

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN**

APPLE INC. and NEXT SOFTWARE, INC.
(f/k/a NEXT COMPUTER, INC.),

Plaintiffs,

v.

MOTOROLA, INC. and MOTOROLA
MOBILITY, INC.,

Defendants.

Case No. 10-CV-00662-BBC

**APPLE'S MEMORANDUM IN OPPOSITION TO MOTOROLA'S MOTION TO
STAY CERTAIN DISCOVERY PENDING RESOLUTION OF THEIR MOTION TO
DISMISS OR SEVER AND TRANSFER AND IN SUPPORT OF APPLE'S MOTION
TO COMPEL DISCOVERY REGARDING CERTAIN ASSERTED PATENTS**

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I. INTRODUCTION

Plaintiffs Apple Inc. and NeXT Software, Inc. (collectively “Apple”) submit this memorandum in opposition to Motorola’s “Motion to Stay Certain Discovery Pending Resolution of Its Motion to Dismiss or Sever and Transfer” (D.I. 59) (“Motion to Stay”) and in support of Apple’s related Motion to Compel Discovery Regarding Certain Asserted Patents (“Motion to Compel”). The Court has ordered an expedited briefing schedule on Motorola’s Motion to Dismiss/Transfer (the telephonic hearing is scheduled for March 9, 2011) and Apple respectively requests that its related Motion to Compel—which seeks an order compelling Motorola to provide the discovery that it has refused to provide and is now the subject of Motorola’s Motion to Stay—be heard at the same time.

Apple has since December 20, 2010 sought reasonable discovery from Motorola Mobility, Inc. and Motorola Solutions, Inc. (collectively “Motorola”) relating to Motorola’s infringement of the Apple patents asserted in this case. Motorola refuses to provide substantive responses relating to twelve of the fifteen Apple patents at issue here—Apple patents that Motorola has itself put at issue by filing in Delaware declaratory judgment claims on the infringement and validity of such patents. There is no dispute that the infringement and validity of these twelve Apple patents will be judicially determined; the only dispute is which forum will do so. This discovery dispute began with Motorola’s refusal to respond to Apple’s Interrogatory No. 3 with respect to the Apple patents that are the subject of Motorola’s Motion to Dismiss/Transfer, but through the meet and confer process, Motorola’s counsel stated unequivocally that Motorola would likewise refuse to provide any discovery with respect to those twelve patents. Declaration of Steven S. Cherensky in Support of Apple’s Memorandum in Opposition to Motorola’s Motion to Stay Certain Discovery Pending Resolution of Their Motion to Dismiss or Sever and Transfer and in Support of Apple’s Motion to Compel Discovery Regarding Certain Asserted Patents (“Cherensky Decl.”), ¶ 2.

Motorola’s sole basis for refusal to provide discovery with respect to these twelve

patents is that it has moved to transfer that part of the case to Delaware.¹ *See* Motion to Dismiss or to Sever and Transfer Claims in Plaintiffs’ Amended Complaint Based on Patents at Issue in an Earlier-Filed Delaware Action (D.I. 28) (“Motion to Dismiss/Transfer”). In this Court, particularly in complex cases like this one, the aggressive litigation schedule does not allow parties the luxury of forestalling discovery while preliminary motions are pending. Motions to transfer or to dismiss are routine in patent cases in this district, and to protect the trial schedule, discovery invariably proceeds while such motions are briefed and decided. The Court should, and indeed must, grant Apple’s motion to compel Motorola’s discovery responses for all 15 asserted Apple patents and deny Motorola’s motion to stay.

II. SUMMARY OF THE ARGUMENT

Neither Motorola’s motion to dismiss pursuant to Fed. R. Civ. P. 12(b)(3) nor its alternative motion to sever and transfer pursuant to Fed. R. Civ. P. 21 and 28 U.S.C. § 1404(a) justifies Motorola’s unilateral decision to ignore its discovery obligations. Significantly, Motorola’s Motion to Dismiss is not dispositive of Apple’s claims, allowing the requested discovery will have no prejudicial effect on Motorola, and Motorola’s intentional thwarting of Apple’s attempts to obtain discovery regarding those twelve patents has already prejudiced and will continue to prejudice Apple in this litigation.

This Court’s December 21, 2010 Preliminary Pretrial Conference Order (D.I. 27) sets forth an aggressive timetable for a twenty-one patent case with the explicit warning that “[t]he parties should not expect to receive extensions of the deadlines set in this order.” That schedule was set after Apple filed its amended complaint and with all fifteen Apple patents asserted in this action. Indeed, the parties’ joint scheduling conference submission explicitly discusses the schedule in light of all fifteen asserted Apple patents. *See* Joint Preliminary Pretrial

¹ During the time that Motorola refused to provide this discovery and during all of the parties’ conferences on this issue, Motorola had not filed a motion to stay discovery. As discussed below, Motorola did file a motion to stay on March 2, 2011, after Apple informed Motorola that the parties had reached an impasse on this issue and months after its discovery requests were due.

Report (D.I. 23). Various deadlines under this schedule are rapidly approaching, including: the exchange of infringement contentions by March 4 (*i.e.*, today), the exchange of invalidity contentions by April 13, the exchange of claim terms to be construed and proposed constructions beginning May 13, a claim construction hearing scheduled for July 22, and the exchange of opening expert reports on September 2. Motorola's stubborn refusal to provide *any* discovery on twelve of the fifteen Apple patents-in-suit has already severely handicapped Apple's investigation of its infringement theories. Absent intervention by the Court, Motorola's failure to comply with its discovery obligations will only continue to hamper Apple's ability to develop their infringement case and meet future deadlines.

Motorola's belated Motion to Stay Certain Discovery (D.I. 59), which was only recently filed on March 2, 2011—more than two months after Motorola was served with Apple's initial discovery requests on December 20, 2010 and more than two months after Motorola filed its Motion to Dismiss/Transfer on December 23, 2010—is a last-ditch effort to obtain the Court's post hoc “blessing” on Motorola's refusals to provide discovery to Apple. Notably, Motorola did not request a stay of discovery at the time it filed its Motion to Dismiss/Transfer. Motorola did not request a stay of discovery in response to Apple's insistence that Motorola provide interrogatory responses as to all of the patents-in-suit in the February 11, 2011 letter from Julian Moore to Edward DeFranco. *See* 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 Ex. 18 (D.I. 61-18) at 1. Instead, Motorola waited until after Apple stated that they intended to file this motion to compel. In order to promote the efficient litigation of this action on the schedule set forth by this Court's December 21, 2010 order, Apple respectfully requests an order compelling Motorola to provide full substantive discovery now regarding all of the patents asserted by Apple in this action and denying Motorola's motion to stay.

III. STATEMENT OF FACTS

A. Both Parties Are Asserting Patents in the Western District of Wisconsin.

Apple initiated this action against Motorola for infringement of U.S. Patents Nos. 7,479,949; 6,493,002; and 5,838,315 on October 29, 2010. *See* Compl. (D.I. 1) at ¶¶ 11-31. Motorola filed an answer and counterclaims asserting six patents against Apple on November 9, 2010. *See* Answer (D.I. 5) at ¶¶ 26-83. These patents had previously been asserted by Motorola against Apple in a complaint filed in the Northern District of Illinois on October 6, 2010. *See* Declaration of Steven S. Cherensky in Support of Plaintiffs' Brief in Opposition to Defendants' Motion to Dismiss or to Sever and Transfer Claims in Plaintiffs' Amended Complaint ("Cherensky Decl. in Opp. to Motion to Dismiss") Ex. A (D.I. 45-1). In addition to the above-captioned action, the parties are also litigating before this Court in Case No. 10-cv-661, in which Motorola is asserting another set of patents it had previously asserted in the Northern District of Illinois. *See* Ex. B (D.I. 45-2). That action includes patents asserted by both Apple and Motorola at the International Trade Commission and has been stayed pursuant to 28 U.S.C. § 1659(a).

Apple filed an Amended Complaint for Patent Infringement on December 2, 2010, alleging infringement of the twelve additional patents at issue in this motion to compel.² *See* Am. Compl. (D.I. 12) at ¶¶ 45-128. These twelve patents are the subject of a declaratory-judgment complaint filed by Motorola against Apple in the District of Delaware. *See* Declaration of Rebecca F. Kennedy in Support of Defendants' Motion to Dismiss or, in the alternative, to Transfer Venue Ex. 5 (D.I. 32-5). Apple has filed a motion with the Delaware Court to dismiss and/or transfer those twelve patents to this Court. *See* Cherensky Decl. in Opp. to Motion to Dismiss Exs. K-L (D.I. 45-11 & 45-12). That motion has been fully briefed since December 30, 2010 and is currently pending. There has been no activity in the Delaware action

² These twelve patents are U.S. Patent Nos. RE 39,486; 6,424,354; 6,343,263; 6,275,983; 5,969,705; 5,946,647; 5,929,852; 5,915,131; 5,566,337; 5,519,867; 5,481,721; and 5,455,599. *See* Am. Compl., D.I. No. 12, at ¶¶ 45-128.) All of these patents are assigned to Apple except for U.S. Patent No. 5,481,721, which is assigned to NeXT, a wholly-owned subsidiary of Apple. For the sake of simplicity, this motion refers to all twelve patents as "Apple patents."

beyond the pleadings. Unlike the instant action, no scheduling conference has yet been held, and no scheduling order has issued.

B. Apple Served Discovery Requests Related to All Asserted Patents.

Apple served their First Set of Interrogatories (Nos. 1-11) and their First Set of Requests for Production (Nos. 1-50) (collectively “the Requests”) on Motorola on December 20, 2010, requesting, *inter alia*, discovery relating to all of the Apple patents-in-suit. One example of such discovery sought documents and information relating to when Motorola (or its employees or people associated with Motorola) first became aware of each of the fifteen Apple patents-in-suit.

C. Motorola Filed A Motion to Dismiss/Transfer.

Three days after Apple served its discovery requests, Motorola filed its Motion to Dismiss/Transfer on December 23, 2010, asking the Court to either dismiss Apple’s amended claims relating to the twelve patents that were the subject of its declaratory-judgment action or sever those claims and transfer them to the District of Delaware. Apple filed its brief in opposition to Motorola’s Motion to Dismiss/Transfer on January 13, 2011 (D.I. 44) and Motorola filed its reply on January 24, 2011 (D.I. 47).

D. This Court’s Scheduling Order Accounts For All Asserted Patents.

On December 21, 2010, (after Apple filed its Amended Complaint), this Court issued a Preliminary Pretrial Conference Order (D.I. 27) and explained that “[t]he parties should not expect to receive extensions of the deadlines set in this order.”³ *Id.* at 1. This Court stressed that “[t]he parties must attend diligently to their obligations in this lawsuit and must reasonably accommodate each other in all matters so as to secure the just, speedy and inexpensive resolution of each proceeding in this matter” and that “[f]ailure to do so shall have consequences.” *Id.* This scheduling order implicitly acknowledged that there were fifteen Apple patents-in-suit and six

³ As noted above, this Court’s December 21, 2010 Order set various deadlines, including: the exchange of infringement contentions by March 4 (*i.e.*, today), the exchange of invalidity contentions by April 13, the exchange of claim terms to be construed and proposed constructions beginning May 13, a claim construction hearing scheduled for July 22, and the exchange of opening expert reports on September 2.

Motorola patents-in-suit by noting that the Court's practice of construing "no more than 16 terms" during claim construction would equate to "less than one term per patent." *Id.* at 2 n.1.

E. Motorola Has Refused to Provide Any Discovery Regarding Twelve of the Fifteen Apple Patents.

On January 24, 2011, Motorola served its Responses to Apple's discovery requests (the "Responses"). *See* Cherensky Decl. Exs. A-D (Motorola Mobility, Inc.'s and Motorola Solutions, Inc.'s responses to Apple's interrogatories Nos. 1-11 and requests for production Nos. 1-50). Motorola's response to Apple's Interrogatory No. 3, for example, provided no information regarding the twelve patents added in the Amended Complaint. Instead, Motorola generally objected to Apple's definition of "Apple Patent(s)-in-Suit" citing to the fact that there were pending motions to dismiss or transfer pending before this Court, the District of Delaware, and the Southern District of Florida. *See* Cherensky Decl. Ex. A at 8-9 (General Objection ¶ 23) ("Mobility further objects that the definition of the term "Apple Patent(s)-in-Suit" is overly broad, unduly burdensome and not relevant to the claims or defenses of any party to the extent it includes patents beyond U.S. Patents Nos. 7,479,949, 6,493,002, and 5,838,315. To the extent this term encompasses patents for which the proper forum has not yet been determined, Mobility objects that these Interrogatories are premature.") At the time of service, no order staying discovery had been issued by this Court—or had even been requested—that would permit Motorola to respond in such a manner to this discovery.

F. The Parties' Efforts to Meet and Confer Were Unsuccessful.

The parties met and conferred regarding this issue on numerous occasions, including telephonic conferences on February 18, February 25, March 1, and March 2 that addressed this and other issues. The parties have been unable to resolve this dispute. Motorola, through its counsel, flat-out refused to respond to Apple's Interrogatory No. 3 or *any other discovery* directed to the twelve patents that were the subject of its Motion to Dismiss/Transfer.

At the time of these discussions, Motorola had not filed a motion for a protective order or stay of discovery and no dispositive motions were pending before this Court.

IV. ARGUMENT

A. MOTOROLA'S MOTION TO STAY SHOULD BE DENIED

1. Motorola's Attempt to Avoid its Discovery Obligations and Delay Prosecution of Apple's Claims is Improper Under the Federal Rules.

Apple's Requests were properly served under the Federal Rules of Civil Procedure and there is no basis for Motorola to refuse the requested discovery. Nor are there any circumstances here that would require a stay of discovery. Under the Federal Rules, a party "may obtain discovery regarding any nonprivileged matter that is relevant to any party's claim or defense . . . if the discovery appears reasonably calculated to lead to the discovery of admissible evidence." Fed. R. Civ. P. 26(b)(1). Motorola has never contended that the discovery sought by Apple is irrelevant or unduly burdensome or improper in any way. The only basis that Motorola has ever given for refusing to provide any discovery directed to twelve of the fifteen patents-in-suit is the pendency of its Motion to Dismiss/Transfer. Motorola's belief that its pending motion *automatically* stays discovery with respect to the subject matter of that motion (or even that it should) is at best misguided and at worst a gross mischaracterization of the law.

A party seeking a stay in discovery carries a heavy burden of making a "strong showing" why discovery should be denied; motions to delay discovery are disfavored because they can cause unnecessary expense and problems. *See Skellerup Indus. Ltd. v. City of Los Angeles*, 163 F.R.D. 598, 600 (C.D. Cal. 1995) *quoting Blankenship v. Hearst Corp.*, 519 F.2d 418, 429 (9th Cir. 1975); *see also Feldman v. Flood*, 176 F.R.D. 651, 652-53 (M.D. Fla. 1997) (denying a motion to stay discovery during pendency of a motion to dismiss where the discovery could be used in other proceedings involving the parties).

Moreover, Motorola's Motion to Dismiss/Transfer is not a dispositive motion. It will, at most, alter where the requested discovery will take place not whether it will take place, and thus the pendency of that motion is not a basis to stay discovery. *See Feldman*, 176 F.R.D. at 653 (denying motion to stay discovery pending motion to dismiss because "even a decision granting the motion to dismiss would not necessarily dispose of the case because plaintiffs could seek leave to file an amended complaint"); *McCabe v. Foley*, 233 F.R.D. 683, 685 (M.D. Fla.

2006) (holding that a “request to stay discovery pending a resolution of a motion is rarely appropriate unless resolution of the motion will dispose of the entire case”); *Cohn v. Taco Bell Corp.*, 147 F.R.D. 154, 162 (N.D. Ill. 1993) (“staying discovery is particularly inappropriate in this case because even if defendant were successful, defendant's motion would not be dispositive of the entire case. We hold to the principal that ‘motions to stay discovery are not favored and are rarely appropriate where the resolution of the dispositive motion may not dispose of the entire case.’”) (quoting *Hovermale v. School Bd. of Hillsborough Cnty.*, 128 F.R.D. 287, 289 (N.D. Fla. 1989)). The cases Motorola relies on can be distinguished on precisely this basis as all of them involved stays granted because truly dispositive motions were pending that had the potential to completely resolve the issues between the parties.⁴ In contrast, where, as here, “the only point of contention between parties is where the[] actions should proceed,” courts recognize that the transfer dispute is not relevant to the decision to continue discovery. *See Falk v. General Motors Corp.*, No. C 07-01731, 2007 WL 3101649, at *2-3 (N.D. Cal. Oct. 22, 2007) (“Defendant would have to turn over the same documents, and plaintiffs would have to depose the same witnesses whether or not these actions are consolidated and transferred. . . . GM's argument [to stay discovery] ignores the fact that th[e] depositions will probably have to be taken at some point regardless of the outcome of the consolidation motion.”).

⁴ *See Dillinger, L.L.C. v. Elec. Arts, Inc.*, Civ. No. 09-1236, 2010 WL 1945739 (S.D. Ind. May 11, 2010) (stay granted because of a pending motion to dismiss under Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted); *DSM Desotech Inc. v. 3D Sys. Corp.*, Civ. No. 08-1531, 2008 WL 4812440 (N.D. Ill. Oct. 28, 2008) (same); *Estate of Enoch v. Tienor*, Civ. No. 07-376, 2008 WL 410656 (E.D. Wis. Feb. 11, 2008) (same); *Duneland Dialysis LLC v. Anthem Ins. Cos., Inc.*, Civ. No. 09-36, 2010 WL 1418392 (N.D. Ind. Apr. 6, 2010) (same, in addition to pending motions regarding lack of standing and preemption of a state claim by ERISA); *Bilal v. Wolf*, Civ. No. 06-6978, 2007 WL 1687253 (N.D. Ill. Jun. 6, 2007) (stay granted because of a pending a motion to dismiss based on claims of absolute and qualified immunity); *Flakes v. Frank*, Civ. No. 04-189, 2005 WL 1276370 (W.D. Wis. May 26, 2005) (stay granted because of a pending motion to dismiss based on claimant's failure to meet statutory requirement for relief); *Malone v. Clark*, Civ. No. 04-229, 2004 WL 2053284 (W.D. Wis. Sept. 13, 2004) (same).

The two cases Motorola cites regarding stays of discovery pending review by the Judicial Panel on Multidistrict Litigation (JPML) are no more informative for purposes of the current dispute. In both cases, a party requested a stay of the entire litigation pending a decision by the JPML as to whether the case would be heard at all. *Paul v. Aviva Life and Annuity Co.*, Civ. No. 09-1038, 2009 WL 2244766, (N.D. Ill. Jul. 27, 2009); *Parizek v. Velocity Express, Inc.*, Civ. No. 08-0478, 2008 WL 4279381 (E.D. Wis. Sept. 12, 2008).

No judicial efficiency will be gained by delaying discovery related to these twelve patents. To the contrary, the goals of this Court's scheduling order and the efficient administration of this matter will be undermined if Motorola continues to withhold discovery regarding these patents.

2. Apple Has Already Suffered and Will Continue to Suffer Prejudice if Motorola Continues to Withhold the Requested Discovery.

Apple's Brief in Opposition to Defendant's Motion to Dismiss/Transfer highlights the benefits to the litigants, the Court, and to third party witnesses that would be obtained by litigating all of the parties' patent infringement claims in a single District Court. *See* D.I. 44. The benefits of consolidating the parties' disputes in this Court have become all the more apparent given that the action pending in the District of Delaware has yet to progress beyond the pleadings stage. No scheduling order has been entered in that action; indeed no initial case management conference has even been scheduled.

In contrast, the schedule for the instant case was set months ago by this Court and takes into account all fifteen of the asserted Apple patents as well as the six asserted Motorola patents. Motorola should not be allowed to unilaterally refuse discovery on a majority of the asserted Apple patents (effectively delaying resolution of those claims and in blatant disregard of this Court's scheduling order) simply because it filed a Motion to Dismiss/Transfer (and now, weeks later, a Motion to Stay Certain Discovery). If Motorola genuinely believed that the mere filing of its Motion to Dismiss/Transfer justified a stay of discovery, it could have asked for such relief in that same motion or filed a stay motion concurrently with its Motion to Dismiss/Transfer rather than refusing to comply with Apple's discovery requests for ten weeks before filing its Motion to Stay Certain Discovery.

Allowing Motorola to continue refusing what is indisputably relevant discovery will undermine Apple's ability to efficiently and diligently pursue its infringement claims, causing Apple further prejudice and ultimately upending this Court's schedule. Given Motorola's determined refusal to comply with their discovery obligations, Apple will be denied

the basic tools it needs to develop its infringement case (*e.g.*, interrogatory responses, responsive documents, contentions, 30(b)(6) depositions, etc.). This will prejudice Apple and interfere with its efforts to prosecute its claims against Motorola expeditiously.

3. Even if its Motion to Transfer is Ultimately Granted, Motorola Will Still Need to Produce the Requested Discovery in Another Forum.

Staying discovery here would significantly prejudice Apple but would impose no prejudice on Motorola. Even if Motorola's request for transfer is granted—and it should not be—the discovery follows the case, therefore Motorola will have to respond to these same Requests regardless of the ultimate venue. Neither party disputes that these 12 Apple patents are properly asserted against Motorola—in fact, Motorola itself implicitly acknowledged this by filing a declaratory judgment action involving these same patents. As a result, the issues that are the subject of Apple's discovery requests are issues that are going to be litigated eventually, either in this Court, or in the District of Delaware. *See, e.g., MDS Inc. v. Covance Inc.*, No. 07-cv-0455, 2007 WL 1959111 (S.D. Ind. July 2, 2007) (slip copy) (granting motion to transfer venue and noting that any existing discovery could continue after the transfer); *see also Feldman*, 176 F.R.D. at 653 (holding that “the balance tips in favor of permitting discovery to go forward [as] [b]oth parties recognize that many of the issues which will be the subject of discovery will be litigated eventually, if not in this Court, in the Delaware proceedings”).

B. MOTOROLA SHOULD BE COMPELLED TO PROVIDE FULL, SUBSTANTIVE DISCOVERY WITH RESPECT TO ALL FIFTEEN PATENTS ASSERTED BY APPLE

For the same reasons articulated above explaining why this Court should deny Motorola's motion to stay, Apple requests that this Court also issue an order compelling Motorola to provide full discovery relating to all fifteen of the Apple patents-in-suit.

V. CONCLUSION

In light of Motorola's inappropriate refusals to meet its discovery obligations, the inability of the parties to resolve this issue on their own, the prejudice that Apple will continue to suffer if Motorola continues to refuse Apple discovery to which it is entitled, and the absence of

any prejudice that Motorola would face by producing the requested discovery in this venue, Motorola's Motion to Stay should be denied. For the same reasons, Apple's motion to compel should be granted.

Dated: March 4, 2011

Respectfully submitted,

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