '650 patent. It has also given Forest River all relevant time records for the attorneys substantively involved in the prosecution of the '650 patent. Furthermore, Baker & Daniels has searched its cost reports from its representation of Heartland for any evidence that it conducted or solicited a prior art search related to the '650 patent. That search yielded no evidence of a prior art search related to the '650 patent. Finally, it has searched the relevant time records for all attorneys involved in either the prosecution or enforcement of the '650 patent. That search also yielded no evidence of a prior art search related to the '650 patent. These inquiries provided no evidence that Baker & Daniels conducted a prior art search related to the '650 patent or solicited a third party to perform such a search.

Forest River has exhausted all potential sources of its suspected prior art search, and Heartland and Baker & Daniels have no documentation related to such a search to produce. The Court should uphold the Magistrate's ruling and end Forest River's pursuit of a prior art search that simply does not exist.

CONCLUSION

Forest River's primary substantive argument for overturning the Magistrate's order—that Heartland carefully "wordsmithed" a surreply and deceived the Magistrate—resulted from Forest River's own incomplete reading of the surreply. Its latest conspiracy theories regarding Baker & Daniels' involvement in a prior art patent search are based on virtually no facts whatsoever, and

its legal arguments for why its conspiracies justify modifying the Magistrate's order are supported by virtually no law.

Forest River has failed to demonstrate that the Magistrate's decision is "clearly erroneous" or "contrary to law," and the Court should uphold the Magistrate's Order.

BAKER & DANIELS LLP

By: /s/ David P. Irmischer
David P. Irmischer (#15026-02)
Abigail M. Butler (#22295-02)
Peter A. Meyer (#27968-53)
111 East Wayne, Suite 800
Fort Wayne, Indiana 46802
Tel: 260.424.8000
Fax: 260.460.1700
david.irmscher@bakerd.com
abigail.butler@bakerd.com
peter.meyer@bakerd.com

ATTORNEYS FOR PLAINTIFF,
HEARTLAND RECREATIONAL
VEHICLES, LLC

CERTIFICATE OF SERVICE

The undersigned counsel for plaintiff, Heartland Recreational Vehicles, LLC, hereby certifies that a copy of the foregoing was served upon the following, this 30th day of April, 2010 by operation of the Court's ECF System.

Ryan M. Fountain
420 Lincoln Way West
Mishawaka, Indiana 46544-1902

/s/ David P. Irmischer

David P. Irmischer