IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

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

APPLE INC.'S REPLY IN SUPPORT OF ITS MOTION FOR LEAVE TO FILE ITS FIRST AMENDED ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS

I. Mirror Worlds Has Shown No Prejudice

Apple's motion seeks leave of Court to amend its pleadings to add a new counterclaim for infringement. There is no dispute that Apple was entitled to amend its pleadings to add this claim without leave of Court if it had done so by November 3, 2008. *See* Docket Control Order ("DCO") [D.I. 32] at 6.[1] There is also no dispute that after that date, Apple was entitled to seek leave to assert its counterclaim. *Id.* at 6 ("After this deadline, leave of Court must be obtained to assert any counterclaims.").

Thus, the issue here is not whether Mirror Worlds will be prejudiced by the presence of Apple's counterclaim in the case, but whether the passage of those *three weeks* somehow caused prejudice to Mirror Worlds. It did not. Trial is set for September 2010, and discovery is set to close in June 2010. The three week delay that occasioned this motion will not affect the schedule—or anything else—in this case.

Mirror Worlds' prejudice arguments can be summarized as follows: (1) Apple's counterclaim is strategically calculated to divert the jury's attention, (2) Apple's patent claims will add unwarranted complexity to the case and cause jury confusion, (3) Apple's counterclaim will require new discovery, and (4) the Discovery Order ("DO") and DCO "would have to be substantially modified." Mirror Worlds' Opposition ("Opp.") at 11. The first three arguments have no possible connection to the three weeks that passed after the deadline for Apple to add its counterclaim without leave of Court. Rather, they suggest that Mirror Worlds believes it will be prejudiced if Apple's infringement claims are asserted *at all*. While the desire to avoid being accused of patent infringement is understandable, it is not prejudice relevant to this motion. *See, e.g., Garmin Ltd. v. TomTom, Inc.*, 2007 U.S. Dist. Lexis 74032, *21 (E.D. Tex. Oct. 3, 2007)

[1] The deadline in the DCO was extended to November 3, 2008, along with a number of other deadlines. Order [D.I. 39].

("While extra discovery and research means more work, unfair prejudice does not exist here. Discovery does not close for another four months, and the trial date is fourteen months away; this leaves ample time").

Mirror Worlds' final claim of prejudice—that the DO and DCO "would have to be substantially modified"—is at least conceivably related to the three weeks at issue here. But, tellingly, Mirror Worlds fails to articulate *any* concrete change to the Court's case management orders that would be required as a result of the three week delay. Certainly, if Apple is granted leave, deadlines will be set for Apple's infringement contentions and Mirror Worlds' invalidity contentions, and the parties may argue for changes to the volume limits on discovery. But that would have been true even if Apple had filed its counterclaim three weeks earlier. Moreover, the next deadline in the case is not until September 2, 2009, when the parties must exchange proposed terms for claim construction. Mirror Worlds has ample time to meet that deadline,[2] and offers no argument that its lost three weeks somehow changes that. Indeed, the opposite is true: Apple is prepared to file its infringement contentions the day after the Court decides this motion. If Mirror Worlds then serves its invalidity contentions by August 2, 2009—which would give Apple ample time to meet the September 2 claim construction deadline—Mirror Worlds would have had *more* time to prepare its invalidity contentions than Apple did.

Mirror Worlds' failure to articulate *any* specific prejudice is hardly surprising. This case is at such an early stage that there is simply no credible argument that three weeks has changed anything. Indeed, Mirror Worlds has been in no rush to move the case forward. It even requested (and received) an eight-day extension of time to file its opposition to *this* motion.

[2] To ensure that Mirror Worlds has ample time to respond to Apple's counterclaim should this motion for leave be granted, Apple will be prepared to serve its preliminary infringement contentions relating to the Piles counterclaim *the day after* the Court grants leave for the amendment.

II. Mirror Worlds' Arguments Depend On Inapplicable Case Law

Unable to show any actual prejudice, much of Mirror Worlds' opposition attempts to tar Apple with admonitory language from inapposite cases. These ill-founded arguments fall into two categories. First, Mirror Worlds argues that Apple has not presented adequate explanation for filing its counterclaim three weeks after the deadline to do so without leave. Second, Mirror Worlds argues that Apple's counterclaim should not be added because it is substantively flawed and likely to confuse the jury.

Mirror Worlds' first set of arguments is simply wrong. The decision to initiate a patent infringement action should be a studied judgment. Apple should not be faulted for taking an additional three weeks to conclude its investigation and decision making and then seeking leave to amend its pleadings. *See, e.g., Eisai, Ltd. v. Teva Pharms. USA, Inc.*, 247 F.R.D. 445, **7-**8 (D.N.J. 2007) (declining to find undue delay because "[t]his Court cannot fault a party for waiting an extra couple of months to fully synthesize the information available to it before filing a motion to amend," and noting that the party opposing the amendment to add inequitable conduct allegations should want *more investigation rather than less*) (emphasis supplied).[3]

In arguing to the contrary, Mirror Worlds relies on quotations from inapplicable cases. For example, Mirror Worlds repeatedly cites *Adventure Plus Enters., Inc. v. Gold Suit, Inc.*, 2008 WL 4998762 (N.D. Tex. 2008). Opp. at 4-7, 14. In *Adventure Plus*, a party sought to add new defenses 18 *days* before trial, after the deadline for filing all pre-trial materials, and more than a year after a deadline for amending pleadings. Similarly, Mirror Worlds relies repeatedly on *STMicroelecs., Inc. v. Motorola, Inc*., 307 F. Supp. 2d 845, 850 (E.D. Tex. 2004),

[3] Mirror Worlds' suggestion that Apple can't *plead* a claim that it might have filed years ago should be rejected. By that argument, many of Mirror Worlds' own claims should be dismissed because Mirror Worlds could have filed them several years ago.

where the plaintiff sought to add 26 new patent claims to a case with only 2 claims originally at issue a mere 7 days before a claim construction deadline, and on *Miller Products Co., Inc. v. Veltek Associates, Inc.*, 218 F.R.D. 425, 427 (D. Del. 2003), where the plaintiff sought to add two new patents to the case only months before trial. The situation here is entirely different. Apple is seeking to add a claim 18 *months* before trial, not 18 *days* before trial. Moreover, as noted above, the DCO in this case explicitly contemplates that counterclaims may be filed after the deadline with leave of Court. DCO [D.I. 32] at 6. Thus, by seeking leave of Court, Apple has complied with that order. Mirror Worlds' cases relate to situations where parties seek to act *outside the scheduling order*, thereby causing prejudice to their opponents, not to cases where parties seek leave of Court *pursuant to the scheduling order*, without causing any prejudice.

Not only is Mirror Worlds' argument belied by the facts of these cases, it flies in the face of basic principles underlying the amendment of pleadings. Rule 15(a) provides that when a party seeks leave to amend its pleadings, as Apple does here, "[t]he court should freely give leave when justice so requires." As this language suggests, "there is a bias in favor of granting leave to amend and courts should permit the filing of a proposed amendment unless there is a substantial reason for denying leave to amend." *Dussouy v. Gulf Coast Inv. Corp.*, 660 F.2d 594, 598 (5th Cir. 1981). Moreover, "[e]ven if substantial reason to deny leave [to amend] exists, the court should consider prejudice to the movant, as well as judicial economy, in determining whether justice requires granting leave." *Jamieson v. Shaw*, 772 F.2d 1205, 1209 (5th Cir. 1985). There is no prejudice here at all, let alone prejudice that could provide a sufficiently substantial reason to deny leave to amend.

Mirror Worlds' second set of arguments is equally misguided. Mirror Worlds argues that "[e]ven if Apple had met [the] deadline [to amend without leave], Apple's new

counterclaim would be improper and prejudicial … and Mirror Worlds would have moved to either separate the claim or dismiss it." Opp. at 13. But Mirror Worlds has made no such motion. The pending motion is Apple's request for leave to amend its pleadings. In the Fifth Circuit, an argument that the mere existence of Apple's counterclaim "would be improper and prejudicial" is not relevant to a motion for leave to amend unless it is read as an argument that granting Apple leave to assert its counterclaim would be futile. *Stripling v. Jordan Prod. Co.*, 234 F.3d 863 (5th Cir. 2000) ("It is within the district court's discretion to deny a motion for leave to amend if it is futile.").

Of course, adding Apple's counterclaim to his case would *not* be futile, nor has Mirror Worlds offered any actual evidence that it would be. Indeed, Mirror Worlds never even uses the word "futile." Instead, Mirror Worlds has offered rhetoric about how adding "a different patent and different accused products" will compound the complexity of this case, and long quotations about the dangers of jury confusion from *Black & Decker v. Greenfield*, a 1991 case from the district of Maryland. 1991 WL 239121 (D. Md. 1991). Mirror Worlds conspicuously fails to offer a Fifth Circuit case that suggests that potential jury confusion is relevant to a Rule 15(a) motion to amend. And even if it had, Mirror Worlds' argument should still be rejected because it is factually wrong. Mirror Worlds does not deny that Apple's '101 patent and Mirror Worlds' Scopeware product are going to be at issue in this case regardless of whether the Court grants Apple leave to file its counterclaim. Apple's '101 patent will be at issue because it demonstrates that Mirror Worlds' patents are invalid, and the Scopeware product will be at issue because Mirror Worlds claims that Scopeware embodies its patents. This makes the situation here very different from the situation in *Black & Decker*, where the patent being added was entirely new to the case.

Dated: January 28, 2009

Respectfully submitted,

/s/ Sonal N. Mehta

Matthew D. Powers
Lead Attorney
Steven S. Cherensky
Sonal N. Mehta (*Pro Hac Vice*)
Stefani C. Smith (*Pro Hac Vice*)
WEIL, GOTSHAL & MANGES LLP
201 Redwood Shores Parkway
Redwood Shores, CA 94065
650-802-3000 (phone)
650-802-3100 (fax)
matthew.powers@weil.com
steven.cherensky@weil.com
sonal.mehta@weil.com
stefani.smith@weil.com

Eric M. Albritton
Texas State Bar No. 00790215
ALBRITTON LAW FIRM
P.O. Box 2649
Longview, Texas 75606
(903) 757-8449 (phone)
(903) 758-7397 (fax)
ema@emafirm.com

Attorneys for Defendant Apple Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was filed electronically in compliance with Local Rule CV-5 on this 28th day of January, 2009. As of this date, all counsel of record have consented to electronic service and are being served with a copy of this document through the Court's CM/ECF system under Local Rule CV-5(a)(3)(A).

/s/ Stefani C. Smith