

HONORABLE RICHARD A. JONES

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

10 MICROSOFT CORPORATION,
11
12 Plaintiff,

13 vs.

14 BARNES & NOBLE, INC.,
15 BARNESANDNOBLE.COM LLC, HON
16 HAI PRECISION INDUSTRY CO., LTD.,
17 FOXCONN INTERNATIONAL
18 HOLDINGS LTD., FOXCONN
19 ELECTRONICS, INC., FOXCONN
20 PRECISION COMPONENT (SHENZHEN)
21 CO., LTD., and INVENTEC
22 CORPORATION,

23 Defendants.

Case No. 11-485 RAJ

MICROSOFT'S COMBINED
RESPONSE TO DEFENDANTS'
MOTIONS FOR STAY

**NOTED FOR:
FRIDAY, JUNE 3, 2011**

24 **I. INTRODUCTION**

25 Defendants Barnes & Noble, Inc. and barnesandnoble.com LLC (collectively "Barnes & Noble") filed a Motion to Stay on May 18, 2011 (Dkt. No. 33), requesting that this action be stayed in its entirety pursuant to 28 U.S.C. § 1659(a) pending resolution of a parallel ITC investigation: *In the Matter of Certain Handheld Electronic Computing Devices, Related Software, and Components Thereof*, Inv. No. 337-TA-769 (the "ITC Action"). Defendants Hon Hai Precision Industry Co., Ltd.; Foxconn International Holdings Ltd.; Foxconn Electronics, Inc., and Foxconn Precision Component (Shenzen) Co., Ltd. (the "Foxconn

MICROSOFT'S COMBINED RESPONSE TO
DEFENDANTS' MOTIONS FOR STAY – 1

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1 Defendants”) filed a similar motion on May 19, 2011. (Dkt. No. 34). Defendant Inventec
2 Corporation has not moved for a stay or otherwise appeared in this action.

3 Microsoft does not oppose Defendants’ requests for a stay. However, Microsoft
4 requests that such stay be without prejudice to its ability to effect service on the non-U.S.
5 defendants — the Foxconn Defendants and Inventec (the "Foreign Defendants"). Microsoft
6 should be permitted to serve the Foreign Defendants once the stay has been lifted, without risk
7 that such service be deemed untimely.

8 II. FACTS REGARDING SERVICE OF THE FOREIGN DEFENDANTS

9 Microsoft has yet to effect service on the Foreign Defendants and has no assurance that
10 such process could be completed prior to issuance of a stay. Each of the Foreign Defendants
11 exists under the laws of either the People’s Republic of China and/or Hong Kong. Complaint
12 (Dkt. No. 1), at ¶¶ 4-8. Counsel for the Foxconn Defendants in this action has advised counsel
13 for Microsoft that they are not authorized to accept service on their clients' behalf. Counsel for
14 Microsoft received a similar response from Inventec's counsel in the ITC Action, who does not
15 represent Inventec in this action. To the best of Microsoft's knowledge, Inventec has not
16 engaged counsel for purposes of this action.

17 III. AUTHORITY

18 A. 28 U.S.C. § 1659 Provides for a Mandatory Stay of this Action.

19 Each Defendant in this action is a respondent in the ITC Action, in which Microsoft is
20 asserting the same patents against the same products. Microsoft acknowledges that Defendants
21 are entitled to a mandatory stay of this action until the ITC's determination "becomes final":

22 In a civil action involving the parties to a proceeding before the International
23 Trade Commission under section 337 of the Tariff Act of 1930, at the request of
24 a party to the civil action that is also a respondent in the proceeding before the
25 Commission, the district court shall stay, until the determination of the
Commission becomes final, proceedings in the civil action with respect to any

1 claim that involves the same issues involved in the proceeding before the
Commission.

2 28 U.S.C. § 1659.

3 An ITC determination “becomes final” when the Commission proceedings are no
4 longer subject to review (*i.e.*, after all appeals have been exhausted or the time for appeal has
5 expired). *In re Princo Corp.*, 478 F.3d 1345, 1355 (Fed. Cir. 2007).

6 **B. The Stay Should Be Without Prejudice to Microsoft’s Right to Effect Service on**
7 **the Foreign Defendants.**

8 Microsoft has yet to effect service on the Foreign Defendants and respectfully requests
9 that any order issued under § 1659 expressly preserves Microsoft’s ability to do so within a
10 reasonable amount of time after the stay has been lifted.

11 There is no clear deadline for service of a foreign defendant under the Federal Rules.
12 The 120-day service period provided by Fed. R. Civ. P. 4(m) does not apply to foreign
13 defendants. Rule 4(m) (“This subdivision (m) does not apply to service in a foreign country
14 under Rule 4(f) or 4(j)(1)”); *Lucas v. Natoli*, 936 F.2d 432 (9th Cir. 1991) (under Rule 4(m),
15 “there is apparently no time limit for [foreign] service”). Nevertheless, Microsoft should not
16 be forced to face any argument that it somehow unreasonably delayed service.

17 In the absence of a stay, Microsoft is confident that it could effect service of the
18 Foreign Defendants within a reasonable amount of time.

19 However, as at least one court has found, § 1659 may bar Microsoft from serving the
20 Foreign Defendants while the stay is in place. *Overland Storage, Inc. v. BDT Automation*
21 *Technology (Zhuhai FTZ) Co., Ltd.*, No. 10-CV-1700, 2010 WL 5089002, *2 (S.D.Cal. Dec. 8,
22 2010) (“the Court is persuaded that the stay should extend to service of process”). Likewise, in
23 *Sandisk Corp. v. Phison Electronics Corp.*, the Court refused to lift a stay to allow the plaintiff
24 to serve letters rogatory on foreign defendants. Nos. 07-cv-605-bbc, 07-cv-607-bbc, 2008 WL
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1 4533715, *1 (W.D. Wisc. Sept. 17, 2008). As the court noted, the plaintiff would have the
2 opportunity to serve any un-served defendants once the stay had been lifted. *Id.*

3 Effecting foreign service is a time-consuming and costly process, and Microsoft likely
4 will not be able to successfully effect service prior to this Court's entry of a stay in this matter.
5 Microsoft's attempts to streamline the process by dealing directly with counsel for the Foreign
6 Defendants were unsuccessful. Microsoft's ability to serve the Foreign Defendants should be
7 preserved as part of the stay to which Defendants are entitled under § 1659.

8 IV. CONCLUSION

9 While Microsoft does not oppose Defendants' motions for stay pursuant to 28 U.S.C. §
10 1659(a), Microsoft respectfully requests that the stay be without prejudice to Microsoft's
11 ability to proceed with service on the Foreign Defendants once the stay has been lifted.

12 Microsoft also requests that any stay order expressly toll any time limitation for service on any
13 defendant until 120 days after the stay is lifted, consistent with the (Proposed) Order submitted
14 herewith. At a minimum, and in the alternative, Microsoft requests permission to serve the
15 Foreign Defendants while the stay is in place.

16 DATED this 31st day of May, 2011.

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**COUNSEL FOR PLAINTIFF
MICROSOFT CORPORATION**

1 **CERTIFICATE OF SERVICE**

2 I, Susie Clifford, 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 31st day of May, 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**

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10 Michael R. Scott (mrs@hcmp.com) _____ US Mail
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14 **Counsel for Foxconn Electronics, Inc., Foxcon**
15 **Precision Components (Shen Zhen) Co., Ltd.**
16 **Foxconn International Holdings Ltd., and**
Hon Hai Precision Industry Co., Ltd.

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