

**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

**MIRROR WORLDS' OPPOSITION TO APPLE'S MOTION
REGARDING THE PARTIES' PROSECUTION BAR DISPUTE**

Plaintiff Mirror Worlds, LLC ("Mirror Worlds") hereby opposes the motion of Defendant Apple, Inc. ("Apple") Regarding the Parties' Prosecution Bar Dispute (Dkt. # 86).

I. Introduction

On April 23, 2009, Apple requested ex parte reexamination of two of Mirror Worlds' patents-in-suit, and requested inter partes reexamination of the two remaining patents-in-suit. By its motion, Apple seeks to exclude Mirror Worlds' litigation counsel at Stroock & Stroock & Lavan LLP ("Stroock") from participating in those reexamination proceedings. As set forth below, such a result would be grossly unfair to Mirror Worlds and result in an enormous strategic advantage for Apple. Mirror Worlds respectfully requests that Apple's motion be denied.

By way of background, this case concerns revolutionary technology developed by a world famous computer scientist, Dr. David Gelernter, one of the primary inventors of the patents-in-suit. Dr. Gelernter, a distinguished Computer Science professor at Yale University,

developed breakthrough technology relating to the storage and access of documents on computer systems that changed the way people think about computers. Because of the importance of that technology and the potential consequences of that technology to not only Apple, but the world, we implore this Court to look at this issue carefully and not accept Apple's unsupported assertions at face value.

In particular, the reexamination proceedings brought by Apple are clearly an extension of the proceedings before this Court. We ask, therefore, that the Court carefully weigh the purely speculative possibility that Mirror Worlds' litigation counsel might inadvertently use Apple's confidential information in the reexamination proceedings against the real and immediate harm that Mirror Worlds will suffer if its trial counsel is excluded from those proceedings.

The reexamination proceedings involve, first and foremost, Apple's allegations that Mirror Worlds' patents are invalid over certain prior art. Mirror Worlds' counsel has been studying that prior art for months now and has a clear and in-depth knowledge as to the numerous differences between that prior art and Mirror Worlds' patents. If Apple has its way, not only will all that hard work by Mirror Worlds' trial counsel in analyzing and differentiating the prior art be lost, but Mirror Worlds' reexamination counsel, without the benefit of that work, may miss important differences identified by Mirror Worlds' trial counsel. In addition, Apple is certain to seize upon any differences, whether substantive or not, between Mirror Worlds' positions regarding prior art and claim construction taken in this action and the reexamination proceedings. It is therefore essential that Mirror Worlds be able to coordinate its efforts in both proceedings.

As set forth herein, Apple's decision to place the patents into reexamination is plainly a strategic move, as there is no requirement that Apple do so. Certainly, this Court is perfectly

capable of hearing Apple's alleged invalidity arguments. Indeed, Apple waited more than a year after Mirror Worlds filed this lawsuit to request reexamination and, at the same time, ask this Court to exclude Mirror Worlds' counsel from those proceedings. During that time, Apple's counsel has been the beneficiary of information learned from discovery in this case, which has included, *inter alia*, Mirror Worlds' Preliminary Infringement Contentions, Mirror Worlds' interrogatory responses, Mirror Worlds' document production, and numerous depositions.

Plainly, it would be unfair to Mirror Worlds if Apple is permitted to utilize the knowledge and expertise its counsel has acquired through this litigation regarding the prior art while denying Mirror Worlds that same opportunity. Indeed, if Apple's motion is granted, Apple could make whatever invalidity arguments it wants to the PTO—based on whatever information it discovered during discovery—without having to worry about Mirror Worlds' counsel, who is intimately familiar with the prior art and litigation events, presenting contrary arguments and evidence in the record.

For those and other reasons set forth below, Apple's motion should be denied and Mirror Worlds' litigation counsel at Stroock & Stroock & Lavan LLP should be permitted to participate in all aspects of the reexamination proceedings. In the alternative, Stroock should, at a minimum, be allowed to participate in the reexamination proceedings where its participation is strictly limited to discussions regarding the prior art, including differences between the claimed inventions and the prior art.

II. Mirror Worlds' Litigation Counsel Should be Permitted to Participate in Reexamination Proceedings Initiated by Apple

As this Court is likely aware, defendants accused of patent infringement often initiate reexamination proceedings, only to then argue that the plaintiff's counsel should be excluded from those proceedings. That strategy, in essence, forces a Hobson's choice on the plaintiff's

counsel—choose between continuing to prosecute the defendant for infringement or withdrawing from the litigation to provide a more complete defense against the defendant’s PTO challenges.

As one court put it:

[Defendant’s] broad reading of the Protective Order would unjustifiably place [plaintiff’s] litigation counsel on the ‘horns of a dilemma,’ forcing them to choose between continuing to prosecute [defendant] for alleged infringement or withdrawing from this litigation to provide a more complete defense against . . . PTO challenges. ***Other than gaining leverage, and an obvious tactical advantage over [plaintiff] in this litigation, [defendant] has failed to establish any real need for forcing such a Hobson’s choice.***

Pall Corp. v. Entegris, Inc., 2008 WL 5049961, at *7 (E.D.N.Y. Nov. 26, 2008) (emphasis added).¹ Not surprisingly, such strategic jockeying by patent defendants has not gone unnoticed.

In particular, courts have recognized that a reexamination initiated by a defendant during the pendency of a litigation, is not only “part and parcel” of the litigation, but clearly “part and parcel” of the defendant’s strategy to gain a tactical, often unfair, advantage over the patent owner. *See, e.g., Kenexa Brassring, Inc. v. Taleo Corp.*, 2009 WL 393782, at *2 (D. Del. Feb. 18, 2009) (“[B]ecause defendant filed the request for an *inter partes* reexamination of one of plaintiff’s patents-in-suit, the reexamination is ‘part and parcel of the instant case.’”) (allowing plaintiff’s litigation counsel to participate in reexamination proceedings) (citing *Hochstein*); *see also Hochstein v. Microsoft Corp.*, 2008 WL 4387594, at *4 (E.D. Mich. Sept. 24, 2008) (“[T]he Court views the reexamination [initiated by Defendant]. . . to be a part and pa[rc]el of Defendant

¹ In *Pall*, the reexamination was brought by a third-party, Cuno, on pleaded filter technology, which was substantially unrelated to the pre-wet filter technology that was the subject of the litigation between the patentee, Pall, and the accused infringer, Entegris. In arguing that there was still a potential for misuse of confidential information, however, Entegris argued, similar to Apple, that Pall, “by virtue of the requested discovery” in the litigation, had “access to Entegris’ pleaded filter trade secrets” and could use that information to craft claims in the reexamination directed towards Entegris’ pleaded filter technology. *Pall Corp. v. Entegris, Inc.*, 2008 WL 5049961, at **2, 7. Yet the court in *Pall* still allowed Pall to participate in all aspects of the reexamination. *See id.*

Microsoft’s strategy in the instant case.”) (granting motion for leave to permit plaintiff’s counsel to participate in reexamination proceedings). As a result, in such circumstances, Courts have often *permitted the patentee’s litigation counsel to participate in reexamination proceedings*. *See id.*

While *Hochstein* involved a case in which the plaintiff had agreed not to amend the claims during reexamination, other courts have cited approvingly to *Hochstein* in ruling that the plaintiff may participate in all aspects of the reexamination, including amending claims. For example, in *Kenexa Brassring, Inc. v. Taleo Corp.*, the court noted that the plaintiff in that case, unlike the plaintiff in *Hochstein*, had not pledged to not draft new claims or amend existing claims. *See* 2009 WL 393782, at *2 n. 2 (D. Del. Feb. 18, 2009). However, in still allowing plaintiff’s counsel to participate in all aspects of the reexamination, the court noted that it “considers amendments and revisions to claims on reexamination to be admissions regarding validity” and that “[s]hould plaintiff take an inconsistent position (to its litigation position) and revise its claims during reexamination, the court will consider the scope and effect of any such admission on an appropriate motion.” *Id.* So too here, the Court should permit Mirror Worlds’ counsel to participate in reexamination proceedings and give any weight it feels appropriate to any claim amendments made during those proceedings.

It would be particularly unfair to Mirror Worlds, and a windfall to Apple, if Apple could utilize the knowledge of the prior art it has acquired during the more than fifteen months of litigation, without affording Mirror Worlds’ counsel that same right. In such a case, Apple could freely utilize knowledge it has obtained through discovery of the prior art and Mirror Worlds’ claim construction position, without Mirror Worlds being able to utilize its comparable knowledge—an inherently unfair situation.

Indeed, under Apple's proposed scenario, Apple's counsel would be giving its litigation input on a constant basis to Apple's reexamination counsel, while Mirror Worlds' reexamination counsel would receive no input from Mirror Worlds' litigation counsel. Again, that would put Mirror Worlds at a tremendous disadvantage and underscores Apple's litigation purpose for requesting the reexaminations.

Further, a response to an office action issued in connection with the reexamination of United States Patent No. 6,768,999, one of the patents-in-suit, is due shortly on July 22, 2009. Although Mirror Worlds has retained the law firm of Cooper & Dunham LLP ("Cooper Dunham") to prosecute the reexamination proceedings, Cooper Dunham does not have much time to get up to speed in the case and prepare a response to that office action, as well as prosecuting the reexaminations for the other patents-in-suit. Mirror Worlds' current litigation counsel, who has been intimately involved with the prior art and this litigation from the very beginning, could substantially cut the time it would take for Cooper Dunham to get up to speed in the case.

It is well-settled that reexamination proceedings "only implicate matters in the public record, *i.e.*, the patent and the prior art" and that, accordingly, "Defendant's confidential information is basically irrelevant to the reexamination." *Hochstein*, 2008 WL 4387594, at *3; *see also Kenexa Brassring, Inc.*, 2009 WL 393782, at *2 ("The scope of claims cannot be enlarged by amendment in a reexamination. Because reexamination involves only the patent and the prior art, defendant's confidential information is basically irrelevant to the examination.") (internal citation and quotation marks omitted). In particular, one court has noted the difference between reexamination proceedings and initial patent prosecution, explaining that the rules of the

reexamination process “effectively mitigates” the potential to misuse another’s confidential information during that process:

Although patent claims may be amended, redrafted or substituted for new albeit narrower claims, unlike prosecution of an initial patent application, the Patent Act, 35 U.S.C. §§ 305, 314, expressly curtails the scope of reexamination, prohibiting any claim amendment that would enlarge the scope of the initial patent . . . ***This restriction both underscores the distinction between initial patent prosecution and reexamination, and effectively mitigates the potential to misuse PTO procedures to gain a collateral business or litigation advantage, thereby rendering a prosecution bar in the reexamination context largely unnecessary.***

Pall Corp., 2008 WL 5049961, at *4.

Further, Apple’s vague and speculative assertions of potential harm are plainly an insufficient basis for a reexamination bar against Mirror Worlds’ litigation counsel. *See, e.g. Hochstein*, 2008 WL 4387594, at *3 (“***Defendant’s vague assertion that [plaintiff’s] litigation counsel could inadvertently use information it obtained during discovery is not enough*** to preclude [plaintiff’s] litigation counsel from assisting [co-plaintiff] with the reexamination in this case ***where Defendants initiated the reexamination.***”) (emphasis added); *see also Pall Corp.*, 2008 WL 5049961, at *7 (“[Defendant] did not . . . identify specific confidential information at risk for disclosure, nor did [defendant] identify the specific manner in which that information might be used to [defendant’s] detriment.”).

III. Apple’s Arguments are Without Merit

Apple’s reliance on two unpublished cases, *Visto Corp. v. Seven Networks, Inc.* and *Microunity Sys., Eng’g, Inc.*, is without merit, as both cases are plainly distinguishable. Unlike the situation here, the parties in *Visto* and *Microunity* had agreed ahead of time to a protective order that expressly prohibited those receiving attorneys’ eyes only information from participating in the prosecution of patent applications relating to the patents-in-suit. *See Visto*

Corp. v. Seven Networks, Inc., No. 2:03-CV-333-TJW, 2006 WL 3741891, at **5-7 (E.D. Tex. Dec. 19, 2006); Ex. A to Apple's Motion. Thus, the only issue in both cases was whether that prosecution bar extended to reexamination proceedings involving the patent-in-suit, which the courts, in both cases, found that it did. *See id.* In other words, the courts in both cases was simply asked to enforce a provision that the parties had expressly agreed to ahead of time. ***This is in stark contrast to the situation here, where the parties from the very beginning have disputed whether reexamination proceedings should be included in the prosecution bar.***

Nor is Apple's reliance on the Sterne, Robert Greene et al., "Reexamination Practice with Concurrent District Court or USITC Patent Litigation" (the "Sterne Article") persuasive. Apple cites that article for the proposition that a party having access to another party's highly confidential technical information should not be allowed to "draft or supervise the drafting of pending claims in applications or claims under reexamination in the same technical space." (Apple's Motion, p. 3). That article presents no analysis of the reexamination bar issue and cites no caselaw regarding that issue. It has no discussion, whatsoever, of the points raised by Mirror Worlds above, and in particular, how such a reexamination bar works as a severe disadvantage to the patent owner. Contrary to Apple's assertion, the article plainly does not "present[] all sides" of the reexamination bar issue. (Apple's Motion, p. 3). It instead merely states one viewpoint in conclusory fashion.

Indeed, courts that have considered that article have expressly rejected its conclusions regarding a reexamination bar and have, in fact, permitted plaintiff's trial counsel to participate in reexamination proceedings. *See, e.g., Kenexa Brassring, Inc.*, 2009 WL 393782, at *2, n. 3 (the court expressly stating that it "disagrees with" the Sterne article's statement relied upon by

Apple); *see also Crystal Image Tech., Inc. v. Mitsubishi Elec. Corp.*, no. 08-307, 2009 WL 1035016, at *3 (W.D. Pa. April 17, 2009).

In addition, contrary to Apple's assertion, the conclusion stated in the Sterne Article *is not* "widely accepted." (*See* Apple's Motion, p. 3). As one court recently explained, the "majority trend" is, in fact, *to permit* patentee's trial counsel to participate in reexamination proceedings initiated by the accused infringer, which is the situation here. *Crystal Image*, 2009 WL 1035016, at *3 (Noting the view expressed in the Sterne Article, but concluding that "Defendant has failed to convince the Court it should deviate from the *majority trend* recognizing that the nature of the reexamination process mitigates against broadly stated concerns of unfair advantage.") (emphasis added). Accordingly, Apple is asking this Court to go against the majority trend, not follow it.

IV. Conclusion

For at least the foregoing reasons, Mirror Worlds respectfully requests that Apple's Motion Regarding the Parties' Prosecution Bar Dispute be denied and that Mirror Worlds' counsel, Stroock & Stroock & Lavan LLP, be permitted to participate in all aspects of the reexamination proceedings. In the alternative, Mirror Worlds' requests that Stroock be permitted to participate in the reexamination proceedings where its participation is limited to discussions regarding the prior art, including differences between the claimed inventions and the prior art.

Respectfully submitted,

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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 15th day of June, 2009, via the Court's CM/ECF system per Local Rule CV-5(a)(3).

/s/ Richard H. An