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December 16, 2008

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Re: ***Mirror Worlds, LLC v. Apple, Inc., Civil Action No. 6:08 cv 88 LED***

Dear Nick:

I am writing regarding your request that we consent to Apple's motion for leave to file its First Amended Answer, Affirmative Defenses and Counterclaims ("Amended Answer"), which seeks to (a) add Mirror Worlds Technologies, Inc. as a party, and (b) assert a new counterclaim for infringement of Apple's U.S. Patent No. 6,613,101.

After due consideration, we have decided to oppose that motion. The deadline for joining additional parties and asserting counterclaims was October 20, 2008. *See* Docket Control Order (Dkt. 32). Accordingly, under well-settled law, Apple is required to demonstrate "good cause" for the amendment. *See Fahim v. Mariott Hotel Servs., Inc.*, -- F.3d -, 2008 WL 5136134, at *3 (5th Cir. Dec. 8, 2008) ("[O]nce a scheduling order has been entered, it may be modified only for good cause and with the judge's consent.") (internal quotation marks and citation omitted). Good cause "requires a party to show that the deadlines cannot reasonably be met despite the diligence of the party needing the extension." *Id.* (internal quotation marks and citation omitted).

Factors relevant to good cause include: "(1) the explanation for the failure to timely move for leave to amend; (2) the importance of the amendment; (3) potential prejudice in allowing the amendment; and (4) the availability of a continuance to cure such prejudice." *Id.* (internal quotation marks and citation omitted).

We do not believe that Apple has good cause for filing its untimely Amended Answer. Certainly, Apple cannot claim that it did not know before the October 20, 2008 deadline of its own patent (which issued in 2003) or of Mirror Worlds Technologies, Inc.'s allegedly infringing products (which were sold at least as early as 2002). There is no question that Apple could have met the October 20th deadline with diligence.

Apple has offered no explanation for its failure to timely assert its new counterclaim and add Mirror Worlds Technologies, Inc. as a party, and, for the reasons just explained, we do not believe it can offer one that satisfies the "good cause" requirement. In addition, Apple's new

counterclaim is not important to the adjudication of the pending case. It is basically a completely new and unrelated patent infringement action, which does not relate to any claims or defenses in the pending action.

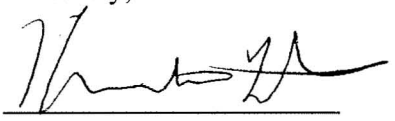
It also appears to us that Apple is seeking to inject its new counterclaim into this case simply for strategic reasons, rather than to address supposed damages caused by the alleged infringement. Indeed, the potential damages that Apple can recover, even if successful, are negligible.[1]

Further, Mirror Worlds would be prejudiced by the addition of Apple's new counterclaim. Given that Apple seeks to add an entirely new party and an entirely new patent after the parties have filed their infringement and invalidity contentions, if the counterclaim went forward in this case, the current case schedule would have to be modified and extended to allow for new, additional, infringement and invalidity contentions, as well as for additional discovery, the possible joinder of other parties, and the possible assertion of other claims. This too militates against Apple's amendment. *See Phil. Indem. Ins. Co.*, 2008 WL 5191910, at *12 (N.D. Tex. Dec, 10, 2008) (denying leave to amend where amendment would disrupt trial schedule and other dates: "Not only would granting leave have an adverse impact on the timely resolution of this case, it would also affect other settings on the court's docket.").

Moreover, this is already an extremely complicated case, involving many of Apple's products. We do not believe that it is appropriate to further complicate it by injecting additional, unrelated issues—especially given that the (minimal) sales of the allegedly infringing products occurred years ago by a company that has long ceased business operations.

For at least the foregoing reasons, we oppose Apple's request for leave to file its proposed Amended Answer. If you wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,



Kenneth L. Stein

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[1] As I am sure you know, under 35 U.S.C. § 286, Apple cannot recover damages for infringements occurring more than six years prior to the filing of its counterclaim. However, during the past six years—or more precisely from January 2003 until the fall of 2004, when Mirror Worlds Technologies, Inc. ceased doing business—Mirror Worlds Technologies, Inc.'s total sales revenue was only approximately $150,000 (which includes sales that are not implicated by Apple's counterclaim). Given such small revenue, even if successful with its counterclaim, Apple's monetary recovery would be *de minimis*. In addition, as we discussed, if Apple did not mark its products, as required under 35 U.S.C. § 287, there would be no potential damages.

cc: Joseph Diamante, Esq.
Richard H. An, Esq.
Otis W. Carroll, Esq.
Sonal N. Mehta, Esq.
Stefani Smith, Esq.