

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

HONORABLE RICHARD A. JONES

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

MICROSOFT CORPORATION,	
	Case No. 11-485 RAJ
Plaintiff,	
vs.	PLAINTIFF MICROSOFT
BARNES & NOBLE, INC.,	CORPORATION'S MOTION FOR
BARNESANDNOBLE.COM LLC, HON	ADDITIONAL TIME TO RESPOND TO
HAI PRECISION INDUSTRY CO., LTD.,	COUNTERCLAIMS OF DEFENDANTS
FOXCONN INTERNATIONAL	BARNES & NOBLE, INC. AND
HOLDINGS LTD., FOXCONN	BARNESANDNOBLE.COM LLC
ELECTRONICS, INC., FOXCONN	<b>NOTED: FRIDAY, MAY 6, 2011</b>
PRECISION COMPONENT (SHENZHEN)	
CO., LTD., and INVENTEC	
CORPORATION,	
Defendants.	

Case No. 11-485 RAJ

PLAINTIFF MICROSOFT  
CORPORATION'S MOTION FOR  
ADDITIONAL TIME TO RESPOND TO  
COUNTERCLAIMS OF DEFENDANTS  
BARNES & NOBLE, INC. AND  
BARNESANDNOBLE.COM LLC

**NOTED: FRIDAY, MAY 6, 2011**

Plaintiff Microsoft Corp. ("Microsoft") respectfully requests an additional 30 days to respond to the Counterclaims filed by Defendants Barnes & Noble, Inc. and barnesandnoble.com LLC (together, "B&N"). Microsoft's response is due on May 16, 2011. However, under 28 U.S.C. § 1659, B&N has until May 19 to demand that this action be stayed

PLTFF MICROSOFT'S MOTION FOR  
ADDITIONAL TIME TO RESPOND TO  
COUNTERCLAIMS OF DEFS BARNES &  
NOBLE, INC. & BARNESANDNOBLE.COM - 1

LAW OFFICES  
DANIELSON HARRIGAN LEYH & TOLLEFSON LLP  
999 THIRD AVENUE, SUITE 4400  
SEATTLE, WASHINGTON 98104  
TEL., (206) 623-1700 FAX, (206) 623-8717

1 pending resolution of a parallel action between the parties that is currently pending before the  
2 International Trade Commission.

3 The deadline for Microsoft's response to B&N's Counterclaims should be extended  
4 until a reasonable period after expiration of B&N's deadline to request a stay under § 1659.  
5 Microsoft should not be required to invest the time and effort to develop a response to B&N's  
6 Counterclaims when B&N unilaterally could render such a response unnecessary and moot at  
7 any point within the next three weeks.

## 8 **I. FACTUAL AND PROCEDURAL BACKGROUND**

### 9 **A. Microsoft's Commencement of this Action**

10 On March 21, 2011, Microsoft filed its Complaint in the above-captioned action.  
11 Barnes & Noble, Inc. was served on March 23, 2011 and barnesandnoble.com LLC was served  
12 on April 1, 2011.

13 The Complaint asserts that B&N and its co-defendants are infringing and/or inducing  
14 others to infringe by making, using, offering to sell, and/or selling in the United States, and/or  
15 importing into the United States, products or processes that practice one or more inventions  
16 claimed in each of five patents owned by Microsoft: U.S. Patent No. 5,778,372, U.S. Patent  
17 No. 6,339,780, U.S. Patent No. 5,889,522, U.S. Patent No. 6,891,551, and U.S. Patent No.  
18 6,957,233 (collectively, the "Microsoft Patents"). The claims implicate certain features  
19 implemented by Barnes & Noble's Nook and Nook Color e-book readers.

20 On or about April 12, 2011, counsel for B&N requested a 30-day extension of the  
21 deadline to respond to Microsoft's Complaint. On April 13, 2011 (the deadline for Barnes &  
22 Noble, Inc. to file its answer) counsel for Microsoft agreed to grant Barnes & Noble, Inc. a 30-  
23 day extension, through May 13, 2011.<sup>1</sup> The parties filed a stipulation and proposed order that

---

24  
25 <sup>1</sup> The deadline for barnesandnoble.com to file its answer was likewise extended from April 22, 2011 to May 13, 2011.

1 same day, which the Court granted. *See* Dkt. No. 11. Microsoft is now seeking a similar  
2 accommodation.

3 **B. Parallel Proceedings before the International Trade Commission ("ITC")**

4 On March 21, 2011, the same day Microsoft filed this action, Microsoft also filed a  
5 Complaint with the ITC against B&N and its co-defendants, captioned "In the Matter of  
6 Certain Handheld Electronic Computing Devices, Related Software, and Components  
7 Thereof."

8 The ITC is a quasi-judicial federal agency charged with investigating claims of unfair  
9 trade practices arising under 28 U.S.C. § 1337. Among other things, § 1337 prohibits the  
10 importation into the United States, the sale for importation, or the sale within  
11 the United States after importation by the owner, importer, or consignee, of  
12 articles that ... infringe a valid and enforceable United States patent[.]

13 In its ITC Complaint, Microsoft alleges that B&N and its co-defendants are in violation  
14 of § 1337 in connection with the importation and sale of the Barnes & Noble Nook and Nook  
15 Color e-book readers, which practice one or more inventions claimed in each of the same five  
16 Microsoft Patents at issue in the instant action.

17 On April 19, 2011, the ITC issued a "Notice of Investigation," thereby formally  
18 initiating the investigation (the "Notice"). *See* Declaration of Christopher Wion ("Wion  
19 Decl."), Ex. A. As stated in the Notice, B&N and the other respondents must submit any  
20 response within 20 days of service by the ITC of the Complaint and Notice.

21 ITC investigations are conducted in accordance with procedural rules that are similar in  
22 many respects to the Federal Rules of Civil Procedure (*see* 19 C.F.R. Part 210). A formal  
23 evidentiary hearing on the merits will be conducted -- typically on an expedited basis -- by the  
24 presiding Administrative Law Judge in conformity with the adjudicative provisions of the  
25

1 Administrative Procedure Act (5 U.S.C. §§ 551 *et seq.*). The ALJ's initial determination is  
2 then reviewed by the Commission.

3 If the Commission determines that the defendants have violated § 1337, it can issue an  
4 "exclusion order" barring the infringing products from importation into the United States,  
5 and/or a cease and desist order directing Defendants to cease engaging in the unlawful conduct  
6 at issue. Microsoft has requested such relief.

7 As explained in greater detail below, under 28 U.S.C. § 1659, B&N has the right to  
8 demand a stay of this district court action pending final resolution of the ITC's investigation.  
9 In order to exercise that right, B&N must request a stay within 30 days of initiation of the  
10 investigation - *i.e.*, by May 19, 2011.

11 **C. B&N Files Its Answer & Counterclaims; Microsoft Requests Additional Time to**  
12 **Respond.**

13 On April 25, 2011, B&N filed its Answer & Counterclaims in this action.

14 In its Answer, B&N asserts the following affirmative defenses to Microsoft's claims of  
15 patent infringement: patent misuse; non-infringement; invalidity; failure to mark; and  
16 inequitable conduct. For its Counterclaims, B&N seeks a declaratory judgment as to each such  
17 defense, with the exception of the "failure to mark" defense. B&N's Answer & Counterclaims  
18 (Dkt. No. 12), pp. 27-48.

19 Under Fed. R. Civ. P. 12(a)(1), Microsoft's response to B&N's Counterclaims is due by  
20 May 16.

21 On April 27, counsel for Microsoft asked counsel for B&N for an additional 30 days to  
22 respond to B&N's Counterclaims, by which time the stay issue under § 1659 will have been  
23 resolved, one way or the other. Wion Decl., ¶ 3. B&N has not yet responded to the request.

24 *Id.* If B&N consents to the extension after receiving this Motion, Microsoft will withdraw this  
25 Motion.

1 **II. ARGUMENT & AUTHORITY**

2 B&N has the right, under 28 U.S.C. § 1659, to demand that this action be stayed until  
3 resolution of the ITC's parallel investigation. To exercise that right, B&N must seek a stay  
4 within 30 days of the ITC's initiation of its investigation -- *i.e.*, by May 19, 2011. Microsoft  
5 should not be required to respond to B&N's Counterclaims by May 16, but should be afforded  
6 additional time so that the stay issue will be resolved *before* Microsoft's response is due.

7 Under § 1659, upon B&N's timely application to the Court, this action must be stayed  
8 pending resolution of the parallel ITC proceedings. The statute provides that:

9 In a civil action involving parties that are also parties to a proceeding before the  
10 United States International Trade Commission under section 337 of the Tariff  
11 Act of 1930 [19 U.S.C. § 1337], at the request of a party to the civil action that  
12 is also a respondent in the proceeding before the Commission, the district court  
13 shall stay, until the determination of the Commission becomes final,  
14 proceedings in the civil action with respect to any claim that involves the same  
15 issues involved in the proceeding before the Commission, but only if such  
16 request is made within --

14 (1) 30 days after the party is named as a respondent in the proceedings  
15 before the Commission, or

16 (2) 30 days after the district court action is filed,

17 whichever is later.

18 28 U.S.C. § 1659(a).

19 If B&N intends to exercise its rights under § 1659 and this action is stayed, there is no  
20 sense in requiring Microsoft to respond to B&N's Counterclaims until after the ITC case is  
21 resolved. In the ITC proceedings, B&N presumably will raise each defense that forms the  
22 substantive basis of its counterclaims for declaratory judgment here. If and when the stay is  
23 lifted, "the record developed in the proceeding before the commission may be used to 'expedite  
24 proceedings and provide useful information to the court.'" *Sandisk Corp. v. Phison Electronics*  
25 *Corp.*, 538 F.Supp.2d 1060, 1067 (W.D. Wisc. 2008). In other words, "waiting for the

1 commission to complete its investigation may help simplify this case." *Id.* As a practical  
2 matter, any response to B&N's Counterclaims submitted now would be outdated and of limited  
3 utility if and when this action is resumed after full development and adjudication of the issues  
4 in the ITC case.

5 On the other hand, if B&N opts *not* to request a stay within the deadline imposed by  
6 § 1659, the additional time Microsoft is requesting to respond to B&N's Counterclaims would  
7 provide Microsoft a sufficient opportunity to develop a response to the Counterclaims once  
8 that deadline has passed.

### 9 **III. CONCLUSION**

10 For the foregoing reasons, the Court should grant Microsoft's request for an additional  
11 30 days to respond to B&N's Counterclaims, consistent with the Proposed Order submitted  
12 herewith.

13 DATED this 28th day of April, 2011.

14 DANIELSON HARRIGAN LEYH & TOLLEFSON LLP

15  
16 By /s/ Christopher Wion  
17 Arthur W. Harrigan, Jr., WSBA #1751  
18 Christopher Wion, WSBA #33207  
Shane Cramer, WSBA #35099

19 T. ANDREW CULBERT (WSBA #35925)  
andycu@microsoft.com  
20 DAVID E. KILLOUGH (WSBA #40185)  
davkill@microsoft.com  
21 MICROSOFT CORPORATION  
22 1 Microsoft Way  
Redmond, Washington 98052  
23 Telephone: 425-882-8080  
Facsimile: 425-869-1327  
24  
25

1 JEFFREY W. LESOVITZ (*pro hac vice*)  
jlesovitz@woodcock.com  
2 DALE M. HEIST (*pro hac vice*)  
dheist@woodcock.com  
3 DANIEL GOETTLE (*pro hac vice*)  
dgoettle@woodcock.com  
4 ALEKSANDER J. GORANIN (*pro hac vice*)  
agoranin@woodcock.com  
5 WOODCOCK WASHBURN LLP  
2929 Arch Street, 12th Floor  
6 Philadelphia, PA 19104  
Telephone: 215-568-3100  
7 Facsimile: 215-568-3439

8 DAVID T. PRITIKIN (*pro hac vice to be filed*)  
dpritikin@sidley.com  
9 RICHARD A. CEDEROTH (*pro hac vice to be filed*)  
rcederOTH@sidley.com  
10 DOUGLAS I. LEWIS (*pro hac vice to be filed*)  
dilewis@sidley.com  
11 JOHN W. MCBRIDE (*pro hac vice to be filed*)  
jwmcbride@sidley.com  
12 SIDLEY AUSTIN LLP  
One South Dearborn  
13 Chicago, IL 60603  
Telephone: 312-853-7000  
14 Facsimile: 312-853-7036

15 BRIAN R. NESTER (*pro hac vice to be filed*)  
bnester@sidley.com  
16 KEVIN C. WHEELER (*pro hac vice to be filed*)  
kwheeler@sidley.com  
17 SIDLEY AUSTIN LLP  
1501 K Street, NW  
18 Washington, DC 20005  
Telephone: 202-736-8000  
19 Facsimile: 202-736-8711

20  
21 Attorneys for Microsoft Corporation  
22  
23  
24  
25

1 **CERTIFICATE OF SERVICE**

2 I, Linda Bledsoe, swear under penalty of perjury under the laws of the State of  
3 Washington to the following:

- 4 1. I am over the age of 21 and not a party to this action.  
5 2. On the 28th of April, 2011, I caused the preceding document to be served on  
6 counsel of record in the following manner:

7 **Counsel for Defendants Barnes & Noble, Inc.**  
8 **and barnesandnoble.com LLC**

9 Louis D. Peterson ([ldp@hcmp.com](mailto:ldp@hcmp.com)) \_\_\_\_\_ Messenger  
10 Michael R. Scott ([mrs@hcmp.com](mailto:mrs@hcmp.com)) \_\_\_\_\_ US Mail  
11 Mary E. Crego ([mec@hcmp.com](mailto:mec@hcmp.com)) \_\_\_\_\_ Facsimile  
12 Hillis Clark Martin & Peterson \_\_\_\_\_ X ECF  
13 1221 Second Avenue, Suite 500 \_\_\_\_\_ Email  
14 Seattle, WA 98101-2925  
15 Phone: 206-623-1745  
16 Fax: 623-7789

17 \_\_\_\_\_  
18 /s/ Linda Bledsoe  
19 LINDA BLEDSOE  
20  
21  
22  
23  
24  
25