

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

ONE NUMBER CORPORATION,)	
)	
Plaintiff / Counterclaim-)	
Defendant,)	
)	Case No. 1:10-cv-0312-RLY-TAB
vs.)	
)	
GOOGLE, INC.)	
)	
Defendant / Counterclaimant.)	

**ONE NUMBER CORPORATION'S BRIEF IN OPPOSITION TO
GOOGLE, INC.'S MOTION TO STAY PROCEEDINGS PENDING
INTER PARTES REEXAMINATION OF THE PATENTS-IN-SUIT**

I. INTRODUCTION

One Number Corporation (“One Number”) respectfully opposes Google, Inc.’s (“Google”) Motion to Stay Proceedings Pending *Inter Partes* Reexamination of the Patents-In-Suit. Google does not demonstrate that it will suffer a hardship or inequity in being required to proceed with pretrial procedures concurrently with the reexaminations. The burden of the Court and the parties will be substantially the same should a stay be granted; however, Google will be allowed to continue to erode One Number’s business, brand recognition, as well as revenues for several years if a stay is granted. Should a stay be issued, One Number will be precluded from obtaining a permanent injunction against Google during the pendency of the

reexamination proceedings. The Court is warranted in denying Google’s Motion for Stay.¹

II. STATEMENT OF LAW AND ARGUMENT

Google’s Motion to Stay pending reexamination of the Patents-in-Suit should be denied. One Number has a right to a just and speedy trial. FED. R. CIV. P. 1. “[T]he power to stay proceedings is incidental to the power inherent in every court to control the disposition of causes on its docket...How this can best be done calls for the exercise of judgment, which must weigh competing interests and maintain an even balance.” *Proctor & Gamble Co. v. Kraft Foods Global, Inc.*, 549 F.3d 842, 849 (Fed. Cir. 2008) (*citing Landis v. N. Am. Co.*, 299 U.S. 248, 254-55 (1936)). A party moving “for a stay must make out a clear case of hardship or inequity in being required to go forward, if there is even a fair possibility that the stay for which he prays will work damage to [someone] else.” *Landis*, 299 U.S. at 255. “With respect to inter partes reexamination, 35 U.S.C. § 318 commits the grant of a stay to the district court’s discretion *with special heed to the concerns of the patentee.*” *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 582 F.3d 1288,1305 (Fed. Cir. 2009) (Circuit Judge Newman concurring).

Courts consider three factors when considering a stay pending reexamination proceedings. “[T]he court should consider... ‘(1) whether a stay will unduly prejudice or tactically disadvantage the non-moving party; (2) whether a stay will

¹ One Number incorporates by reference the Background Information contained in its Brief in Support of Motion for Limited Expedited Discovery as if set forth verbatim herein. [Dkt. Entry 31].

simplify the issues in question and streamline the trial; and (3) whether a stay will reduce the burden of litigation on the parties and the Court.” *Cook Inc. v. Endologix, Inc.*, No. 1:09-cv-01248-WTL-TAB, 2010 WL 325960, at *1 (S.D. Ind. Jan. 21, 2010) (citing to *Centillion Data Sys., LLC v. Convergys Corp.*, No. 1:04-CV-0073-LJM-WTL, 2005 WL 2045786, at *1 (S.D. Ind. Aug. 24, 2005)(citing *Xerox Corp. v. 3 Com Corp.*, 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999))).

A. A Stay Will Cause Undue Prejudice to One Number

The advanced stage of litigation may weigh heavily against granting a stay; however, “the opposite inference -- that a suit in the early stages should weigh heavily in favor of a stay -- is not true.” *Sunbeam Prods., Inc. v. Hamilton Beach Brands, Inc.*, No. 3:09cv791, 2010 WL 1946262, at *3 (E.D. Va. May 10, 2010).

As of September 30, 2010, the United States Patent and Trademark Office (“USPTO”) issued *Inter Partes* Reexamination Filing Data showing the average pendency of an *inter partes* reexamination is 36.1 months and the median pendency is 31.4 months. [Exhibit A at 1.] The average and median reexamination timeframes do not include appeals that could lengthen the duration of an *inter partes* reexamination to an excess of six years. *Stryker Corp. v. Monster Medic, Inc.*, No. 1:09-DV-1142, 2010 WL 2026692, at *2 (W.D. Mich. May 20, 2010) and See *Sunbeam*, 2010 WL 1946262, at *3. “The reexamination procedure is subject to inequity, if not manipulation and abuse, through the delays that are inherent in PTO activity.” *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 582 F.3d 1288, 1305 (Fed. Cir. 2009)(Circuit Judge Newman concurring). The undue prejudice that a stay will

impose on One Number outweighs any benefits in waiting for the *inter partes* reexamination certificate to issue.

Continued infringement may cause irreparable harm to a patent holder that may not be cured by reasonable royalty payments. *Acumed LLC v. Stryker Corp.*, 551 F.3d 1323, 1328 (Fed. Cir. 2008). “The essential attribute of a patent grant is that it provides a right to exclude competitors from infringing the patent.” *Id.* (citing to 35 U.S.C. § 154(a)(1) (2000)). In staying the proceeding for three to six years, Google will permanently erode One Number’s business by continuing to offer an infringing product (Google Voice).

The delay One Number would experience before litigating its claims and the possibility that it could lose its entire business -- potentially permanently -- during the stay weigh against granting Google’s Motion to Stay. *Sunbeam*, 2010 WL 1946262, at *4. Such a significant delay in litigation proceedings will not only allow Google to continue to erode One Number’s business through its continued infringement of the Patents-in-Suit, but may also increase the likelihood of loss of evidence. *Affinity Labs of Tex. v. Apple, Inc.*, No. 09-04436 CW, 2010 WL 1753206, at *2 (N.D. Cal. April 29, 2010). One Number should have the opportunity to exclude Google from infringing the Patents-in-Suit and, therefore, prevent further erosion of One Number’s business. Should a stay be granted, One Number will lose its right to exclude Google from infringing the Patents-in-Suit for the duration of the reexamination proceedings (three to six years) in addition to the normal course of litigation after reexamination.

Where parties are direct competitors, a stay pending the outcome of reexamination proceedings will most likely prejudice the non-movant, *i.e.* the patent owner. *Nidec Corp v. LG Innotek Co., LTD*, No. 6:07cv108, 2009 WL 3673433, at *4 (E.D. Tex. April 3, 2009); *Tesco Corp. v. Weatherford Int'l, Inc.*, 599 F. Supp. 2d 848, 851 (S.D. Tex. 2009) (*citing to Cooper Technologies Co. v. Thomas & Betts Corp.*, No. 2:06-cv-242, 2008 WL 906315, at *1 (E.D. Tex. Mar. 31, 2008); *02 Micro Int'l v. Beyond Innovation Tech. Co.*, C.A. No. 2:04-cv-32 (TJW), 2008 WL 4809093, at *1 (E.D. Tex. Oct. 29, 2008); but see *Reebok Int'l. Ltd. v. J. Baker, Inc.*, 32 F.3d 1552, 1557 (Fed. Cir. 1994) (upholding a denial of a preliminary injunction and noting that lost sales alone are not sufficient for a preliminary injunction where the plaintiff did not demonstrate harm to reputation); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393 (2006) (vacating the court's decisions below and rejecting the district court's categorical denial of a permanent injunction based on the plaintiff's lack of commercial activity on the patent)).

Google has positioned itself as a direct competitor of One Number through the infringement of the Patents-in-Suit. Google offers its infringing Google Voice through the same marketing channel (the internet), targeted toward the same audience. [Exhibit B at 1-2.] The only substantive difference between the products at issue is that One Number charges a monthly fee for use of its product while Google generates its revenue through advertising and provides Google Voice at no direct charge to the consumer.

This Court has recently granted motions to stay proceedings pending reexamination proceedings. *Natare Corp. v. Aquatic Renovation Sys., Inc.*, Case No. 1:08-cv-0370-RLY-DML (S.D. Ind. June 30, 2009) and *Cook Inc.*, 2010 WL 325960. But, those two cases are factually distinct from the case at bar. In *Natare Corp.*, Case No. 1:08-cv-0370-RLY-DML, the defendant had “undertaken not to engage in the production, sale, or installation [of the allegedly infringing products] during the pendency of the reexamination” or until the issue was decided by the court. Here, however, Google continues to infringe the Patents-in-Suit, taking away One Number's business, thereby irreparably harming One Number.

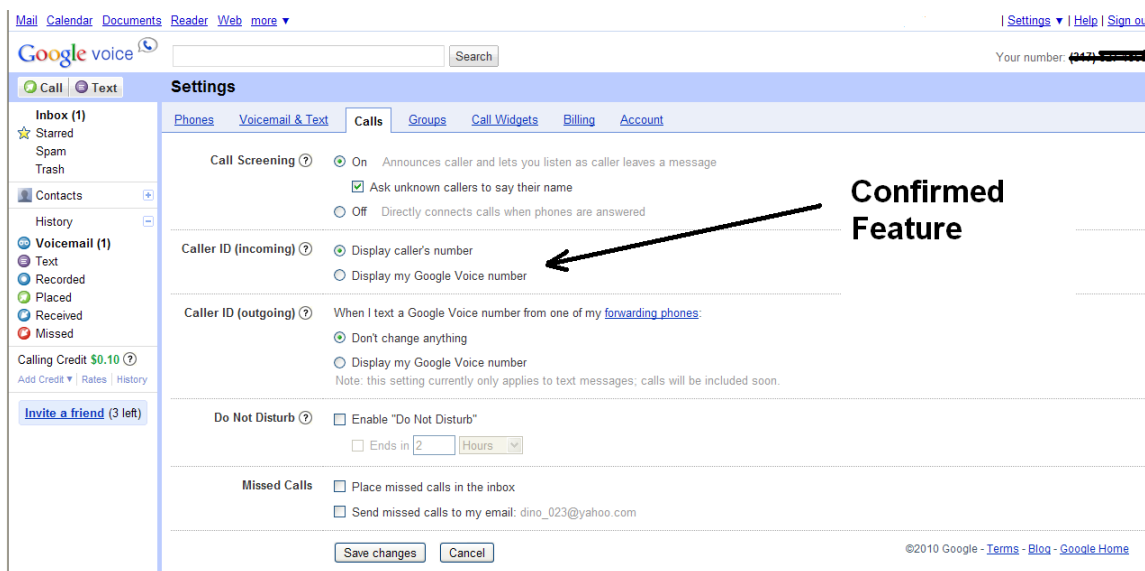
Cook Inc., 2010 WL 325960, at *1, dealt with a reexamination proceeding which differs from the case at bar. Unlike the plaintiff in *Cook Inc.*, 2010 WL 325960, at *1-2, where the patent expiration dates were so close that a lost opportunity to obtain permanent injunctive relief was not deemed prejudicial, the Patents-in-Suit in this case have a significant term remaining and One Number will seek a permanent injunction against Google. The term of a patent is 20 years from the date of filing, or twenty years from an earlier application filed under 35 U.S.C. §120, §121, or §365 (c). 35 U.S.C. § 154. The ‘256 patent was filed August 18, 2005, has a term extension of 1210 days, and does not claim the priority of any earlier applications. The ‘565 patent is a continuation of the ‘265 Patent and, therefore, has a priority date of August 18, 2005. The earliest possible expiration of a Patent-in-Suit is therefore August 18, 2025. Unlike in *Cook*, preventing One Number from obtaining a permanent injunction in a timely manner will prejudice One Number irreparably.

B. The Trial Will Not Be Streamlined & Few Issues Will Be Resolved

The *inter partes* reexamination may resolve some, but not all, of the issues in this litigation. “Congress instituted the reexamination process to shift the burden of reexamination of patent validity from the courts to the PTO.” *Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 78 (D.D.C. 2002) (citing H.R. Rep. No. 1307, 96th Cong., 2d Sess., pt. 7 at 4 (1980)). “However, given the Patent Office’s recent examination of the subject, it appears less likely than in other cases that a reexamination would significantly simplify the underlying issues.” *Sunbeam Prods., Inc.*, 2010 WL 1946262, at *3. The patent at issue in *Sunbeam* was issued just over one year prior to the motion. *Id.* It is “likely that not *all* of the issues regarding the patents in question before this Court will necessarily be resolved in the reexamination proceedings.” *Affinity Labs of Tex.*, 2010 WL 1753206 at *2. This Court will likely still have to “adjudicate the infringement and validity of at least some patent claims.” *Id.*

One Number’s ‘565 Patent issued on October 21, 2008 and the ‘256 Patent issued on March 16, 2010. One of the Patents-in-Suit was the subject of examination by the USPTO less than eight months ago, while the other patent was examined by the USPTO just over two years ago. The USPTO’s recent examination of the Patents-in-Suit makes it unlikely that a reexamination will simplify the underlying issues substantively.

On October 21, 2010, the USPTO confirmed claims 12 and 17 of the '565 Patent. [Exhibit C at 3.] The examiner noted that the prior art references did not disclose “controlling of whether caller identification associated with the first terminal or primary contact number is to be displayed,” the subject of claims 12 and 17. [Exhibit C at 25.] As illustrated below, Google is infringing claims 12 and 17 (in addition to other claims in the Patents-in-Suit).



Without performing a complete infringement analysis, Google’s infringement of claims 12 and 17 is supported by Google's own statement with respect to Google Voice that a user “can choose to have the caller’s number or [a user’s] Google number displayed on [a user’s] phone’s caller ID.” [Exhibit D at 1.] For the aforementioned reasons, a stay will neither streamline the trial nor resolve a majority of the issues brought before this Court.

C. The Burden of Litigation Will Not Be Reduced

The USPTO is directed to conduct reexamination proceedings with “special dispatch”. 35 U.S.C. § 305. However, delays inherent within the USPTO result in the process taking years, not including time spent during appeals. *Xerox Corp. v. 3Com Corp.*, 69 F. Supp. 2d 404, 407 (W.D. N.Y. 1999); [Exhibit A at 1]. A stay will not reduce the burden of litigation; rather, it will merely move the burden of litigation to a time after One Number has suffered substantial irreparable harm. For example, while the USPTO may resolve some issues regarding claim validity in a reexamination proceeding, the USPTO will not address issues of inventorship during reexamination proceedings. Google asserts that “such ‘one number’ systems are not new and were not invented by One Number;” (Dkt. 29 at pg. 3, *Memorandum in Support of Defendant’s Google, Inc.’s Motion to Stay Proceedings Pending Inter Partes Reexamination Of the Patents-in-Suit.*). Google introduced the issue of inventorship that the USPTO will not resolve on reexamination. One Number invented its novel and nonobvious system.

Google contends that reexamination will “focus Google’s *remaining* invalidity defenses” rather than eliminate their defenses through estoppel. Dkt. 29 at pg. 9. “The awkwardness presumed to result if the PTO and court reach different conclusions is more apparent than real. The two forums take different approaches in determining invalidity and on the same evidence could quite correctly come to different conclusions.” *Xerox Corp.*, 69 F. Supp. 2d at 407 (*citing Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1428 (Fed. Cir. 1988)). Reexamination and litigation do not

have to be separated through a stay; rather, they can be utilized to complement each other (i.e. providing for discovery to aid in the Reexamination proceedings while awaiting input from USPTO office actions to aid in claim construction and validity analysis).

As set forth in One Number's concurrently filed motion for leave to take limited expedited discovery, One Number believes that Google is in possession, custody or control of information that would support a finding that the technology covered by the Patents-In-Suit is novel and non-obvious. As illustrated in an article published by Google reproduced below, when Google acquired the technology at issue from GrandCentral, Google openly and publicly claimed that the technology was "innovative", yet now has completely reversed course and contends that the technology is old and not new since One Number owns the patent rights to the technology.

All aboard

7/02/2007 01:01:00 PM

Posted by Wesley Chan, Product Manager

We're pleased to announce that we have acquired [GrandCentral Communications](#), a company that provides services for managing your voice communications. GrandCentral is an innovative service that lets users integrate all of their existing phone numbers and voice mailboxes into one account, which can be accessed from the web. We think GrandCentral's technology fits well into Google's efforts to provide services that enhance the collaborative exchange of information between our users.

GrandCentral offers many features that complement the phone services you already use. If you have multiple phone numbers (e.g., home, work, cell), you get one phone number that you can set to ring all, some, or none of your phones, based on who's calling. This way, your phone number is tied to you, and not your location or job. The service also gives you one central voice mailbox. You can listen to your voicemails online or from any phone, forward them to anybody, add the caller to your address book, block a caller as spam, and a lot more. You can even listen in on voicemail messages from your phone while they are being recorded, or switch a call from your cell phone to your desk phone and back again. All in all, you'll have a lot more control over your phones.

We're really excited to welcome the GrandCentral team to Google. While we're moving their technology over to Google's network, a limited number of invitations will be available to register for a GrandCentral beta account. If you have a U.S. telephone number, you can sign up for an invitation at www.grandcentral.com. Current GrandCentral customers will continue to have uninterrupted access to the service.

[Dkt. 31 - One Number's Brief In Support of Limited Expedited Discovery, Exhibit D]. Although One Number does not know the exact amount that Google paid for this "innovative" service through the acquisition of GrandCentral, several sources indicate that it was acquired for tens of millions of dollars. [Exhibit E]. Google does not attempt to explain that it made an investment of upwards of \$50 Million to acquire old or obvious technology.² *Id.*

² As noted above, at the time of the acquisition, Google's own statement contradicts the position Google is taking with the USPTO and this Court. Prior to the litigation, the technology at issue was "innovative" according to Google.

One Number also believes that Google is in possession of information relating to awards and examples of industry recognition that GrandCentral and Google have received that are highly relevant to a determination of whether or not the technology at issue is patentable. If Google is in possession of such information, it is important for One Number to have access to it so that an accurate, fair and open reexamination can take place with respect to the Patents-In-Suit as opposed to one in which Google only discloses information to support its assertion that the technology is old and not new while withholding and concealing information from the USPTO that Google is in possession of that completely contradicts such a conclusion. All One Number is requesting is a fair and open reexamination of the Patents-In-Suit as opposed to a one-sided reexamination in which material information is withheld from the USPTO.

III. CONCLUSION

One Number, by counsel, respectfully requests that the Court deny Google's motion to stay proceedings pending the *inter partes* reexamination of the Patents-in-Suit, and to grant all other just and proper relief.

Date: November 11, 2010

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on November 11, 2010, a copy of the foregoing was filed and served electronically. Notice of this filing will be sent to the following parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

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