

# EXHIBIT 1

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

NOKIA CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 09-791-GMS
	)	
APPLE INC.,	)	<b>JURY TRIAL DEMANDED</b>
	)	
Defendant.	)	
<hr/>		
APPLE INC.	)	
	)	
Counterclaim-Plaintiff,	)	
	)	
v.	)	
	)	
NOKIA CORPORATION and NOKIA INC.	)	
	)	
Counterclaim-Defendants.	)	

**APPLE INC.'S OPPOSITION TO NOKIA'S MOTION FOR A STAY**

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## I. INTRODUCTION

Nokia's motion to stay nine Apple patents is another tactical gambit by Nokia in a licensing dispute between the parties that began in 2007 and has now grown to six separate legal proceedings. At the core of the licensing dispute is whether Nokia has complied with its obligation to offer Apple fair, reasonable, and nondiscriminatory ("FRAND") license terms to patents that Nokia has declared essential to wireless telecommunication industry standards, and Nokia's ongoing, unlicensed use of Apple's patented technology to recapture market share that Nokia has lost to the Apple iPhone. (*See* D.I. 21, Apple's First Amended Answer ¶¶ 1-9 and Counterclaims ¶¶ 1-12, 85-92.) Staying this case pending the completion of re-examination proceedings would fracture and prolong the parties' dispute, create substantial discovery inefficiencies, impede the Court's ability to sequence trial as it wishes, and likely do nothing to simplify the case.

In moving for a stay, Nokia mis-states the significance of the re-examination proceedings so far. The Patent Office grants ex parte re-examination requests 92% of the time, so the mere grant of some of Nokia's requests does not indicate that Nokia's invalidity arguments are strong. In fact, the Patent Office has not yet ruled on three of Nokia's re-examination requests and has denied Nokia's re-examination request for one Apple patent. **As to the five re-examination requests that the Patent Office has granted, they are weak on the merits. Thus, the likelihood that re-examination will eliminate or narrow Apple's infringement claims is very low and, at this point, speculative.**

From the outset of the litigation Nokia has maneuvered to have its patents litigated first. Nokia's motion to stay the trial of Apple's patents based on Nokia's re-examination requests is the latest of these maneuvers, and should be denied. Apple respectfully suggests that the most efficient manner of proceeding would be to have discovery continue on all patent issues, and

sequence the trials so that the FRAND issue is resolved first. If, following the FRAND trial, the progress of the re-examination proceedings suggests that the schedule of the patent trials should be altered, the Court will retain that flexibility. But, if the Court acts now on Nokia's request and stays Apple's patents, it will have given up that flexibility, and prevented Apple from proceeding to trial on its patents.

## **II. THE NATURE AND STAGE OF THE PROCEEDINGS AND STATEMENT OF FACTS**

On October 22, 2009, Nokia filed a complaint alleging infringement of ten patents. This filing followed Apple's refusal to acquiesce to Nokia's exorbitant demands for a license to the Nokia patents that Nokia claims are essential to wireless telecommunication industry standards. (D.I. 1.) On December 11, 2009, Apple filed counterclaims for infringement of nine Apple patents covering a broad range of technology that Nokia is using across its entire product line. Apple also filed counterclaims for breach of contract and antitrust claims arising out of Nokia's breach of its FRAND obligations and misconduct before standards-setting organizations. (D.I. 14, as amended D.I. 21.)

The overall conflict between the parties has now expanded to claims of infringement of nearly fifty patents. Six separate proceedings are pending in three different venues: two cases in district court in Delaware, one case in district court in Wisconsin, and three cases in the ITC.<sup>1</sup>

In this case, the Court has set the patent infringement claims of both parties for trial on May 21, 2012. (D.I. 42, Ordered 5/3/10) A trial on Apple's FRAND contract claims will follow, and then a third trial on Apple's antitrust claims. (*Id.*) Apple has requested that the Court schedule a trial of the FRAND issues first, and at the June 3, 2010 teleconference, the Court indicated that it may be inclined toward this view. (D.I. 55, p. 8, "I am willing to discuss

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<sup>1</sup> A chart summarizing the cases is attached as Ex. 1.

this with a somewhat open mind – the possible need to revisit the ordering of things.”) Fact discovery is proceeding together for all the claims and ends July 15, 2011. (D.I. 42, Ordered 5/3/10)

From the outset, Nokia consistently has sought to (a) split up the overall dispute rather than consolidate it, and (b) unfairly have Nokia’s claims tried separately from, and before, Apple’s claims. For example:

- On March 8, 2010, Nokia proposed a schedule under which its claims would proceed to trial first, and Apple’s claims would proceed second. (D.I. 23, p. 7.)
- On March 18, 2010, Nokia moved to stay discovery on Apple’s contract and antitrust claims. (D.I. 28, pp. 14-15.)<sup>2</sup>
- On May 7, 2010, Nokia filed a separate patent infringement action against Apple in Wisconsin, notwithstanding the pendency of the Delaware lawsuits (Case No. 10-CV-249, Western District of Wisconsin), and later opposed Apple’s motion to transfer that case to Delaware so that it could proceed with the other Delaware cases. (*Id.*, D.I. 21.)

### III. SUMMARY OF ARGUMENT

A stay would hamstring the Court’s ability to order the proceedings in response to the actual results of the re-examinations, forfeit efficiencies in the schedule and discovery plan already approved by the Court, unfairly prejudice Apple, and unfairly create a tactical advantage for Nokia. Further, a stay is not likely to accomplish any benefit: the re-examination proceedings are in their infancy—and four of the nine patents are not even in re-examination.

The Court should deny the stay. Alternatively, it should stay all the patent infringement claims—Apple’s and Nokia’s—to keep the parties on a more equal footing and enable a speedy trial on the FRAND contract issues that may facilitate a global resolution of the dispute.

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<sup>2</sup> At the April 9, 2010 scheduling conference (D.I. 39), the Court effectively denied Nokia’s motion to stay, and Nokia then formally withdrew it. (D.I. 38.)



#### **IV. ARGUMENT**

##### **A. Nokia Misstates The Applicable Law.**

In determining whether to grant a stay, courts generally consider three factors: (1) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party; (2) whether a stay will simplify the issues in question and trial of the case; (3) whether discovery is complete and whether a trial date has been set. *Alloc, Inc. v. Unilin Decor N.V.*, C.A. No. 03-253-GMS, 2003 WL 21640372, at \*2 (D. Del. July 11, 2003).

Nokia's brief wrongly argues that there is a "policy" favoring stays and that it is Apple's burden to prove that a stay is unwarranted. (Nokia Br., pp. 7, 12.) This is not the law. Rather, especially because the Court has already set a trial date, it is Nokia's burden to show a "clear case of hardship or inequity" before the trial court will enter a stay. *See Cognex Corp. v. National Instruments Corp.*, C.A. No. 00-442-JJF, 2001 WL 34368283, at \*1 (D. Del. June 29, 2001) (citing *Gold v. Johns-Manville Sales Corp.*, 723 F.2d 1068, 1076 (3d Cir. 1983)); *accord Saint-Gobain Performance Plastics Corp. v. Advanced Flexible Composites, Inc.*, 436 F. Supp. 2d 252 (D. Mass. 2006) (to obtain stay pending re-examination, movant must demonstrate a "clear case of hardship"); *IMAX Corp. v. In-Three, Inc.*, 385 F. Supp. 2d 1030, 1032 (C.D. Cal. 2005) (same). Nokia cannot meet its burden.

##### **B. Staying Apple's Patent Claims Will Create Substantial Inefficiencies.**

###### 1. Staying a portion of the overall dispute does not promote efficiency.

This is not a dispute limited to individual patents. Instead, it is an effort to resolve the parties' dispute about their intellectual property relationship. A ruling from this Court that keeps all the patent infringement claims between the parties together will promote efficiency and encourage settlement, whereas fragmenting the dispute by staying only Apple's patent infringement claims would do the opposite.

Nokia's motion for a stay pending re-examination ignores the complexity of this dispute, and how interconnected the issues within the dispute are. A stay pending re-examination would isolate a portion the overall dispute, and thus harm efficiency rather than promote it. *See Network Appliance Inc. v. Sun Microsystems Inc.*, No. 07-06053-EDL, 2008 WL 2168917, at \*3 (N.D. Cal. May 23, 2008) (denying stay where the case involved 19 patents, where the parties were litigating two other related cases, and "so much of the case would move forward regardless of the stay"); *Cognex Corp.*, 2001 WL 34368283, at \*2 (denying stay where there were numerous additional claims "all of which will require a trial"); *IMAX Corp.*, 385 F. Supp. 2d at 1032-33 (denying stay where the re-examination had potential to "eliminate only one issue out of many"). *Accord St. Clair Intellectual Prop. Consultants, Inc. v. Sony Corp.*, C.A. No. 01-557-JJF, 2003 WL 25283239, at \*2 (D. Del. Jan. 30, 2003) (denying stay where "the pending reexamination proceeding will not do much to contribute to [the parties'] end game strategy").

2. A stay would be inefficient even if the patent claims are viewed in isolation from the rest of the parties' disputes.

Even if this were a case involving only patent infringement claims, a stay pending re-examination would not promote efficient resolution.

A stay of the Apple patents asserted in the 09-791 case would create multiple discovery periods and multiple trials on the patent infringement claims—precisely the opposite result from the plan the Court approved on May 3, 2010. Further, there is significant overlap between Nokia's patent infringement case and Apple's patent infringement case. The requested stay would eliminate efficiencies in discovery and pretrial preparation that are created by moving ahead with all the patent infringement claims in a coordinated manner.

The Nokia and Apple patents involve similar technologies. For example, many Nokia and Apple asserted patents relate generally to transmitting and receiving signals in a wireless cellular network or to cellular telephone functionality:

- Creating “virtual channels” between a cell phone and a base station to put the phones in a state to allegedly transmit or receive data more efficiently. (Nokia ‘465 patent at Abstract.)<sup>3</sup>
- Adding “fill bits” to different sized blocks of data transmitted over the network so that the blocks have an even multiple of bytes to allegedly facilitate the processing of the transmitted data upon receipt. (Nokia ‘904 patent at Abstract.)
- Allowing access requests to be transmitted from the cell phone to the base station with shorter durations and/or higher data rates. (Nokia ‘548 patent at Abstract.)
- Transmitting polling codes from a network to a mobile station to control the timing of reports from the mobile station to the network. (Nokia ‘135 patent at Abstract.)
- Transmitting reports of cell measurement results for multiple cells in a particular order from a mobile station to a base station. (Nokia ‘672 patent at Abstract.)
- Encoding and/or decoding speech transmitted between a cell phone and base station. (Nokia ‘178 patent at Abstract; Nokia ‘651 patent at Abstract, col. 1:13-35.)
- Cipherring radio data transmitted in a cellular network. (Nokia ‘727 patent at Abstract, col. 1:7-30, 3:14-32.)
- Protecting the integrity of communications between a mobile station and a cellular network. (Nokia ‘940 patent at Abstract, col. 1:9-13; Nokia ‘621 patent at Abstract.)
- Reducing interference in signals transmitted over a cellular network. (Apple ‘105 patent at Abstract, col. 1:7-20.)
- Performing cellular telephone functions such as initiating a call connection, monitoring call progress, and activating call features. (Apple ‘854 patent at col. 51:38-40, 52:31-34.)

Further, there will be significant overlap of the commercial products at issue. For example, Nokia will presumably contend that its own products practice its patents. In turn, Apple has accused the same Nokia products of infringing Apple’s patents. Discovery for these standards-compliant Nokia products will thus be required for both Apple’s patent case and Nokia’s patent case.

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<sup>3</sup> Copies of the parties’ patents were attached to their respective pleadings. (D.I. 1 and 21.) To avoid unnecessary volume, copies of the patents have not been included with these papers.

Additionally, discovery of licensing, sales and marketing, and financial information is likely to involve the same witnesses and sources of documents. For example, a study of the parties' license portfolios—and depositions of relevant witnesses about those portfolios—will presumably be important to establish both FRAND terms for Nokia's patents and a reasonable royalty for Apple's patents. Also, given the overlap of commercial products noted above, sales and marketing information will overlap as well—for example, Nokia will wish to show how it markets products that practice its own patents, and Apple will need to analyze the sales and marketing of those same products as part of its damages case against Nokia. Even where there is not a specific product overlap, the general sales and marketing practices of both parties will be relevant to both cases.

If Apple's patent case is stayed, witnesses with information and documents relevant to both parties' patents will have to provide patent-specific and damages-specific discovery twice. Respectfully, that is not efficient.

**C. Separating And Delaying Apple's Patent Claims Will Unfairly Prejudice Apple.**

Unlike Apple's conceded right to a FRAND license to Nokia's claimed standards-essential patents, Nokia has no claim to be licensed to Apple's patents, and Apple thus has the right to exclude Nokia from using Apple's patented technology. *See Transcore, LP v. Elec. Transaction Consultants Corp.*, 563 F.3d 1271, 1275 (Fed. Cir. 2009) (the grant of a patent provides the patentee with the "right to exclude").<sup>4</sup> Further, the parties are direct competitors in the smartphone market. Apple has been taking market share from Nokia, and Nokia's

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<sup>4</sup> Because Nokia has declared its patents essential to wireless communication standards, it has irrevocably committed to allowing third parties to use the patents to implement the standard, and hence waived its right to exclude. (D.I. 1, Nokia Complaint, ¶ 39.)

infringement is an unlawful attempt to recapture that market share. (D.I. 21, Apple's First Amended Answer ¶¶ 6-8.)

Given Apple's right to exclude and the direct competition between it and Nokia, any delay is inherently and substantially prejudicial to Apple, and Nokia's motion for a stay should therefore be denied. *See O2 Micro Int'l Ltd. v. Beyond Innovation Tech. Co.*, No. 2-04-CV-32 (TJW), 2008 WL 4809093, at \*2 (E.D. Tex. Oct. 29, 2008) (denying stay as unduly prejudicial where parties were direct competitors); *Cooper Tech. Co. v. Thomas & Betts Corp.*, No. 2:06-CV-242, 2008 WL 906315, at \*1 (E.D. Tex. Mar. 31, 2008) (same); *Amphenol T&M Antennas, Inc. v. Centurion Int'l, Inc.*, No. 00C4298, 2001 U.S. Dist. LEXIS 13795, at \*7 (E.D. Ill. Sept. 5, 2001) (denying stay where patent holder was potentially losing sales to the accused infringer); *IMAX Corp.*, 385 F. Supp. 2d at 1033 (fact that parties were vying for market share was a reason not to grant the stay).

The prejudice is particularly acute here because the delay would be open ended, and dependent on Patent Office procedures beyond the Court's or Apple's control. The average pendency of an ex parte re-examination is 25.4 months and the median pendency is 20.0 months. (Ex. 2.) An appeal would be expected to last an additional 3.5 years and perhaps more.<sup>5</sup> **The whole re-examination process can thus be expected to take at least two years and perhaps over six years. By that time, the district court trial and appeal should be long finished.** *See Cognex Corp.*, 2001 WL 34368283, at \*2 (denying stay where it was likely that the district court trial

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<sup>5</sup> Apple, as the owner of the reexamined patents, may appeal a rejection of patent claims to the Board of Patent Appeals and Interferences ("BPAI"), and may appeal an unfavorable BPAI decision to the Federal Circuit. *See generally* 35 U.S.C. § 306; 37 C.F.R. §§ 1.134, 41.30-54. According to the most recent statistics, the average pendency of BPAI appeals is approximately 29 months and the median disposition time for Federal Circuit appeals is 9.3 months after docketing. (Ex. 6, from [www.uspto.gov/ip/boards/bpai/stats/perform/fy\\_2010\\_performance\\_measures.jsp](http://www.uspto.gov/ip/boards/bpai/stats/perform/fy_2010_performance_measures.jsp)) and [www.cafc.uscourts.gov/images/stories/the-court/statistics/MedianDispTime\(table\)00-09.pdf](http://www.cafc.uscourts.gov/images/stories/the-court/statistics/MedianDispTime(table)00-09.pdf).)

would finish before Patent Office proceedings); *Bartex Research, LLC v. FedEx Corp.*, 611 F. Supp. 2d 647, 651 (E.D. Tex. 2009) (noting that entire length of delay could be as much as 6.5 years).

It is unfair to make Apple wait for years while Nokia, a direct competitor, continues to use Apple's patented technology unlawfully. See *Life Techs. Corp. v. Illumina, Inc.*, C.A. No. 09-706-RK, 2010 WL 2348737, at \*2 (D. Del. June 7, 2010) (denying stay in part because of the "additional years" of delay that the re-examination proceedings would require); *Soverain Software LLC v. Amazon.com, Inc.*, 356 F. Supp. 2d 660, 663 (E.D. Tex. 2005) (declining to "put[] this case indefinitely on hold"); *Lexington Lasercomb I.P.A.G. v. GMR Products, Inc.*, 442 F. Supp. 2d 1277, 1278 (S.D. Fla. 2006) (denying stay because it would "prolong [the case] for an indefinite period of time").

**D. Staying Apple's Patent Claims Pending Re-examination Does Not Ensure Any Benefit.**

The Court should not forfeit the known benefits of the current trial schedule and discovery plan for the speculative possibility that a stay might allow the Patent Office to simplify the case. Cf. *Soverain*, 356 F. Supp. 2d at 662-63 ("[T]he Court is unwilling to adopt a *per se* rule that patent cases should be stayed during reexamination because some of the relevant claims may be affected. To do so would not promote the efficient and timely resolution of patent cases, but would invite parties to unilaterally derail timely patent case resolution by seeking reexamination."). In this case in particular, the mere granting of the re-examination requests on four out of nine Apple patents provides no indication as to the substantive strength or merit of Nokia's invalidity arguments or the likelihood that the re-examination will materially alter the claims of those patents.

1. The Patent Office proceedings are not designed to resolve the invalidity issues facing this Court.

There are two types of re-examination proceedings: ex parte or inter partes. **Nokia has sought ex parte re-examination, and therefore, even if Nokia loses completely on every argument before the Patent Office, it will no doubt seek to return to this Court and repeat the same losing arguments based on the same prior art.**

By contrast, in an inter partes procedure, statutory estoppel provisions prevent re-litigation of issues that were presented, or could have been presented, in the Patent Office. *See* 35 U.S.C. § 315(c) (third party is estopped from asserting in a civil action the invalidity of a claim finally determined to be valid and patentable during an inter partes re-examination “on any ground which the [party] raised or could have raised during the inter partes reexamination proceedings”). Because there is no such estoppel provision for ex parte re-examinations, such re-examinations are less likely than inter partes re-examinations to simplify the district court litigation. *See, e.g., Anascape, Ltd. v. Microsoft Corp.*, 475 F. Supp. 2d 612, 616-17 (E.D. Tex. 2007) (noting same, and granting stay for patents subject to inter partes re-examination but denying stay for patents subject to ex parte re-examination). Here, Nokia could have sought inter partes re-examination on two of the Apple patents at issue, but chose not to do so. Having made that choice, Nokia sought to preserve its right to re-litigate the validity issues at the expense of simplifying the case.<sup>6</sup> *See Anascape*, 475 F. Supp. 2d at 617 (in ex parte proceeding, “the likelihood of simplification is much less”); *Nidec Corp. v. LG Innotek Co.*, 2009, No. 6:07CV108, WL 3673433, at \*6 (E.D. Tex. Apr. 3, 2009) (same).

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<sup>6</sup> Inter partes re-exam is available for patents that issue from an original application filed on or after November 29, 1999. *See Cooper Tech. Co. v. Dudas*, 536 F.3d 1330, 1331 (Fed. Cir. 2008). Here, two of Apple’s patents have such a filing date, namely U.S. Patent Nos. 7,383,453 (application filed August 25, 2005) and 7,469,381 (application filed December 14, 2007). The ‘381 patent is one of the five for which the Patent Office has granted re-examination.

Further, Patent Office review on a re-examination is limited to a narrow scope of issues, specifically whether prior art patents or printed publications are invalidating. See 35 U.S.C. §§ 301, 302. Nokia can lose on those issues and still return to this Court and continue to litigate the validity of the patents under different theories and evidence. For example, in the district court case, but not in the re-examinations, Nokia could argue that the Apple patents are invalid under 35 U.S.C. § 112 (setting forth, *inter alia*, invalidity defenses based on lack of written description, enablement, and failure to disclose best mode), or that prior art systems invalidate the patents under 35 U.S.C. § 102 (prior use and prior sale can be a basis to invalidate a patent). Nokia has asserted both defenses. See Ex. 3, Nokia response to Apple Interrogatory No. 12, p. 10.

In sum, the re-examination proceedings instituted by Nokia are not designed to avoid the need for further district court litigation, and this Court should not depend on those proceedings to do so.<sup>7</sup>

2. Nokia overstates the odds that the re-examinations will simplify the case.

The decision by the Patent Office to grant certain of Nokia's ex parte requests for re-examination is unremarkable and in no way signals that the patents are invalid. When it grants a request for re-examination, the Patent Office has not invalidated any patent claim, but merely has agreed to re-examine the patent. (See, e.g., Nokia Br., Exs. 6 and 7, re-examination request and grant for '854 patent.) Given this low threshold, it is unsurprising that 92% of ex parte re-examination requests are granted. (See Ex. 2.)

Further, when requested by a third party such as Nokia, 25% of the re-examinations end with all patent claims confirmed, versus only 13% with all patent claims canceled. (Ex. 2.) Thus, Apple's patents are twice as likely to emerge from the Patent Office proceedings

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<sup>7</sup> If the Court is at all inclined to grant a stay, it should condition that grant on Nokia's agreement not to re-assert prior art that is, or could have been, of-record in the re-examinations.



unchanged as they are to be canceled. Even though at least one claim changes in 62% of ex parte re-examination proceedings (Ex. 2), this does not mean that Nokia has a 62% chance of success. Claims are often amended in ways that do not affect the infringement case, and claims that are substantively amended in re-examination may be claims that would not have been asserted in the lawsuit in the first place. Given the number of Apple patents and patent claims at issue—the nine patents collectively have 179 claims—the odds are overwhelming that a large number of claims will survive the re-examination and return to this Court.

Thus, it cannot be presumed that what happens in the Patent Office will materially affect the scope of Apple's infringement claims. Such a presumption would be speculative if there were only one patent at issue. Such a presumption is wildly speculative given that there are nine Apple patents, and that the Patent Office has already denied re-examination of one of the nine. *See Akzenta Paneele + Profile GmbH v. Unilin Flooring N.C. LLC*, 464 F. Supp. 2d 481, 486 (D. Md. 2006) (citing Patent Office statistics to conclude that it was “likely” that “even after reexamination, invalidity will continue to be an issue so a stay would not preserve many resources”); *Amphenol*, 2001 U.S. Dist. LEXIS 13795, at \*6 (noting that re-examination could alter the patent claims yet still “have only a minimal effect on the pending litigation”); *Network Appliance*, 2008 WL 2168917, at \*3 (noting that a stay in a three-patent case was “not nearly as likely to significantly simplify this litigation” as compared to a stay in a one-patent case); *Cooper Tech.*, 2008 WL 906315, at \*1 (denying stay given that it was “likely that some of the patent's claims will survive reexamination” and the likelihood that reexam would simplify the case was “speculative”); *Fujitsu Ltd. v. Nanya Tech. Corp.*, No. C. 06-6613-CW, 2007 WL 3314623, at \*3 (N.D. Cal. Nov. 6, 2007) (in a five-patent case, noting that there was a “0.0025 percent” chance that all the re-examined claims would be canceled).

The likelihood that Nokia's requests for re-examination will not eliminate or narrow the scope of Apple's patent claims is demonstrated by the Patent Office's denial of Nokia's request for re-examination of one of the patents and the overall weakness of Nokia's invalidity arguments for the five patents for which the Patent Office has granted the request for re-examination. For example, Nokia's re-examination request for the '854 patent is fundamentally flawed. (See Nokia Br., Ex. 6, re-examination request for '854 patent.) Each independent claim of the '854 patent requires an "object oriented operating system." (See '854 patent at claims 1 and 13.) In granting re-examination, the Patent Office relied upon the alleged NeXTStep prior art as teaching the claimed "object oriented operating system." (See Nokia Br., Ex. 7, Order Granting Request for Reexamination, p. 2.) But the NeXTStep documentation teaches the use of the Mach operating system, which is a procedural operating system.<sup>8</sup> The '854 patent specifically distinguishes its claimed "object oriented operating system" from the prior art approach of merely layering object-oriented frameworks and libraries on top of a lower-level procedural operating system. (See '854 patent at col. 5:52-6:7.) Because the NeXTStep documentation teaches a procedural operating system and not an "object oriented operating system," NeXTStep is not close prior art to the '854 patent.

Similarly, Nokia's re-examination request for the '105 patent has little chance of success because the Patent Office granted re-examination based on one reference, the Gardner II article (Nokia Br., Ex. 16, p. 3), that was already considered by the Patent Office during the original prosecution of the patent. In granting Nokia's request for re-examination, the Patent Office simply mistook this fact. (Compare '105 patent, p. 2, "References Cited" (disclosing Gardner II)

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<sup>8</sup> See, e.g., Ex. 5, U.S. Pat. No. 5,379,432 at col. 5:67-6:1 ("the operating system 114 represents a limited functionality *procedural operating system, such as the Mach micro-kernel ...*") (emphasis added).

*with* Nokia Br., Ex. 16, p. 3 (Patent Office mistakenly asserting that Gardner II was not considered during the original application).)

Nokia's re-examination request for the '381 patent is similarly misguided. The '381 patent concerns the operation of a touch-screen on an electronic device. Summarizing in broad terms, the '381 patent discloses and claims a "bounce back" feature that informs a user when he or she has scrolled to the edge of the document being viewed. After reaching the edge, continued scrolling displays an area beyond the document's edge, and the document then "bounces back" so that this area is no longer visible. (*See, e.g.*, '381 patent, at Figs. 8A-8D and cols. 29:41 to 30:10, 35:43-56, 36:13-14, and 36:31-38.) The Patent Office granted re-examination primarily in reliance upon the alleged prior art Glimpse article. (Nokia Br., Ex. 9, p. 6.) But Glimpse merely permits a user to pan from one portion of a document to another, combined with an "undo" feature that allows the user to return to the previously viewed portion. This is not a "bounce back" feature at all. Similarly, the Inside Out article—the second reference that the Patent Office mainly relies upon—also fails to disclose a bounce back feature. (*Id.*) This art is hardly invalidating and is, in fact, less relevant to the '381 invention than prior art that the Patent Office considered during the original application.

Thus, Nokia's invalidity arguments are demonstrably weak, and there is no indication from the Patent Office that the re-examinations are likely to invalidate any claims—much less a final office action or action closing prosecution invalidating all of the claims—so as to justify staying Apple's entire patent case based on the Patent Office's granting of requests to reexamine four of nine patents.

**E. The Court Should Deny Nokia's Bid For An Unfair Tactical Advantage. In Particular, If The Court Is Inclined To Stay Some Patent Claims, It Should Stay All Patent Claims.**

As requests for patent re-examinations continue to proliferate, courts are recognizing that a motion to stay following a re-examination request can be a tactical maneuver rather than a genuine effort to advance the case efficiently. Judge Newman recently observed that the procedure of staying a case pending re-examination can be subject to "manipulation and abuse, through the delays that are inherent in PTO activity." *Fresnius USA, Inc. v. Baxter Int'l, Inc.*, 582 F.3d 1288, 1305 (Fed. Cir. 2009) (Newman, J., concurring). *Accord Network Appliance*, 2008 WL 2168917, at \*3 ("[T]here appears to be a growing concern among at least some judges in this district that, on balance, staying a case even in its early stages pending reexamination has not led to the just, speedy, and efficient management of the litigation, but instead has tended to prolong it without achieving sufficient benefits in simplification to justify the delay."); *Anascape*, 475 F. Supp. 2d at 615 ("[T]he court must be aware that a request for examination can be used as a tactical tool to delay a case and impose costs, with no real expectation that any controversy will be resolved.").

Here, Nokia is plainly seeking the stay for tactical advantage. Since March, Nokia has repeatedly tried to advance its claims over Apple's, including by asking that all of its claims be tried before any of Apple's, and moving to stay Apple's non-patent claims. When that failed, Nokia filed a new patent case in a different court. If Nokia's motion is granted, Apple's patent claims would be stayed but Nokia's would proceed. This imbalance would confer unfair tactical advantage on Nokia and, by itself, justifies denying the stay. *See Life Techs.*, 2010 WL 2348737, at \*3 (noting prejudice to non-movant if its patents were stayed but the patents owned by the party moving for a stay were allowed to proceed); *Network Appliance*, 2008 WL 2168917, at \*5 (N.D. Cal. May 23, 2008) (staying one party's patents but not the other party's patents would

confer an unfair tactical advantage on the party moving for the stay); *Fujitsu*, 2007 WL 3314623, at \*3 (“it would be unreasonable to permit Nanya to proceed on its infringement claims against Fujitsu while staying Fujitsu’s infringement proceedings against Nanya”); *IMAX*, 385 F. Supp. 2d at 1033 n.2 (declining movant’s “generous offer” to allow its patent claims to proceed while plaintiff’s claims were stayed).<sup>9</sup>

If the Court is inclined to grant Nokia’s motion, it should stay all the patent infringement claims of the 09-791 case, including Nokia’s. *Cf.* Ex. 4, *Applera Corp. v. Thermo Electron Corp.*, Case No. 04-CV-1230-GMS, p. 4 (Dec. 28, 2005) (after plaintiff moved to stay defendant’s counterclaim patent, the court stayed plaintiff’s patent claim as well; “the court believes that the most efficient and practical way to proceed with the litigation is to stay both cases”). Staying all the patent infringement claims would allow the core of the case—the FRAND issue—to proceed quickly to trial, a scenario that would provide the best chance for resolution of the parties’ dispute.

## V. CONCLUSION

For reasons stated above, the Court should deny Nokia’s motion to stay. Alternatively, the Court should stay both parties’ patent infringement claims so that the FRAND issues may proceed first.

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<sup>9</sup> Other cases in which the court denied a motion to stay pending re-examination upon determining that the motion was motivated by gamesmanship include, e.g., *Centillion Data Sys., LLC v. Convergys Corp.*, No. 1:04-CV-0073-LJM-WTL, 2005 WL 2045786, at \*1 (S.D. Ind. Aug. 24, 2005); *Xerox Corp. v. 3Com Corp.*, 69 F. Supp. 2d 404, 407 (W.D.N.Y. 1999); *Freeman v. 3M Co.*, 661 F. Supp. 886, 888 (D. Del. 1987); *Cognex*, 2001 WL 34368283, at \*2.

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

**CERTIFICATE OF SERVICE**

I, Richard L. Horwitz, hereby certify that on August 20, 2010, the attached document was electronically filed with the Clerk of the Court using CM/ECF which will send notification to the registered attorney(s) of record that the document has been filed and is available for viewing and downloading.

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