

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

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

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

I. INTRODUCTION

This case represents the exact situation that warrants a stay of litigation pending the Patent & Trademark Office’s (“PTO”) *inter partes* reexaminations of the patents-in-suit. The PTO has granted reexamination of both patents-in-suit, and all but two dependent claims have been initially determined to be invalid. The outcome of the PTO’s reexaminations of the patents-in-suit is highly likely to result in either no case against Google or a much different (and narrower) case. Indeed, even if one or more claims of the patents-in-suit ultimately survive the PTO’s review, the arguments and amendments made during that process will affect this Court’s *Markman* rulings, as well as reduce the discovery needed in this case and focus the issues for trial.

There is no undue prejudice to One Number if the case is stayed pending reexamination. The case is in its very early stages. No case management schedule has been submitted or approved, no discovery has been taken, and no trial date has been set. Although One Number suggests that there is great urgency to move this case forward to avoid losing its business, One Number provides no evidence that it *has* any active

business (aside from this lawsuit). One Number's website does not appear to have had a significant update since May 2006—more than four years ago. *See infra* at 7-8 & n.3. One Number also has delayed prosecuting this case. One Number did not provide Google with a proposed Case Management Plan until October 29, 2010, more than seven months after One Number filed its Complaint. Even then, One Number did not follow this Court's mandated Uniform Patent Case Management Plan.¹

One Number's argument that the recent issuance of the patents-in-suit militates against a stay is incorrect. The PTO's outright rejections of every claim of the '256 patent and every claim except two narrow dependent claims of the '565 patent demonstrate that One Number's patents issued only because the PTO was deprived of the relevant prior art. Even the two surviving dependent claims (which are both directed to the same feature) provide no basis to move forward. Any arguments or amendments relating to these dependent claims or their (rejected) base claims will affect the scope of these claims. Google also has an opportunity to provide additional prior art references to the PTO that focus directly on the subject matter of these two claims in order to demonstrate that they, too, are invalid.

Continuing this patent lawsuit in the face of the PTO's rejections will impose substantial burdens on the parties and the Court—very likely for no reason at all if One Number's patents are ultimately rejected. At the very least, a stay will narrow this

¹ For example, One Number provided no dates for it to provide its infringement contentions and other required patentee disclosures. *Compare* Google's Mem. (Dkt. 29), Ex. 5, *with* Southern District of Indiana - Uniform Patent Case Management Plan. On the morning of November 22—the date that this reply brief was due—One Number belatedly forwarded a new proposed Case Management Plan that is more consistent with the Court's Uniform Patent Case Management Plan.

lawsuit, conserve judicial resources, and avoid the substantial attorney fees and business distractions that are typical in patent litigation.

II. A STAY OF THE LITIGATION PENDING REEXAMINATION IS WARRANTED.

A. A Stay Pending The Final Reexamination Results Undoubtedly Will Simplify Or Render Moot The Litigation, Avoid Duplicative And Inconsistent Results, Save Money, And Conserve Judicial Resources.

The Patent & Trademark Office (“PTO”) has granted Google’s requests for *inter partes* reexamination of the patents-in-suit and already issued office actions finding that (1) all claims of the ‘256 patent are invalid and (2) all but two dependent claims of the ‘565 patent are invalid. Contrary to One Number’s improper suggestion that the reexamination process is inequitable and susceptible to manipulation and abuse, *see* Plf. Opp. (Dkt. 32) at 3, the PTO’s findings here demonstrate the importance of the reexamination process to prevent invalid patents from being wrongly asserted.²

One Number also misstates the significance of the PTO’s rulings. First, One Number errs in asserting that dependent claims 12 and 17 of the ‘565 patent have been finally “affirmed” or found “valid.” Pursuant to the PTO’s ruling that a “substantial question of patentability” has been raised as to *all claims* of the ‘565 patent, including dependent claims 12 and 17, these claims are still part of the reexamination. *See* Google’s Mem. (Dkt. 29), Ex. 2. In the course of the reexamination, Google will have

² One Number’s reliance on Judge Newman’s concurrence in *Fresenius USA, Inc. v. Baxter Int’l, Inc.*, 582 F.3d 1288, 1304-6 (Fed. Cir. 2009), is misplaced. Plf. Opp. (Dkt. 32) at 3. The reexamination request in that case followed a trial and full appeal, *id.* at 1304-5, and yet one member of the Federal Circuit panel still urged the trial court to consider imposing a stay after remand. *See id.* at 1306 (Judge Dyk, concurring). Judge Newman merely responded that, although she “remain[s] a strong supporter of the principle of reexamination,” she disagreed with Judge Dyk that a stay pending reexamination was appropriate under the facts of *that* particular case. *Id.* at 1305. The facts and circumstances of *this case* are, of course, completely different, and it is clear that a stay pending reexamination is appropriate.

the opportunity to respond to the PTO's findings regarding claims 12 and 17 and explain why those claims are invalid. *See* 37 C.F.R. § 1.947. Google may also submit additional prior art to the PTO demonstrating that those claims are invalid, *see* 37 C.F.R. § 1.948(a)(1), and responding to One Number's arguments to the PTO, *see* 37 C.F.R. § 1.948(a)(2).

Second, One Number's argument that reexamination will not simplify the issues is without merit. Reexamination is a process that can only restrict the scope of the patents-in-suit. *See* 37 C.F.R. § 1.906(b) (a patentee "in an *inter partes* reexamination proceeding will not be permitted to enlarge the scope of the claims of the patent"). The two claims not invalidated by the PTO are dependent claims directed to the same narrow feature. If these claims do not survive further reexamination, there will be no case at all. If these claims do survive, or if different (narrower) claims are presented, the PTO's findings and One Number's amendments and related arguments will be highly instructive regarding any remaining dispute in litigation. For example, the reexamination proceedings may inform the scope and meaning of claim terms, create disclaimers of claim scope, provide interpretations of prior art, indicate the ability of the patents-in-suit written description to support claim scope, and other related patent issues. *See generally Bowers v. 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); *accord Southwire Co. v. Cerro Wire, Inc.*, No. 6:09-CV-289, 2010 WL 4628216, at *2-3 (E.D. Tex. Nov. 10, 2010) (granting stay in part because of contradictions between patentee's litigation theories and its representations in reexamination).

Third, until reexamination is concluded, the scope, construction, and enforceability of all claims are unknown—including dependent claims 12 and 17. Indeed, statements made in the reexamination record as to other invalidated claims (including the invalidated independent claims from which claims 12 and 17 depend) are relevant to the scope of claims 12 and 17. *See Bowers*, 320 F.3d at 1328, 1331-33; *Southwire*, 2010 WL 4628216 at *2-*3. Here, claims 12 and 17 depend upon independent claims that have been rejected as anticipated by the prior art. Any amendments and arguments regarding those independent claims will necessarily alter the scope of these two dependent claims. The reexamination record—including One Number’s claim amendments or arguments to the PTO—will be highly relevant to the construction of any claims that survive reexamination.

Statements made in the reexamination record may also be inconsistent with arguments made in the litigation, including One Number’s current infringement theories. This may present Google with new non-infringement positions or other defenses. One Number’s arguments before the PTO may also impact which claim terms the parties need construed, as well as the Court’s eventual claim construction decision. *See, e.g., Bowers*, 320 F.3d at 1328, 1331-33.

Fourth, a stay is appropriate to avoid duplicative or contradictory rulings concerning the validity of the patent claims—a key issue in this case. *See Weatherford Int’l, Inc. v. Casetech Int’l, Inc.*, No. 03-5383, 2006 WL 581270, at *1 (S.D. Tex. Mar. 8, 2006); *see also Premier Int’l Assocs. LLC v. Hewlett-Packard Co.*, 554 F. Supp.2d 717, 724-5 (E.D. Tex. 2008) (granting a stay because the parties had modified their claims several times and the PTO rejected all the claims in both patents, suggesting that there is

significant uncertainty surrounding the claims); *cf. Southwire*, 2010 WL 4628216 at *2-3. The PTO's comprehensive findings that all but two dependent claims of the patents-in-suit are invalid as anticipated by several prior art references demonstrates that there is significant uncertainty regarding the validity of One Number's patents.

Fifth, many of One Number's arguments wrongly presume that One Number has *already* proven infringement of a valid claim. For example, One Number asserts that Google Voice infringes dependent claims 12 and 17. *See* Pl. Opp. (Dkt. 32) at 8. One Number, however, has not even made a *prima facie* infringement case for those (or any other) claims. One Number's burden with regard to claims 12 and 17 is to prove not only that Google Voice embodies the elements of claims 12 and 17—which Google does not concede—but also every element of the claims from which claims 12 and 17 depend (claims 8 and 14, respectively, which currently stand rejected as invalid). *See* 35 U.S.C. § 112, ¶ 4; *Monsanto Co. v. Syngenta Seeds, Inc.*, 503 F.3d 1352, 1359 (Fed. Cir. 2007) (“One who does not infringe an independent claim cannot infringe a claim dependent on (and thus containing all the limitations of) [the independent] claim” (citation omitted)). One Number does not even make a cursory attempt to meet any of its burdens as a plaintiff in a patent infringement lawsuit.

Simply put, reexamination is likely to simplify the issues for litigation—even if it does not completely invalidate the patents that are the entire basis for the lawsuit (and a complete invalidation of the patents-in-suit remains a likely outcome). At a minimum, the reexamination process will provide significant guidance to the Court as to the meaning and scope of the patents-in-suit and the prior art. *See* Google's Mem. (Dkt. 29) at 9. This, in turn, will conserve judicial resources and save the parties significant time

and money, especially since this case is at a very early stage. Courts frequently look to whether discovery is complete and a trial date set to determine whether the case is in its early or later stages. *See, e.g., Wall Corp. v. Bonddesk Group, LLC*, No. 07-844, 2009 WL 528564 at *2 (D. Del. Feb. 24, 2009). Discovery here has not even started, there is no Case Management Plan, there is no trial date, and One Number has essentially done nothing to move this case forward.

B. One Number's Complaints Of Prejudice And Harm To Its Business Are Unsupported And Greatly Exaggerated.

One Number's assertion that its business will be eroded, if not lost, is highly speculative, completely unsupported, and contradicted by One Number's own delay and inaction in this litigation to date. One Number has presented no evidence to the Court whatsoever that the accused Google Voice product has affected One Number's business. Indeed, One Number has presented no evidence to the Court that it even *currently has* a substantial business aside from screenshots from a website. A review of One Number's website, however, demonstrates that One Number's business has been stagnant for a long time. For example, the "Featured News" page of One Number's web site shows no entries or "news" since May 31, 2006—more than four years ago.³

Thus, One Number's appeal to this Court that it be given "the opportunity to exclude Google from infringing the Patents-in-Suit and, therefore, prevent further erosion of One Number's business" should be rejected. *See* Plf. Opp. (Dkt. 32) at 4. Aside from a website that has not been updated for some time, One Number presents nothing that

³ *See* <http://www.Inum.com/news/news.cfm> (last visited November 22, 2010). A copy of the relevant section of One Number's website is being filed herewith as Exhibit 8 to Google's Motion; Exhibits 1-7 were previously filed at Dkt. 29. The only apparent recent matters on One Number's website are references to the patents in suit and an updated copyright notice. *See, e.g., id.* (bottom of page).

comes even close to resembling evidence that it has a substantial business that could be affected by a stay of this lawsuit. *See* Plf. Opp. (Dkt. 32), including Exhibits, and One Number’s Mem. in Support of its Mot. to take Expedited Discovery (Dkt. 31), including Exhibits.

One Number’s complaint of irreparable harm to its business is also contradicted by One Number’s conduct in this case. One Number did not seek a preliminary injunction. Until the PTO granted Google’s reexamination requests, One Number did essentially nothing to prosecute its case and prevent any alleged harm. One Number was required to meet and confer with Google and file a proposed case management plan no later than June 14, 2010—90 days after the case was filed—pursuant to this Court’s Local Rule 16.1(a). However, One Number ignored that deadline and did nothing for months. Any argument by One Number that it will suffer harm if this lawsuit is stayed—much less irreparable harm—is countered by its own inactivity during the lawsuit.

C. One Number’s Request For A “Partial” Stay Is Unwarranted, And The Discovery It Seeks Is Irrelevant To The Reexamination.

Although not clear, One Number seems to suggest a “partial,” one-sided stay in which One Number alone is permitted to take discovery of Google, ostensibly for the purpose of preparing a response to the PTO’s office actions invalidating the claims of the patents-in-suit. One Number has filed a motion seeking leave to take such “expedited” discovery, and Google will respond to that motion in more detail. Suffice to say, One Number’s request to conduct expedited one-sided discovery, allegedly to permit 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,” is wholly without merit. *See* Plf. Opp. (Dkt. 32) at 12.

Most of One Number's proposed discovery has nothing to do with invalidity, but concerns infringement or damages that are not at issue in the reexamination. Reexamination is strictly limited to invalidity claims based on "patents or printed publications" that are equally accessible to all parties; there is no opportunity to withhold material information. *See* 37 C.F.R. § 1.906(a). Moreover, the vast majority of the PTO's invalidity findings in this case are based on the patents-in-suit being *anticipated* under 35 U.S.C. § 102. One Number's stated reasons for expedited discovery are solely directed to secondary considerations relating to the question of *obviousness* under 35 U.S.C. § 103—*e.g.*, evidence of commercial success, statements regarding innovation, and "awards and examples of industry recognition." Pl. Opp. (Dkt. 32) at 11, 12. This requested discovery is irrelevant to the PTO's findings of anticipation that form the core of the reexaminations of the patents-in-suit: "secondary considerations [of non-obviousness] are not an element of a claim of anticipation." *Cohesive Techs., Inc. v. Waters Corp.*, 543 F.3d 1351, 1364 (Fed. Cir. 2008).

Furthermore, One Number's request for a one-sided stay to explore secondary considerations of non-obviousness rests on an improper (and incorrect) assumption. According to One Number, evidence of Google's Voice's innovations and success should be attributed to the One Number patents rather than innovative features of Google Voice itself. Pl. Opp. (Dkt. 32) at 10-11. If Google Voice is innovative and successful, One Number reasons, this means that *One Number* is innovative and successful. One Number's assumption is illogical, and there is no basis whatsoever for it, particularly in light of the PTO's broad rejections of One Number's patent claims. The evidence before the Court—the PTO's near-wholesale *rejections* of One Number's patents as invalid—

indicate that any innovative features or successes of Google Voice are completely independent of One Number's patents. One Number presents nothing to support its contrary claim save for self-serving, conclusory arguments.

Finally, "partial" stays are highly unusual and rarely warranted, and this is not that rare case in which a partial stay makes any sense. Google will address this issue in further detail in its Opposition to One Number's Motion for Expedited Discovery, which is not yet due. The partial stay and expedited discovery suggested by One Number, however, would be unwieldy and highly disruptive to Google and its business. Although One Number characterizes its requested discovery as "limited," that is not the case: the requests for production proposed by One Number seek an enormous number of documents—including highly confidential documents (which would require this Court to enter a Protective Order in the litigation, further expending unnecessary party and judicial resources at this time)—on a variety of subject matters. Forcing Google to conduct an expensive search and respond to One Number's so-called "limited" discovery in a mere 14 days would impose an undue and expensive burden on Google. Indeed, this is exactly the type of wasteful and unwarranted discovery rejected by courts. *See, e.g., Gibson Guitar Corp. v. Wal-Mart Stores, Inc.*, No. 3:08cv0279, 2008 U.S. Dist. LEXIS 60811, *21-22 (M.D. Tenn. August 8, 2008) (granting defendants' motion to stay the litigation in its entirety pending the PTO's reexamination of the patents-in-suit "in order to conserve judicial resources and avoid replication of duplication of effort" and rejecting plaintiff's request for a "partial stay that would permit it to conduct some limited discovery on the questions of prior art and damages," finding that such a request "is unwarranted and unsupported by the law.")

III. 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 that: (a) the PTO has granted reexamination of all claims of the patents-in-suit and presently found that all but two narrow dependent claims are 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 very high likelihood that this litigation will be unnecessary or, at a minimum, substantially simplified; and (d) the burden and expense on the Court and the parties will be greatly reduced.

November 22, 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 22, 2010. Parties may access this filing through the Court's system.

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