UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TYLER DIVISION

MIRROR WORLDS, LLC Plaintiff, v. APPLE INC. Defendant.	Civil Action No. 6:08-CV-88 LED JURY TRIAL DEMANDED
APPLE INC. Counterclaim Plaintiff v. MIRROR WORLDS, LLC, MIRROR WORLDS TECHNOLOGIES, INC., Counterclaim Defendants.	

MIRROR WORLDS, LLC'S MOTION TO SEVER APPLE'S COUNTERCLAIM AGAINST MIRROR WORLDS TECHNOLOGIES, INC.

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I. INTRODUCTION

Plaintiff Mirror Worlds, LLC ("Mirror Worlds") moves the Court pursuant to Rule 21 and 42(b) of the Federal Rule of Civil Procedure for an order severing Apple's counterclaim of patent infringement against Mirror Worlds Technologies, Inc. ("MWT").

Mirror Worlds has asserted four patents against Apple. The four patents are directed at three different features, one or more of which are in nearly every product currently sold by Apple. In response, Apple asserted one patent against MWT, a separate, wholly unrelated entity from Mirror Worlds, for a product that has not been sold since 2004. Mirror Worlds respectfully requests that the Court exercise its discretion and prevent prejudicing Mirror Worlds through the joint presentation of Mirror Worlds' infringement claims against Apple with MWT's simultaneous defense of Apple's counterclaim.

The following fundamental facts are undisputed and strongly favor severing and ordering a separate trial on Apple's counterclaim against MWT:

1. Apple has stipulated that Mirror Worlds never sold any of the products Apple asserts infringe its counterclaim patent. See D.I. 123, Apple's Stipulation regarding Mirror Worlds' Motion to Dismiss.

2. This Court dismissed Apple's counterclaim against Mirror Worlds. (D.I. 128)

3. The sum total of products against which Apple seeks relief in its counterclaim is approximately $50,000. This sum has not been apportioned to the accused features and no reasonable royalty rate has been set. Hence, Apple's potential recovery against MWT is *de minimus*.

Significantly, when Apple first responded to the complaint it did not raise the counterclaim. Apple only raised its counterclaim by filing an amendment to its original answer. Apple admits that it never sold any products comprising the technology set forth in the asserted patent. Apple's economic expert has not provided any analysis on alleged damages from the asserted counterclaim patent. Based on the foregoing, it is clear that Apple's whole strategy in asserting the counterclaim is to confuse the jury and paint Mirror Worlds as the guilty party.

II. SUMMARY OF FACTS

A. PROCEDURAL HISTORY

On May 21, 2008, Apple filed its Answer, Affirmative Defenses and Counterclaims to Mirror Worlds' Complaint for Patent Infringement ("Apple's Answer"). D.I. 13. Apple's Answer did not include a counterclaim for patent infringement. *Id.*

Six months later, and three weeks after the deadline for filing amended pleadings without leave of court, Apple filed its First Amended Answer, Affirmative Defenses and Counterclaims ("First Amended Answer"). D.I. 48. In the First Amended Answer, Apple added a counterclaim for infringement of U.S. Patent No. 6,613,101 ("the '101 patent") against both Mirror Worlds and MWT. *Id.* Apple asserted that Mirror Worlds and MWT's sale of Scopeware software infringed certain claims of the '101 patent.

On August 10, 2009, Mirror Worlds filed a motion to dismiss Apple's infringement counterclaim against Mirror Worlds (D.I. 105), which this Court granted on September 21, 2009. (D.I. 128). Thus, Apple's counterclaim now stands only against MWT.

MWT sold the Scopeware software from 2002 to no later than the fall of 2004, when MWT ceased operation. *See* D.I. 64-2 (Gallagher Dec. at ¶¶ 2, 3). MWT's total revenue from

the sale of Scopeware from 2003, when the '101 patent issued, to the end of operations in 2004 was *only $50,000*. *Id*. at ¶4.

III. ARGUMENT AND AUTHORITIES

Under Federal Rule of Civil Procedure 21, the Court "may sever any claim against a party." Fed. R. Civ. 21. The court has broad discretion in determining whether to grant a motion to sever a counterclaim under Rule 21. See *United States v. 499.472 Acres of Land More or Less,* 701 F.2d 545, 549-50 (5th Cir. 1983). Additionally, under Federal Rule of Civil Procedure 42(b), the court may sever and order a separate trial on any claim or counterclaim when such severance would be convenient or would avoid prejudice. Fed. R. Civ. 42(b); *Fiber Systems International, Inc. v. Applied Optical Systems, Inc*., 2009 WL 3571350 at *4 (E.D.Tex. October 26, 2009).

Here, the prejudice to Mirror Worlds if Apple's counterclaim is not severed would be real and substantial. Apple's counterclaim introduces a third party into this litigation, as there is no dispute that Mirror Worlds and MWT are separate and unrelated legal entities. Given the similarity in names, however, the jury is likely to be confused. Although Apple's counterclaim against Mirror Worlds was dismissed, when the jury hears Apple's infringement arguments against Mirror Worlds Technologies, Inc. (i.e., MWT), it will likely connect the patent infringement accusations to Mirror Worlds. The potential for jury confusion weighs heavily in favor of severance.

Further prejudice arises from the potential confusion regarding the evidence concerning Apple's accused products and the evidence concerning MWT's accused product (Scopeware). Mirror Worlds' infringement claims are based on Apple's sale of Spotlight, Time Machine and Cover Flow. One or more of these features are included in nearly every product currently sold

by Apple. On the other hand, Apple's counterclaim is based solely on MWT's 2003-2004 sale of Scopeware, a product that was never sold by Mirror Worlds. If Apple's counterclaim is not severed, the jury will be presented with an enormous amount of evidence regarding the numerous Apple products accused of infringing four different patents, and the jury will also be presented with evidence in connection with the accused Scopeware product, which is accused of infringing a fifth patent. The jury will be under tremendous pressure to ensure that it does not confuse the parties' products and the various functions included in those products, as well as the asserted claims from five different patents, and other issues concerning each product and patent at trial.

Severing a patent infringement counterclaim is particularly warranted when the counterclaim is based upon an entirely different factual situation from that which supports the plaintiff's claim. See *ROY-G-BIV Corp. v. Fanuc LTD.*, 2009 U.S. Dist. LEXIS 37809 at *3-4, (E.D.Tex. April 14, 2009) (severing infringement counterclaims "to simplify an already complex matter."); *Texas Instruments, Inc. v. Linear Technologies Corp*., 2002 U.S. Dist. LEXIS 5669 at *2-5 (E.D.Tex. January 15, 2002) (severing defendants counterclaims against third party defendant because the counterclaim did not "relate to the question before the Court in the instant case, which is whether the [plaintiff's patents] are infringed by the [defendant's] process."); *William Reed v. General Motors Corp., et al*., 2007 U.S. Dist. LEXIS 6257, *8 (E.D.Tex. January 16, 2007) (severing patent infringement claim against one defendant because that claim was "sufficiently distinct from Plaintiff's claims against the remaining defendants to warrant a severance pursuant to Rule 21."); *CVI/Beta Ventures Inc. v. Custom Optical Frames, Inc.*, 896 F.Supp. 505, 506 (D.Md. 1995) (severing defendant's infringement counterclaim because the counterclaim was unrelated to the plaintiff's infringement claim).

In *CVI/Beta*, the district court severed a defendant's infringement counterclaim against one of two plaintiffs because the counterclaim required, as here, analysis of "different file histories, specifications, inventors, and possibly different expert witnesses." *Id.* at 506-07. The court decided to sever the claims even though there may have been some "common witnesses" or facts among the patents, because "such commonality as may exist among the patents *is far outweighed by the potential for jury confusion*." *Id.* The court also reasoned that the counterclaim should be severed because "two of the three individual joint owners of the [patent at issue] and four parties in the current litigation have no interest" in the asserted counterclaim." *Id.*

Here, the situation is analogous to that in *CVI/Beta.* Apple's counterclaim will result in potential jury confusion between Mirror Worlds and MWT, similarly named companies. Furthermore, Apple's counterclaim requires the analysis of different file histories, specifications, inventors, as well as accused products. Even if there are some common witnesses between Apple's counterclaim and Mirror Worlds' claims of infringement, such commonality is far outweighed by the *potential for prejudice against Mirror Worlds, who is not a party to Apple's counterclaim.* On the other hand, Apple will not suffer any prejudice if this Court orders a separate trial on its counterclaim against MWT. Thus, the interests of justice support severing Apple's counterclaim against MWT.

IV. CONCLUSION

For the foregoing reasons, Mirror Worlds respectfully requests that this Court issue an order severing and ordering a separate trial on Apple's counterclaim against MWT.

Dated: June 25, 2010

Respectfully submitted,
By: */s/ Alexander Solo*

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CERTIFICATE OF CONFERENCE

The undersigned counsel hereby certifies that Mirror Worlds, LLC's ("Mirror Worlds") counsel has in good faith conferred Apple's counsel in an effort to resolve the dispute without court action. Counsel of record for Mirror Worlds (Alexander Solo, together with Charles Cantine and Matthew Siegal of Stroock & Stroock & Lavan LLP) conducted a telephonic meet and confer with Apple's counsel of record (Allan Soobert, Christian Platt) on June 25, 2010 which ended in an impasse.

/s/ Alexander Solo

CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document this 25th day of June, 2010, via the Court's CM/ECF system per Local Rule CV-5(a)(3).

/s/ Alexander Solo