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## **INTRODUCTION**

Defendants Motorola, Inc. d/b/a Motorola Solutions, Inc. ("Solutions") and Motorola Mobility, Inc. ("Motorola") (collectively "Defendants") hereby move, pursuant to Fed. R. Civ. P. 26(c) and (d) or the Court's inherent powers, for an order staying certain discovery, pending resolution of Defendants' Motion to Dismiss or to Sever and Transfer Claims in Plaintiffs' Amended Complaint Based on Patents at Issue in an Earlier-Filed Delaware Action ("Defendants' Motion to Dismiss or Sever and Transfer") (D.I. 28).

## **SUMMARY OF ARGUMENT**

Defendants' Motion to Dismiss or Sever and Transfer is fully briefed and pending before this Court. That motion seeks to promote judicial and litigant economy by dismissing or transferring to Delaware Plaintiffs' claims relating to twelve patents asserted for the first time in Plaintiffs' Amended Complaint (D.I. 12) ("the Amended Complaint Patents"). The Amended Complaint Patents are at issue not only in Defendants' earlier-filed action in Delaware ("the Motorola Delaware Action"), but also in four related actions pending in Delaware before the same judge, Chief Judge Sleet. Further in the interests of judicial and litigant economy, discovery relating to the Amended Complaint Patents in the present action should be stayed pending resolution by this Court of Defendants' Motion to Dismiss or Sever and Transfer.

Judicial and litigant economy will be promoted by the discovery stay Defendants seek. As a result of Plaintiffs' own repeated decisions to litigate the Amended Complaint Patents in the District of Delaware, that district has extensive experience with these patents, including related discovery issues. If discovery were to proceed in parallel in this Court and in Delaware, any economies resulting from the Delaware court's familiarity with the Amended Complaint Patents would be lost in the duplicative discovery proceedings. Furthermore, such duplication would raise the possibility of conflicting discovery rulings.

Plaintiffs will suffer no prejudice from a discovery stay pending resolution of Defendants' motion. Because Plaintiffs have already substantively answered Defendants' Motion to Dismiss or Sever and Transfer without asserting any need for discovery, they may not now argue that a discovery stay will somehow prejudice their ability to respond to Defendants' motion.

Furthermore, Plaintiffs' own litigation strategy demonstrates that they will suffer no prejudice from a discovery stay. Plaintiffs' conduct here and in the District of Delaware flatly contradicts any argument they might advance that a stay will harm them because they seek prompt resolution of the claims at issue. Plaintiffs did not assert the Amended Complaint Patent claims here until December 2, 2010, nearly two months after Motorola commenced its Delaware declaratory judgment action on those patents (October 8, 2010), and nearly a month after Plaintiffs filed the original complaint in this action (October 29, 2010).<sup>1</sup> (Apple Amended Complaint (D.I. 12); Delaware Motorola Complaint (Ex. 5); Wisconsin Apple Complaint (D.I. 1).) Plaintiffs chose not to assert the Amended Complaint Patents in the original complaint here, but instead waited nearly two months to bring their infringement claims on those patents. (Wisconsin Apple Complaint (D.I. 1); Apple Amended Complaint (D.I. 12).)

Plaintiffs also within the last year filed two of the four pending actions in the District of Delaware involving all twelve Amended Complaint Patents against a different party, HTC. (Delaware Apple HTC Complaint I (Ex. 6) ¶ 15; Delaware Apple HTC Complaint II (Ex. 7) ¶ 13.) In the other two pending Delaware actions, Plaintiffs have asserted seven of the twelve

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<sup>1</sup> Exhibits 1-12 are attached to the Declaration of Rebecca F. Kennedy in Support of Defendants' Motion to Dismiss or, in the Alternative, to Transfer Venue (D.I. 32); Exhibits 13-17 are attached to the Declaration of Rebecca F. Kennedy in Support of Defendants' Reply in Support of Their Motion to Dismiss or, in the Alternative, to Transfer Venue (D.I. 48); Exhibit 18 is attached to the Declaration of Rebecca F. Kennedy in Support of Defendants' Motion to Stay Certain Discovery Pending Resolution of Their Motion to Dismiss or Sever and Transfer (hereinafter "Kennedy Dec. Ex. 18,"), filed concurrently herewith.

Amended Complaint Patents by counterclaim against Nokia. (Apple Inc.'s Answer, Defenses, and Counterclaims ("Delaware Nokia Apple Counterclaims I") (Ex. 8) ¶¶ 58, 64, 70, 82, 88, 94, 100; ("Delaware Nokia Apple Counterclaims II") (Ex. 9) ¶¶ 200, 206, 242).)

Defendants' motion is fully briefed, the Amended Complaint Patent Claims have been pending only three months, and discovery has not yet really begun. Discovery should be stayed pending resolution of Defendants' motion.

### **STATEMENT OF FACTS**

Motorola's Delaware Action is the first-filed action between Motorola and Plaintiffs on the Amended Complaint Patents. After Motorola initiated the Motorola Delaware Action on October 8, 2010<sup>2</sup> seeking a declaratory judgment on the twelve Amended Complaint Patents, Apple filed this action on October 29, 2010 asserting three *different* patents against Motorola. (D.I. 1.) More than a month later, on December 2, 2010, Apple and NeXT filed an Amended Complaint adding allegations of infringement of the twelve Amended Complaint Patents to its original complaint. (D.I. 12.) In short, Plaintiffs decided to assert the Amended Complaint Patents against Defendants here after the validity and infringement of those patents had already been challenged by Motorola in Delaware.

Apple and NeXT have sought and are seeking to enforce all twelve Amended Complaint Patents against other parties in co-pending actions in Delaware. (Delaware Motorola Complaint (Ex. 5) ¶¶ 6-7; Delaware Apple HTC Complaint I (Ex. 6) ¶ 15; Delaware Apple HTC Complaint II (Ex. 7) ¶ 13.) On March 2, 2010, Apple and NeXT sued HTC Corp., HTC (B.V.I.) Corp., HTC America, Inc., and Exedeia, Inc. for infringement of ten of the twelve Amended Complaint Patents in Delaware. *Apple Inc., NeXT Software, Inc. f/k/a/ NeXT Computer, Inc. v. High Tech*

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<sup>2</sup> Motorola served Apple and NeXT on October 13, 2010. (Notice of Mailing (Ex. 4).)

*Computer Corp., a/k/a HTC Corp., HTC (B.V.I.) Corp., HTC America, Inc., and Exedea, Inc., C.A. No. 10-166-GMS (D. Del.)*) (Delaware Apple HTC Complaint I (Ex. 6) ¶ 7)). On that same day, Apple sued the same defendants for infringement of the remaining two Amended Complaint Patents in Delaware. *Apple Inc. v. High Tech Comp. Corp., a/k/a/ HTC Corp., HTC (B.V.I.) Corp., HTC America, Inc., Exedea, Inc., C.A. No. 10-167-GMS (D. Del.)*.) (Delaware Apple HTC Complaint II (Ex. 7) ¶ 6)) (with C.A. 10-166, "the HTC Actions").

Furthermore, in two additional Delaware actions, *Nokia Corp. v. Apple Inc.*, C.A. No. 09-1002-GMS (D. Del.), and *Nokia Corp. v. Apple Inc.*, C.A. No. 09-791-GMS (D. Del.), Apple asserted a total of seven of the Amended Complaint Patents by counterclaim. (Apple Inc.'s Answer, Defenses, and Counterclaims ("Delaware Nokia Apple Counterclaims I") (Ex. 8) ¶¶ 58, 64, 70, 82, 88, 94, 100; ("Delaware Nokia Apple Counterclaims II") (Ex. 9) ¶¶ 200, 206, 242).) The 09-1002 action is currently stayed pending an ITC proceeding. (Stay Order (Ex. 10).) All four of these actions involving these Apple patents are assigned to the same Delaware judge, Chief Judge Sleet.

On December 23, 2010, Defendants filed their Motion to Dismiss or Sever and Transfer the Amended Complaint Patent claims to Delaware (D.I. 28). Plaintiffs filed their opposition to the motion on January 13, 2011 (D.I. 44), and Defendants filed their reply on January 24, 2011 (D.I. 47).

Plaintiffs served their First Set of Interrogatories and First Set of Requests for Production on December 20, 2010. Both sets of discovery requests seek discovery regarding the Amended Complaint Patents. Defendants served responses to Apple's First Set of Interrogatories and First Set of Requests for Production on January 24, 2011, objecting to discovery requests relating to



the Amended Complaint Patents, but responding to requests relating to the original three patents asserted by Apple in the original complaint in this action (D.I. 1).

Plaintiffs have continued to seek discovery on the Amended Complaint Patents, despite Defendants' objections, and have indicated their intent to move to compel this discovery. (*See* Feb. 11, 2011 Letter from J. Moore to E. DeFranco, (Kennedy Dec. Ex. 18) at 1.) On February 22, 25, and 28, 2011, Defendants' counsel conferred with Plaintiffs' counsel in an attempt to reach an agreement regarding discovery on the Amended Complaint Patents, but the parties were unable to, leading Defendants to file the present motion for a discovery stay.

### **ARGUMENT**

#### **I. Courts in the Seventh Circuit Routinely Grant Stays Pending Resolution of Motions to Dismiss or Transfer**

District courts have broad discretion over discovery matters, including the "inherent power to stay civil proceedings, postpone civil discovery, or impose protective orders when the interests of justice so dictate." *Doe v. City of Chicago*, 360 F. Supp. 2d 880, 881 (N.D. Ill. 2005); *see also Patterson v. Avery Dennison Corp.*, 281 F.3d 676, 681 (7th Cir. 2001) (stating that "[d]istrict courts have broad discretion in matters relating to discovery"); *Vivid Tech., Inc. v. Am. Science & Eng., Inc.*, 200 F.3d 795, 803-04 (Fed. Cir. 2000) (stating that "[w]hen a particular issue may be dispositive, the court may stay discovery concerning other issues until the critical issue is resolved").

Courts in the Seventh Circuit<sup>3</sup> have repeatedly emphasized that stays of discovery in light

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<sup>3</sup> The Federal Circuit applies regional circuit law, rather than Federal Circuit law, in determining whether discovery stays are appropriate in patent actions. *See, e.g., Robinson v. Fakespace Labs, Inc.*, Appeal No. 02-1152, 2003 WL 858911, at \*4 (Fed. Cir. March 5, 2003) (finding no abuse of discretion where district court stayed discovery pending adjudication of summary judgment motion and stating that "[b]ecause the question whether to stay discovery is not unique to our jurisdiction, we review that ruling under the law of the regional circuit").

of a pending motion to dismiss "are granted with substantial frequency." *See, e.g., Bilal v. Wolf*, Civil Action No. 06-6978, 2007 WL 1687253 (N.D. Ill. Jun. 6, 2007) (granting discovery stay where motion to dismiss pending); *Dillinger, L.L.C. v. Electronic Arts, Inc.*, Civil Action No. 09-1236, 2010 WL 1945739, at \*1 (S.D. Ind. May 11, 2010) (stating that "[c]ourts have long exercised [their] discretion to stay discovery after a timely filed motion to dismiss"); *DSM Desotech Inc. v. 3D Systems Corp.*, Civil Action No. 08-1531, 2008 WL 4812440 (N.D. Ill. Oct. 28, 2008) (granting discovery stay where motion to dismiss pending); *Estate of Enoch v. Tienor*, Civil Action No. 07-376, 2008 WL 410656, at \*1 (E.D. Wis. Feb. 11, 2008) (granting discovery stay where motion to dismiss pending and noting that "[t]rial courts have broad discretion and inherent power to stay discovery until preliminary questions that may dispose of the case are determined") (internal quotations and citation omitted); *Flakes v. Frank*, Civil Action No. 04-189, 2005 WL 1276370 (W.D. Wis. May 26, 2005) (lifting discovery stay that this Court had imposed in light of a pending motion to dismiss upon resolution of that motion); *Malone v. Clark*, Civil Action No. 04-229, 2004 WL 2053284 (W.D. Wis. Sept. 13, 2004) (granting discovery stay where motion to dismiss pending). In particular, "[s]tays are often deemed appropriate where the motion to dismiss can resolve a threshold issue such as jurisdiction, standing, or qualified immunity." *DSM Desotech*, 2008 WL 4812440, at \*2.

Courts in the Seventh Circuit have stayed discovery where motions to transfer are pending on the grounds of judicial efficiency and consistency. *See, e.g., Paul v. Aviva Life and Annuity Co.*, Civil Action No. 09-1038, 2009 WL 2244766 (N.D. Ill. Jul. 27, 2009) (granting discovery stay pending resolution of a motion to transfer to a multidistrict litigation by the Judicial Panel on Multidistrict Litigation); *Parizek v. Velocity Express, Inc.*, Civil Action No. 08-0478, 2008 WL 4279381 (E.D. Wis. Sept. 12, 2008) (same).

Factors that courts consider in deciding that a discovery stay is appropriate in light of a pending motion to dismiss or transfer include whether the discovery in question is necessary to oppose the pending motion to dismiss or transfer, the absence of prejudice resulting from any delay, and considerations of judicial and litigant economy and consistency. *See, e.g., Duneland Dialysis LLC v. Anthem Insurance Cos., Inc.*, Civil Action No. 09-36, 2010 WL 1418392, at \*3 (N.D. Ind. Apr. 6, 2010) (rejecting the argument that the discovery in question was needed to oppose the motion to dismiss, where the opposing party "substantively responded to [the moving party's] arguments and did not indicate that they needed additional discovery or an extension of time to adequately respond to the motion" and concluding that the opposing party "failed to provide a ground for denying the stay of discovery based on this argument"); *Parizek*, 2008 WL 4279381, at \*1 (noting that district courts will often exercise discretion to stay proceedings pending a decision by the JPML regarding transfer, "especially when such a stay would further the policies of judicial economy, efficiency, and consistency").

## **II. No Prejudice to Plaintiffs Will Result From a Stay**

### **A. Plaintiffs Have Already Substantively Opposed Defendants' Motion to Dismiss or Sever and Transfer Without Requesting Discovery**

Plaintiffs have substantively opposed Defendants' Motion to Dismiss or Sever and Transfer, which is fully briefed and pending before this Court, without indicating any need for additional discovery or an extension of time to respond to the motion. Plaintiffs may not now argue that the discovery they seek on the Amended Complaint Patents is necessary for them to oppose Defendants' motion. *See, e.g., Duneland*, 2010 WL 1418392, at \*3.

### **B. Plaintiffs' Own Litigation Strategy Demonstrates That They Will Not Be Prejudiced by a Stay**

Plaintiffs' own litigation strategy belies any argument they might advance that they will be prejudiced by a discovery stay because they seek speedy resolution of their Amended

Complaint Patent claims. Both their delay in bringing the Amended Complaint Patent claims in this Court and their repeated decisions to litigate all twelve of these patents in various pending actions in the District of Delaware demonstrate that any limited delay occasioned by a discovery stay will not result in any cognizable prejudice. *See, e.g., Malone*, 2004 WL 2053284, at \*1 (granting a discovery stay pending resolution of a motion to dismiss and noting that "neither party will be prejudiced by a temporary stay of discovery").

It is beyond dispute that, several weeks after Motorola filed the Delaware action, Apple brought suit in this Court for three *different* patents against Defendants but did not at that time assert the Amended Complaint Patents. Plaintiffs did not assert the Amended Complaint Patents in this Court until *nearly two months* after Motorola filed the Delaware action, when they filed their Amended Complaint.

Plaintiffs have asserted all twelve of the Amended Complaint Patents against different parties in four separate pending actions in the District of Delaware. *Apple Inc., NeXT Software, Inc. f/k/a/ NeXT Computer, Inc. v. High Tech Computer Corp., a/k/a HTC Corp., HTC (B.V.I.) Corp., HTC America, Inc., and Exedea, Inc.*, C.A. No. 10-166-GMS (D. Del.) (Delaware Apple HTC Complaint I (Ex. 6) ¶ 7); *Apple Inc. v. High Tech Comp. Corp., a/k/a/ HTC Corp., HTC (B.V.I.) Corp., HTC America, Inc., Exedea, Inc.*, C.A. No. 10-167-GMS (D. Del.) (Delaware Apple HTC Complaint II (Ex. 7) ¶ 6.); *Nokia Corp. v. Apple Inc.*, C.A. No. 09-1002-GMS (D. Del.), and *Nokia Corp. v. Apple Inc.*, C.A. No. 09-791-GMS (D. Del.) (Apple Inc.'s Answer, Defenses, and Counterclaims (Ex. 8) ¶¶ 58, 64, 70, 82, 88, 94, 100; Apple Inc.'s Answer, Defenses, and Counterclaims (Ex. 9) ¶¶ 200, 206, 242).

Apple has also successfully moved to transfer an action pending in this Court involving one of the Amended Complaint Patents to the District of Delaware. (*Nokia Corp. v. Apple Inc.*,

**C. Any Possible Prejudice Resulting From a Discovery Stay Would Be Negligible Given That Plaintiffs' Amended Complaint Patent Claims Have Been Pending for Only Three Months and Discovery Has Only Recently Begun**

Any potential prejudice resulting from a discovery stay pending resolution of Defendants' Motion to Dismiss or Sever and Transfer is negligible because the Amended Complaint Patent Claims have been pending for only three months and discovery has only recently begun. *See, e.g., Paul*, 2009 WL 2244766 at \*1 (granting a discovery stay pending resolution of a transfer motion and stating that any potential prejudice resulting from the stay would be minimal because the case "has only been pending for five months and discovery has yet to begin"). Moreover, Plaintiffs' own response to Motorola's discovery requests in this case undermines any argument that Plaintiffs are diligently pursuing discovery and would be prejudiced by a stay. On December 20, 2010, Motorola served Apple with Motorola's First Set of Interrogatories (Nos. 1-9) and First Set of Requests for Production (Nos. 1-89). Plaintiffs provided substantive responses to only two of Motorola's nine interrogatories and produced no documents for an entire month after its responses were due.

**III. The Interests of Judicial Economy and Consistency and Litigant Economy Favor a Discovery Stay While Defendants' Motion Is Pending**

Here, a limited stay of discovery regarding the Amended Complaint Patents will advance judicial and litigant economy and promote judicial consistency. If separate discovery were to proceed in this Court and in Delaware, work by both courts and the parties could be needlessly duplicated. *See, e.g., Paul*, 2009 WL 2244766, at \*2 (noting the undesirable possibility of "duplicative discovery" in the absence of a stay). Furthermore, inconsistent rulings on discovery disputes could result. *See id.* (noting the possibility of "conflicting decisions on similar pre-trial

issues from this court and the transferee court if we were to decline the stay and continue the litigation").

### **CONCLUSION**

For the foregoing reasons, Defendants respectfully request that the Court grant their motion for a stay of certain discovery pending resolution of their Motion to Dismiss or Sever and Transfer.

Dated: March 2, 2011

Respectfully submitted,

MOTOROLA, INC. &  
MOTOROLA MOBILITY, INC.

By: /s/ Rebecca F. Kennedy  
Rebecca F. Kennedy (1047201)

Scott W. Hansen (1017206)  
Lynn Stathas (1003695)  
Rebecca Frihart Kennedy (1047201)  
REINHART BOERNER VAN DEUREN, S.C.  
22 East Mifflin Street  
P.O. Box 2018  
Madison, WI 53701-2018  
Phone: (608) 229-2200  
Fax: (608) 229-2100  
Email: shansen@reinhardt.com  
lstathas@reinhardt.com  
rkennedy@reinhardt.com

*Of Counsel*

Charles K. Verhoeven  
50 California Street, 22nd Floor  
San Francisco, CA 94111  
Telephone: (415) 875-6600  
Facsimile: (415) 875-6700  
Email: charlesverhoeven@quinnemanuel.com

David A. Nelson (6209623)  
QUINN EMANUEL URQUHART & SULLIVAN, LLP  
500 West Madison St., Ste. 2450  
Chicago, IL 60661  
Telephone: (312) 705-7400  
Facsimile: (312) 705-7401  
Email: davenelson@quinnemanuel.com

Edward J. DeFranco  
51 Madison Avenue, 22nd Floor  
New York, NY 10010  
Telephone: (212) 849-7000  
Facsimile: (212) 849-7100  
Email: eddefranco@quinnemanuel.com

*Attorneys for Defendants Motorola, Inc. and Motorola  
Mobility, Inc.*