

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION**

|                         |   |                                    |
|-------------------------|---|------------------------------------|
| ONE NUMBER CORPORATION, | ) |                                    |
|                         | ) |                                    |
| Plaintiff,              | ) |                                    |
|                         | ) | Civil Action No. 1:10-CV-0312-RLY- |
| vs.                     | ) | TAB                                |
|                         | ) |                                    |
| GOOGLE, INC.,           | ) | <b>JURY TRIAL DEMANDED</b>         |
|                         | ) |                                    |
| Defendant.              | ) |                                    |

**MEMORANDUM IN SUPPORT OF DEFENDANT’S GOOGLE, INC.’S MOTION TO  
STAY PROCEEDINGS PENDING  
INTER PARTES REEXAMINATION OF THE PATENTS-IN-SUIT**

**I. INTRODUCTION**

This action for patent infringement should be stayed because the only two asserted patents—U.S. Patent Nos. 7,680,256 (“the ‘256 patent”) and 7,440,565 (“the ‘565 patent”)—are now in an *inter partes* reexamination before the United States Patent and Trademark Office (“PTO”). An *inter partes* reexamination is a contested proceeding before the PTO to determine whether an issued patent is valid. In Office Actions dated October 21 and 22, 2010, the PTO granted Google, Inc.’s requests for *inter partes* reexamination on all the claims of the ‘256 and ‘565 patents. Ex. 1 at 16 (‘256 patent); Ex. 2 (‘565 patent) at 15. The PTO then rejected *all* claims of the ‘256 patent as invalid. Ex. 3 at 2. The PTO also rejected all but two dependent claims of the ‘565 patent as invalid; the PTO’s rejection of the ‘565 patent included a rejection of every independent claim<sup>1</sup> of the ‘565 patent. Ex. 4 at 2. Even the two dependent claims of the ‘565 patent that the PTO did not find invalid—which are narrow and likely not applicable to the

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<sup>1</sup> An independent claim is a claim that is complete in and of itself; a dependent claim is a claim that incorporates by reference an independent claim and adds some additional matter.

accused service—remain in reexamination before the PTO. Ex. 2 at 17. Thus, they remain subject to further argument in the *inter partes* reexamination and in jeopardy of a final rejection.

A stay pending reexamination by the PTO is appropriate here because it would simplify the patent infringement issues and reduce the burden of litigation on the parties and the court. *See Centillion Data Sys., LLC, v. Convergys Corp.*, Case No. 1:04-cv-0073-LJM-WTL, 2005 WL 2045786, at \*1 (S.D. Ind. Aug. 24, 2005). Unless One Number can reverse the PTO's rejections of its patent claims, One Number's patent infringement case against Google is gutted. Thus, this Court should stay this action pending the PTO's final ruling on the invalidity of One Number's patents-in-suit.

Moreover, there is no undue prejudice to the non-moving party, One Number. This case has not progressed beyond the pleading stage. No discovery has occurred and no case management schedule is yet in place. Indeed, notwithstanding One Number's obligation to meet and confer with Google's counsel in order to submit a proposed case management plan within 90 days of the filing of its complaint, *see* S.D. Ind. Local Rule 16.1, One Number failed to do so. One Number only submitted a draft case management plan to Google's counsel on October 29, 2010, after the PTO had acted on Google's reexamination requests and more than *four months* after the deadline to do so. Ex. 5. Given One Number's own delay and inaction in this case, One Number is hard pressed to claim any urgency in moving this case forward, especially given the invalidity rulings by the PTO.

## **II. BACKGROUND**

### **A. Procedural Status.**

One Number filed its Complaint against Google about six months ago, on March 16, 2010, alleging that the Google Voice® application infringes the '565 and '256 patents. Dkt. 1; Ex. 6 ('565 patent); Ex. 7 ('256 patent). Google answered the Complaint and filed counterclaims

on July 23, 2010. Dkt. 25. One Number answered the counterclaims on August 11, 2010. Dkt. 27. Since then, nothing has happened in this case. Pursuant to S.D. Ind. L.R. 16.1(a)(3), “Counsel for plaintiff [One Number] is responsible for conferring with opposing counsel and coordinating timely completion and filing of the case management plan.” This case management plan was to have been filed with the Court no later than 90 days from the date the case was filed, which was June 14, 2010—more than four months ago. *See* S.D. Ind. L.R. 16.1(a)(2). One Number’s counsel never conferred with Google’s counsel in a timely manner regarding a case management plan, and only first submitted such a plan to Google’s counsel on October 29, 2010. Ex. 5.

**B. The PTO’s Reexamination of the Patents-In-Suit.**

The patents-in-suit generally relate to a “one number” system that permits an individual to consolidate multiple phone lines under a single number. Exs. 6, 7. Such “one number” systems are not new and were not invented by One Number. After reviewing the patents-in-suit, Google determined that the PTO did not have a large number of the most relevant prior art references when it permitted the patents-in-suit to issue. As a result, the PTO mistakenly allowed the claims of the patents-in-suit to issue despite the fact that their subject matter had been known and used by others before the applications for the patents-in-suit were filed.

On July 26, 2010, Google filed two requests with the PTO for *inter partes* reexamination of the ‘565 and ‘256 patents, identifying more than a dozen prior art references that were not before the PTO during the initial examination of the patents.

On October 21 and 22, 2010, the PTO granted reexamination on all 31 claims of the ‘256 and ‘565 patents and further declared that all but two of these 31 claims were invalid. Exs. 1, 2, 3, 4. One Number now has 60 days to respond to the PTO’s reexamination ruling and finding of invalidity. Exs. 1 and 2; 37 CFR § 1.945. After One Number’s response, Google will have 30

days to respond to and rebut One Number's arguments. 35 U.S.C. § 314(b)(2); 37 CFR § 1.947.

Google also has the opportunity to argue that the PTO erred when it found that two narrow, dependent claims of the '256 patent should not be invalidated.

In contrast to the proceedings now ongoing in the PTO, One Number has yet to even submit a proposed case management plan to the Court; no discovery has occurred; no claim construction (or other) schedule has been determined; and no trial date has been set. In other words, this lawsuit sits in exactly the type of position that warrants stay pending reexamination.

### **III. ARGUMENT**

#### **A. Courts, Including This Court, Frequently Grant Stays Pending Reexamination.**

Courts have the inherent power to control their own dockets, including by staying a case pending the outcome of a patent reexamination proceeding. *See, e.g., Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988). Courts will generally consider three factors in determining whether or not to grant a motion to stay pending reexamination: first, whether a stay would unduly prejudice or tactically disadvantage the non-moving party; second, whether a stay will simplify the issues in question and streamline the trial; and, third, whether a stay will reduce the burden of litigation on the parties and on the court. *Centillion Data Sys.*, 2005 WL 2045786, at \*1 (citing *Xerox Corp. v. 3 Com Corp.*, 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999), *appeal dismissed* by 243 F.3d 554 (Fed. Cir. 2000)).

Courts have recognized a number of advantages to granting a stay pending the resolution of a reexamination proceeding: (1) the PTO will first consider the prior art presented to the Court through the lens of its technical expertise; (2) the reexamination process can alleviate numerous discovery problems; (3) if the reexamination results in the invalidation of the Patents-in-suit, the Court can dismiss the lawsuit; (4) the outcome of the reexamination may encourage a settlement

without further use of the Court; (5) the Court would likely enter the record of the reexamination at trial, reducing the complexity and length of the litigation; (6) the reexamination will enable the parties and the Court to more easily limit the scope of the issues, defenses, and evidence in the case; and (7) the cost of adjudicating the case will likely be reduced for the parties and the Court. *See, e.g., EchoStar Technologies Corp. v. TiVo, Inc.*, No. 5:05-cv-81 DF, 2006 WL 2501494, \*2 (E.D. Tex. July 14, 2006); *Softview Computer Prods. Corp. v. Haworth, Inc.*, No. 97 CIV. 8815 KMW HBP, 2000 WL 1134471, at \*2 (S.D.N.Y. Aug. 10, 2000).

District courts have substantial discretion to grant a stay pending reexamination, and have liberally done so. *See, e.g., Sorensen v. Digital Networks N. Am. Inc.*, No. C 07-05568 JSW, 2008 WL 152179, at \*1 (N.D. Cal. Jan. 16, 2008) (citing *ASCII Corp. v. STD Entm't USA, Inc.*, 844 F. Supp. 1378, 1381 (N.D. Cal. 1994) (“There is a ‘liberal policy in favor of granting motions to stay proceedings pending the outcome of PTO reexamination or reissuance proceedings.’”)); *Card Tech. Corp. v. DataCard Corp.*, Civil No. 05-2546 (MJD/SRN), 2007 WL 551615, at \*3 (D. Minn. Feb. 21, 2007) (“In short, common sense counsels that it is usually prudent for a court to await the PTO’s reassessment of the patents at issue before resuming litigation over the validity, enforceability or infringement of those patents.”); *Softview*, 2000 WL 1134471, at \*2 (“Courts have routinely stayed infringement actions pending the outcome of reexamination proceedings.”). This Court, too, has also recently granted motions to stay pending both *ex parte* and *inter partes* reexamination proceedings. *See Cook Inc. v. Endologix, Inc.*, Case No. 1:09-cv-01248-WTL-TAB (S.D. Ind. Jan. 21, 2010) (Dkt. 39) (granting motion to stay proceedings pending *ex parte* reexamination)<sup>2</sup> (Baker, M.J.); *Natare Corp. v. Aquatic Renovation*

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<sup>2</sup> Following the conclusion of the reexamination of one of the two patents being reexamined, this Court denied Cook’s motion to lift the stay due to the fact that the reexamination of the other patent was still ongoing. *Cook*, Dkt. 46 (April 13, 2010). This Court did not lift the stay until after the PTO essentially concluded both reexaminations and indicated that valid claims would issue. *Cook*, Dkt. 51 (June 2,

*Sys., Inc.*, Case No. 1:08-cv-0370-RLY-DML (S.D. Ind. June 30, 2009) (Dkt. 65) (granting motion to stay pending *inter partes* reexamination).

Where a court has denied a stay of litigation pending reexamination, the litigation was already at a very advanced stage, often at the close of discovery or well beyond it—which is not the case in the present action. *See, e.g., Cynosure, Inc. v. Cooltouch Inc.*, Civil Action No. 08-10026-NMG, 2009 WL 2462565, at \*2-3 (D. Mass. Aug. 10, 2009) (motion to stay was filed after close of fact discovery and only two days before close of expert discovery); *Storus Corp. v. Aroa Mktg., Inc.*, No. C-06-2454 MMC, 2008 WL 540785, at \*1 (N.D. Cal. Feb. 25, 2008) (motion to stay was filed only three weeks before trial); *Eolas Techs. Inc. v. Microsoft Corp.*, No. 99 C 0626, 2004 WL 170334, at \*6 (N.D. Ill. Mar. 1, 2002) (where the reexamination was ordered well into the briefing period of post-trial motions), *vacated in part on other grounds by* 399 F.3d 1325 (Fed. Cir. 2005), *overruled in part on other grounds by Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 576 F.3d 1348 (Fed. Cir. 2009). However, even this is not a bright-line rule, as courts may still grant a stay pending re-examination at a late stage of the case in light of the potential efficiencies to be gained by allowing the reexamination process to proceed first. *See, e.g., Cross Atl. Capital Partners, Inc. v. Facebook, Inc.*, Civil Action No. 07-2768, 2008 WL 3889539, at \*2-3 (E.D. Pa. Aug. 18, 2008) (granting a stay despite the fact that discovery and summary judgment briefing were already completed, and the fact that there was only one month remaining before the final pre-trial conference).

**B. The Court Should Grant a Stay In Light of the PTO’s Reexamination of the Patents-in-Suit.**

The facts and procedural status of this case support a stay. This litigation is still at a very preliminary stage. No case management plan has been entered, and no discovery has occurred.

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2010). As discussed *infra*, the basis for a stay in the present action is significantly stronger than the facts in *Cook*.

The complaint was only filed six months ago. Indeed, the case for a stay is even stronger here than in *Cook*, where this Court granted a motion to stay pending an *ex parte* reexamination. Among other things, the *inter partes* requests in the present case are contested proceedings (the *ex parte* reexamination in *Cook* was not). The PTO's rulings on Google's *inter partes* reexamination requests have already substantially altered the scope of the claims patents-in-suit; indeed, all but two narrow dependent claims have been invalidated outright. If the PTO's invalidity rulings stand (and they should), this litigation would be obviated altogether. Even assuming that any claims issue to One Number, it is very likely that One Number will have to amend, narrow or limit the scope of the claims of the patents-in-suit to preserve their validity. Whatever arguments or admissions One Number makes in its response to the PTO may have an impact on its infringement case and this Court's claim construction proceedings.

**1. A Stay Would Not Unduly Prejudice One Number, Nor Would It Present an Unfair Tactical Advantage for Google.**

A stay would not unduly prejudice One Number, nor would it give Google an unfair tactical advantage. Both One Number and Google would benefit from a stay, as they would avoid expending resources litigating the same invalidity issues before the Court as well as the PTO, and avoid the prospect of relitigating issues in this Court following the conclusion of any reexamination proceedings. Furthermore, Google filed its reexamination request early in this litigation, before any discovery has occurred, thus minimizing any prejudice to One Number. In addition, with few exceptions, the PTO is required to conduct *inter partes* reexaminations with "special dispatch," 35 U.S.C. § 314(c), further reducing any alleged risk of prejudice to One Number due to delay.

Moreover, One Number has no basis to complain about any delay. While Google's reexamination requests have been moving through the PTO, One Number has essentially done

nothing to prosecute this action. One Number did not even propose a case management plan to Google until October 29, 2010, more than four months after the Rule 16.1's deadline.<sup>3</sup>

## **2. A Stay Will Simplify the Issues in this Case.**

A stay pending the outcome of the *inter partes* reexamination proceedings will greatly simplify the issues in this case and streamline the trial. The PTO's office actions have found all but two very narrow dependent claims invalid, and even those dependent claims remain in reexamination and in jeopardy. Even if One Number is somehow able to reverse the PTO's invalidity findings on some of the claims of the patents-in-suit (and that is not likely), any such claims would likely need to be narrowed to avoid the prior art in a way that One Number would be forced to concede that Google does not infringe.<sup>4</sup>

Moreover, unless a claim emerges from reexamination substantially unchanged, the claim may not be enforced against any allegedly infringing activity that occurred before the issuance of the reexamination certificate. *Bloom Eng'g Co. v. North Am. Mfg. Co.*, 129 F.3d 1247, 1249-50 (Fed. Cir. 1997). Further, damages are not available for the infringement of an amended patent claim that is substantively different in scope from an original claim until the reexamination certificate issues. *Id.*; 35 U.S.C. §§ 252 & 307(b). Consequently, if any of the claims at issue in this suit are amended or cancelled during the reexamination, and even if One Number establishes that Google infringes a valid claim (which it cannot), One Number's damage claims would be substantially limited.

Other substantive issues are likely to be affected by the reexamination—assuming any claim of the patents-in-suit survives—including, for example, claim construction. *See Bowers v.*

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<sup>3</sup> Additionally, One Number erroneously submitted the standard case management plan to Google's counsel on October 29, 2010 (Ex. 5); however, this case is governed by the Court's Court's Uniform Patent Case Management Plan.

<sup>4</sup> Google does not concede that it infringes any of the original claims of the patents-in-suit.



*Baystate Techs., Inc.*, 320 F.3d 1317, 1328, 1331-33 (Fed. Cir. 2003) (in construing a patent's claims, the court should consult the written description and the prosecution history, including the reexamination of the patent at issue). Importantly, any statements by One Number during the reexamination process are considered part of the prosecution history and, therefore, are relevant to claim construction and can operate to limit the patents-in-suit and disclaim the scope of their claims. In addition, the Court may benefit from the PTO's expertise and guidance in how the prior art at issue in the reexamination proceedings affects any claims of the Patents-in-suit that may be ultimately confirmed. "Congress instituted the reexamination process to shift the burden or reexamination of patent validity from the courts to the PTO...[and to] utiliz[e] the PTO's specialized expertise to reduce costly and timely litigation." *Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 68 (D.D.C. 2002) (citing H.R. Rep. No. 1307, 96<sup>th</sup> Cong., 2d Sess., pt. 7 at 4 (1980), reprinted in 1980 U.S.C.C.A.N. 6460). The PTO is in the best position to offer an initial review of the patentability issues because its examiners are specifically trained in the relevant art. *See Spa Syspatronic, AG v. Verifone, Inc.*, Civil Action No. 2:07-CV-416, 2008 WL 1886020, at \*1 (E.D. Tex. Apr. 25, 2008) ("[W]hether or not the PTO ultimately amends or invalidates a patent's Claims during reexamination, the PTO's reexamination provides the Court with an expert funneling of the issues for trial."). A decision from the PTO would also encourage settlement of the matter without further resort to the Court. *See, e.g., EchoStar*, 2006 WL 2501494, at \*2.

Finally, if a claim is determined to be valid and patentable by the PTO during *inter partes* reexamination, Google would be estopped from asserting in this case that the claim is invalid on any ground that was raised or could have been raised during the reexamination. 35 U.S.C. § 315. Any such estoppel would also streamline the litigation and focus Google's remaining invalidity

defenses. *See, e.g., EchoStar*, 2006 WL 2501494, at \*3 (granting motion to stay pending *inter partes* and *ex parte* reexaminations) (“[T]he third-party requester will be estopped from seeking review of factual determinations made in the *inter partes* reexamination.... Thus, an *inter partes* reexamination can have no other effect but to streamline ongoing litigation. For these reasons, courts have an even more compelling reason to grant a stay when an *inter partes* reexamination is proceeding with the same parties, which is precisely the case here.”). Because the validity of the patents-in-suit is a core issue in this litigation, staying this litigation pending reexamination would simplify the issues in this case and streamline any trial.

### **3. The Reexamination Proceedings Will Reduce the Burden of This Litigation on the Parties and the Court.**

A stay would reduce the burden of this case for the Court and the parties. To date, the parties and the Court have expended only limited resources; the majority of the burden and expense of this case lies in the future. This burden could be alleviated entirely, or at least substantially reduced, if the Court stays this litigation pending the PTO’s reexaminations of the patents-in-suit. Should this case proceed without a stay, it is highly likely that unnecessary and duplicative discovery would occur and that the Court’s claim construction proceedings would need to be repeated, at least in part, following conclusion of the reexamination. These unnecessary costs and repetitive proceedings would be avoided by staying this litigation.

“[C]ourts ‘routinely’ issue stays pending the outcome of reexamination proceedings, particularly in cases where the litigants have not made substantial progress towards trial.”

*Bausch & Lomb Inc. v. Rexall Sundown, Inc.*, 554 F. Supp. 2d 386, 389-90 (W.D.N.Y. 2008)

(holding that a stay was appropriate despite a four-year case pendency because “substantial discovery and motion practice, including a likely *Markman* hearing” remained before the parties would be “trial-ready”); *see also Medicis Pharm. Corp. v. Upsher-Smith Labs., Inc.*, 486 F.

Supp. 2d 990, 993-94 (D. Ariz. 2007) (staying litigation after fourteen months where only limited discovery had been conducted). The preliminary stage of this litigation favors granting Google's Motion to Stay.

#### **IV. CONCLUSION**

Google respectfully requests that this Court grant its Motion and stay this litigation pending the PTO's reexamination of all claims of the patents-in-suit, for the reasons discussed above: (a) the PTO has granted reexamination of all claims of the patents-in-suit and found all but two narrow dependent claims to be invalid; (b) there is no prejudice to One Number in view of the early stage of the case and One Number's own delay in prosecuting this case; (c) there is a high likelihood that this litigation will be unnecessary; and (d) the burden and expense on the Court and the parties will be greatly reduced.

November 2, 2010

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

Notice of this filing will be sent to the following counsel of record by operation of the Court's electronic filing system on November 2, 2010. Parties may access this filing through the Court's system.

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