IN THE UNITED STATES DISTRICT COURT
FOR THE 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.

APPLE INC.'S REPLY BRIEF REGARDING THE PARTIES' PROSECUTION BAR DISPUTE

I. Mirror Worlds Cannot Dispute That Participation In Reexaminations Raises The Same Problem As Participation In Patent Prosecution

Mirror Worlds does not dispute that the purpose of a prosecution bar "is to prevent outside counsel from using, even inadvertently, confidential information obtained in the lawsuit for purposes outside the lawsuit (*e.g.*, drafting claims during patent prosecution)." *Visto Corp. v. Seven Networks, Inc.*, 2006 U.S. Dist. Lexis 91453, at *22 (E.D. Tex. Dec. 19, 2006) (Exh. A). Nor does Mirror Worlds dispute that claims may be drafted and amended in reexamination. As a result, a prosecution bar should apply to reexaminations just as certainly as it applies to other prosecution activities, or the purpose of preventing potential misuse in the crafting of claims will be thwarted. *Id.*; *Microunity Sys. Eng'g, Inc.*, Civ. No. 2-04-cv-120-TJW [D.I. 156], (E.D. Tex. Aug. 17, 2005) (Exh. B).

Mirror Worlds argues that the decisions in *Visto* and *Microunity* are inapplicable because, unlike here, the plaintiff in those cases did not argue that reexaminations should be excluded from the prosecution bar until after the prosecution bar was already in place. Mirror Worlds' Opposition at 7-8. But Mirror Worlds never explains why raising this dispute sooner than other plaintiffs makes any difference. Indeed, it should not, because the timing of the dispute is not relevant to the reasoning applied in *Visto* and *Microunity*. Reexaminations involve the drafting and amending of claims, just as ordinary prosecution does, and so the prosecution bar should apply to reexaminations.

Mirror Worlds also argues that, because reexaminations involve only the prior art and cannot enlarge claim scope, "confidential information is basically irrelevant to the examination." *E.g.*, Opp. at 6 (citing *Kenexa Brassring, Inc. v. Taleo Corp.*, 2009 WL 393782 (D. Del. 2009) (Exh. C)). This reasoning falsely assumes that confidential information cannot be used to advantageously narrow patent claims. In fact, the danger of misusing confidential

information is higher, not lower, where claims are being narrowed in reexamination. For example, Mirror Worlds asked for and has been granted access to Apple's confidential source code. If, hypothetically, Mirror Worlds learned from its review of the source code that Apple uses a specific XYZ data structure, it could narrow its claims to require the use of that XYZ data structure, allowing it to simultaneously distinguish prior art while knowing that this added limitation would not worsen its claim of infringement. This is exactly the type of harm that the prosecution bar is designed to prevent. *Visto*, 2006 U.S. Dist. Lexis 91453, at *22 (recognizing that the dangers of misusing confidential information apply to narrowed claims).

II. Apple's Desire To Protect Its Confidential Information Is Not "Strategic Jockeying"

Mirror Worlds accuses Apple of "strategic jockeying," and argues that applying the prosecution bar to reexamination would give Apple an unfair "tactical" advantage because Apple's litigation counsel will be able to participate in the reexaminations but Mirror Worlds' litigation counsel will not. Opp. at 1, 2, 4. This argument misses the point. Apple cannot draft or amend claims during the pending reexaminations, but Mirror Worlds can. Thus, the prosecution bar should apply to Mirror Worlds, not Apple. If Mirror Worlds seeks a playing field free of supposed "tactical" advantages, it can put itself in the same position as Apple by stipulating that it will not amend or add any claims during reexamination. This motion is about protecting against the possible misuse of Apple's confidential information, not "strategic jockeying."

III. Mirror Worlds Will Not Be Prejudiced If It Is Forced To Rely On Its Thirteen-Year-Old Relationship With Patent Counsel To Handle The Reexamination

Mirror Worlds complains that it will suffer "real and immediate harm" because "all the hard work by Mirror Worlds' trial counsel in analyzing and differentiating the prior art will be lost," and that its reexamination counsel, Cooper & Dunham LLP, "does not have much

time to get up to speed in the case and prepare a response." Opp. at 2, 6. Even as a general matter, the purported harm of losing trial counsel work and having to bring patent counsel up to speed does not outweigh the potential harm from the misuse of confidential information during patent prosecution. *See*, *Mikohn Gaming Corp. v. Acres Gaming, Inc.*, 1998 U.S. Dist. Lexis 22251, at *14 (D. Nev. April 15, 1998) (Exh. D); *Motorola, Inc. v. Interdigital Tech. Corp.*, 1994 U.S. Dist. Lexis 20714, at *15-*16 (D. Del. Dec. 19, 1994) (collecting cases) (Exh. E).

But here, Mirror Worlds' claims of 'real and immediate harm' ring particularly hollow. Cooper & Dunham has been patent counsel to Mirror Worlds Technologies[1] for the patents-in-suit since the very first application was filed in June 1996, and has been actively involved in the prosecution of the patent family at issue in this case for the past 13 years. For example, Cooper & Dunham filed four new applications related to the patents-in-suit on March 14, 2008, just days before Mirror Worlds filed the complaint in this case. Mirror Worlds' purported concern that Cooper & Dunham "may miss important differences" between the asserted claims and the prior art that were "identified by trial counsel" is not credible. *See*, Opp. at 2. It is the job of patent prosecution counsel to assess the prior art and explain to the Patent Office how the claims that it itself prosecuted are different from that art. And again, if Mirror Worlds is truly concerned that its patent counsel of thirteen years cannot competently defend the claims to the Patent Office without the assistance of litigation counsel, it could preempt this dispute by stipulating that it will not amend or add any claims during reexamination.

[1] The plaintiff in this case, Mirror Worlds LLC, was recently incorporated in Texas and is not the same entity as the Mirror Worlds Technologies that is listed as assignee on the three of the four patents-in-suit. However, as alleged in Apple's Answer [D.I. 58], these entities are intimately related.

IV. The Cases Cited By Mirror Worlds Do Not Justify Exempting Reexamination From The Prosecution Bar In This Case

Mirror Worlds cites *Pall Corp. v. Entegris, Inc.*, 2008 WL 5049961, at *7 (E.D.N.Y. Nov. 26, 2008) (Exh. F), to argue that it is being put to a Hobson's choice—either continue the litigation or "withdraw from the litigation to provide a more complete defense against the defendant's PTO challenges." Opp. at 3-4. Mirror Worlds' reliance upon *Pall* is misplaced and misleading. In *Pall*, the reexamination was initiated by a third party and involved different patents relating to different subject matter than the patents-in-suit. *Id.* at *1. As the *Pall* decision itself recognized, the "complete lack of identity between either the litigants or the subject matter distinguishes … *Microunity* and *Visto*." *Id.* at *6. This is because the need for *any* prosecution bar breaks down when the subject matter of the confidential information being is unrelated to the patent claims being prosecuted. Reflecting this, the prosecution bar in the agreed Protective Order in this case does not apply to unrelated subject matter. [D.I. 79] at 4-5.

Moreover, in *Pall*, the third-party reexamination proceeding was part of an eleven-year "history of constant legal wrangling" between the third party and Pall. *Pall Corp.*, 2008 WL 5049961, at *7. Litigation counsel for Pall had been "intimately involved" for that entire history. The strong language about "tactical advantage" and "Hobson's choice" selectively cited by Mirror Worlds reflects the *Pall* court's distaste for the attempt to stop a party from using counsel it had relied on for the past eleven years, based on the disclosure of unrelated confidential information by an unrelated party. *See Pall Corp.*, 2008 WL 5049961, at *7. It does not suggest that a bar on litigation counsel's participation in reexamination is inappropriate under the circumstances here, where Apple seeks to prevent the use of confidential information from the litigation to amend the very claims that Mirror Worlds has asserted in the litigation.

Mirror Worlds' other cited case law also fails to justify allowing its litigation counsel to participate in a process where they could use Apple's confidential information to amend the very patents they are litigating. Mirror Worlds cites *Hochstein v. Microsoft Corp.*, 2008 WL 4387594 (E.D. Mich. Sept. 24, 2008) (Exh. G) as a case in which plaintiff's counsel was permitted to participate in reexamination proceedings. Opp. at. 4-5. But as Mirror Worlds acknowledges, in *Hochstein* the plaintiff had agreed to not draft or amend claims during reexamination. *Id.* at *3. That agreement fundamentally changes the situation by removing the danger the prosecution bar is designed to prevent. Thus, *Hochstein* does not support exempting reexaminations from the prosecution bar under the facts in this case. Mirror Worlds also cites two other cases, *Crystal Image Techs., Inc. v. Mitsubishi Elec. Corp.*, 2009 WL 1035017 (W.D. Pa. April 17, 2009) (Exh. H) and *Kenexa Brassring, Inc. v. Taleo Corp*., 2009 WL 393782 (D. Del. 2009) (Exh. C). *See*, Opp. at 4-5, 9. Unlike *Pall Corp.* and *Hochstein*, these cases are instances where a court found that a prosecution bar should not be applied to a reexamination proceeding under circumstances apparently similar to those here. However, these cases rely on the assumption that "because reexamination cannot enlarge claim scope, confidential information is basically irrelevant to the examination." As explained above, this assumption is not true and it misses the point: confidential information can clearly be misused just as easily in narrowing patent claims as in broadening them.

IV. Conclusion

For the reasons explained above, the Court should adopt the reasoning expressed in *Visto* and *Microunity*, and grant Apple's Motion.

Dated: June 18, 2009

Respectfully submitted,

/s/ Steven S. Cherensky

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a) on this 18th day of June, 2009. As of this date, all counsel of record that have consented to electronic service 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/ Karen A. Gotelli
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