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## FACTUAL SUMMARY

1  
2       Prelitigation communications between the parties. Plaintiff Sorensen  
3 Research and Development Trust (“SRDT”) and Defendants exchanged  
4 communications regarding the patent infringement allegations that form the basis of  
5 this action since October 2004. The differences in the parties’ positions seemed to  
6 be narrow, but were sufficient to prevent resolution.

7       Procedural Posture. This action for patent infringement was filed December  
8 11, 2007. On January 31, 2008, Defendants filed the pending Motion for Stay, as  
9 well as an Answer and Counterclaim for declaratory relief.

10       Recent other filings of ‘184 patent infringement cases bring the total case  
11 pending before this Court to 22. Magistrate Judge Bencivengo has already ordered  
12 Defendants in one of the earlier filed cases – *Sorensen v. Giant*, Case No. 07cv2121  
13 – to participate in a Rule 26f conference, exchange initial disclosures, and participate  
14 in a case management conference.

15       Status of ‘184 Patent Reexaminations. Patent infringement defendant Black &  
16 Decker filed an Ex Parte Request for Reexamination of the subject ‘184 patent in  
17 July 2007 (“1<sup>st</sup> reexamination”) and, on that basis, obtained an order staying the  
18 related case, *Sorensen v. Black & Decker Corporation, et al.*, Case No. 06cv1572  
19 (“Black & Decker Order”). Now, seven months later, the first office action for the  
20 1<sup>st</sup> reexamination has not yet issued, even though Plaintiff declined to file the  
21 optional patent owner’s statement, thereby denying Black & Decker the ability to file  
22 more documents with the USPTO, in order to shave off approximately two months  
23 from the process. *Kramer Decl.* ¶ 4.

24       Co-defendants in the Black & Decker case - Phillips Plastics and Hi-Tech  
25 Plastics – waited until December 21, 2007 to file a second third-party reexamination  
26 request (“2<sup>nd</sup> reexamination”), which the USPTO has just recently accepted. *Kramer*  
27 *Decl.* ¶ 5.

28

1 Closer analysis of USPTO data show that the current, average timeframe for  
2 conclusion of a reexamination is approximately five years, extending longer if an  
3 appeal to the Federal Circuit is sought. *Kramer Decl.* ¶ 6.

## 4 5 ARGUMENT

6 “A court is under no obligation to delay its own proceedings by yielding to  
7 ongoing PTO patent reexaminations, regardless of their relevancy to infringement  
8 claims which the court must analyze. [cites omitted]” *Fresenius Medical Care*  
9 *Holdings, Inc. v. Baxter International, Inc.* 2007 WL 1655625 (N.D. Cal. 2007).

10 “There is no *per se* rule that patent cases should be stayed pending  
11 reexaminations, because such a rule ‘would invite parties to unilaterally derail’  
12 litigation.” *Soverain Software LLC v. Amazon.Com, Inc.* 356 F.Supp.2d 660, 662  
13 (E.D.Tex.2005), quoted in *Fresenius, supra*.

14 Defendants are trying to derail this litigation by essentially arguing *per se*  
15 entitlement to a stay based upon the Black & Decker stay. That argument fails  
16 because updated information regarding the average duration of reexaminations  
17 challenges the assumptions under which that stay was issued and warrant a closer  
18 examination by the Court.

### 19 20 I. THE SPECIFIC CIRCUMSTANCES OF THIS REQUEST FOR STAY ARE 21 DIFFERENT FROM THOSE IN THE RELATED BLACK & DECKER 22 CASE.

23 The court is not required to stay judicial resolution of a patent case in view of  
24 reexaminations, rather the decision to stay is within the discretion of the Court.  
*Viskase Corp. v. American Nat. Can Co.*, 261 F.3d 1316, 1328 (Fed. Cir. 2001).

25 A court must weigh the parties competing interests as presented by the specific  
26 facts of the case at bar. *Jain v. Trimas Corp.*, 2005 WL 2397041, at \*1 (E.D. Cal.  
27 Sept. 27, 2005) (emphasis added).



1 This motion is materially different from the Black & Decker situation upon  
2 request for stay in at least three respects: (1) the Court now has more accurate  
3 information regarding the expected duration of reexamination proceedings; (2) there  
4 was no extensive delay between initial contact by the Plaintiff and filing of this suit;  
5 and (3) Defendants herein filed a counterclaim; the Black & Decker defendants did  
6 not.

7 Issuance of a stay that will likely extend approximately five years, longer than  
8 the time that the parties have even been in communication, is excessive. This is  
9 especially the case when the Defendants filed a counterclaim for declaratory relief,  
10 which has a purpose of providing the allegedly infringing party with relief from  
11 delay in resolution.

12  
13 **II. NEWLY ANALYZED USPTO DATA SHOW THAT PLAINTIFF WOULD**  
14 **BE UNDULY PREJUDICED AND TACTICALLY DISADVANTAGED BY**  
15 **A STAY PENDING COMPLETION OF REEXAMINATION.**

16 A new analysis based on USPTO statistical data shows that the likely duration  
17 of an *ex parte* reexamination proceeding is approximately five years, not two. Such a  
18 lengthy stay undermines the congressional intent for implementation of the  
19 reexamination process, and also undermines the Local Patent Rules. Furthermore,  
20 this extensive delay would prejudice the Plaintiff through inability to identify and  
21 serve all appropriate defendants and inability to locate and preserve necessary  
22 evidence and record witness testimony.

23 Thus, Plaintiff would be unduly prejudiced and subjected to a clear tactical  
24 disadvantage by a complete stay of this case pending completion of two *ex parte*  
25 reexamination proceedings before the USPTO.

26 **A. Ex Parte Reexaminations Can Be Expected to Extend for Five Years or**  
27 **More, Rather than 18-23 Months.**

1 Defendants' Motion for Stay relies on this Court's order to stay the related  
2 '184 patent infringement case against Black & Decker. The Black & Decker Order  
3 was based on statistical data from the USPTO's office that has since been shown to  
4 be obsolete, in that it reflects an average of all reexamination activity since 1981, and  
5 ignores the huge increase in reexamination backlog that has occurred over the past  
6 six years.

7 1. *A closer look at USPTO data shows the current length of*  
8 *reexamination proceedings to be far longer than 22 months.*

9 In the Black & Decker motion for stay, the moving parties pointed to a June  
10 2006 statistical report from the USPTO that listed average pendency of  
11 reexaminations to be 22.8 months, and median pendency to be 17.6 months<sup>3</sup> ("2006  
12 Report"). This was a material factor in the Court's decision to stay that case.<sup>4</sup>  
13 However, closer examination of the raw data from USPTO annual reports shows a  
14 remarkably different picture of the duration of reexaminations than the 2006 Report  
15 suggests.

16 The 2006 Report is based upon averages over the entire course of the existence  
17 of reexamination proceedings – since late 1981. What it does not show, however, is  
18 the dramatic increase in filings vs. issuance of certificates (which signal the end of  
19 the reexamination proceeding) in the past few years.

20 USPTO Annual Reports contain statistics on the number of ex parte  
21 reexamination filings, the number of those that are known to be related to litigation,  
22 the number of ex parte reexaminations granted, and the total number of certificates  
23 issued. The official website contains annual reports back to 1993 which contain this  
24 statistical data back to 1989. *Kramer Decl.* ¶ 7, Exhibit A.

25 <sup>3</sup> See *Judicial Notice*, Docket #180, Exhibit B, from Black & Decker case.

26 <sup>4</sup> See *Judicial Notice*, Docket #243, page 7:19-22, in the Black & Decker case: "An  
27 average delay for reexamination of approximately 18-23 months is especially  
28 inconsequential where Plaintiff himself waited as many as twelve years before bringing the  
present action. (See PTO Reexamination Statistics at Ex. B to Niro Decl.; Doc. #180-3.)"

1 By comparing the incoming reexamination filings vs. the outgoing certificates,  
2 a pattern of dramatically increasing backlog appears. Assuming a zero carryover  
3 from 1988 into the 1989 figures for which records are available, the backload of ex  
4 parte reexams has increased 10-fold from 1989 to the end of 2007 (from 16 to an  
5 estimated 1,658). *Kramer Decl.* ¶ 8, Exhibit B.

6 If the USPTO were able to keep issuing certificates at its 2007 level of 367  
7 (the highest reported number in a single year) and not have any new filings, it would  
8 still take approximately 4.5 years for the USPTO to erase the backload of *ex parte*  
9 reexaminations. *Kramer Decl.* ¶ 9. If the rate of certificate issuances were 250, the  
10 average for the past five years, it would take 6.6 years to erase the backlog. *Kramer*  
11 *Decl.* ¶ 10.

12 The impact of this newly analyzed USPTO data extends beyond the simply  
13 realization that reexaminations are extending for longer and longer periods of time.  
14 Five-plus year long reexaminations (1) undermine the legislative policy underlying  
15 creation of the reexamination process in the first place; and (2) undermine this  
16 District's efforts to streamline and expedite intellectual property cases through newly  
17 implemented Local Patent Rules; and (3) render older case law on the subject of  
18 litigation stays pending reexamination inapplicable.

19 2. *Five-plus year reexaminations undermine congressional intent*  
20 *for use of the reexamination process.*

21 The express congressional intention was that reexamination should “provide a  
22 useful and necessary alternative for challengers and patent owners to test the validity  
23 of United States patents in an efficient and relatively inexpensive manner.” H.R.  
24 REP. No. 96-1307 pt. 1, at 4 (1980), *reprinted in* 1980 U.S.C.C.A.N. 6460-6463.

25 All reexamination proceedings under this section, including any appeal to the  
26 Board of Patent Appeals and Interferences, are to be conducted with “special  
27 dispatch.” 35 U.S.C. § 305.

1 As demonstrated above, efficiency and “special dispatch” have not proven to  
2 be the case in recent years. To the contrary, the filing of reexaminations has become  
3 an effective weapon to slow down or stop patent infringement plaintiffs. This is not  
4 only demonstrated by numerous articles recommending this strategy to infringement  
5 defendants,<sup>5</sup> but it is also demonstrated by the USPTO’s own information. *Kramer*  
6 *Decl.* ¶ 11.

7 The USPTO was already commented on problems keeping with these  
8 proceedings in 2004, even though the estimated backlog was at less than 800 by the  
9 end of 2003. *Kramer Decl.* ¶ 12.

10 These statistics are not a disparagement of the USPTO’s efforts, it is just clear  
11 that they are overwhelmed with work that make the statutory mandate of “special  
12 dispatch” a somewhat meaningless phrase.

13 *Ex parte* reexamination requests known to be related to litigation have soared  
14 from a mere 9% in 1990 to 57% for 2007. In fact, the frequent use of multiple  
15 reexamination requests fueled a USPTO rule change in 2004 changing the standard  
16 of review for second or subsequent reexamination requests.

17 The “Notice of Changes in Requirement” document (see *Kramer Decl.* ¶ 13,  
18 Exhibit C) made the following statement in the Background section:

19  
20 It has been the Office’s experience, however, that both patent owners  
21 and third party requesters have used a second or subsequent  
22 reexamination request . . . to prolong the reexamination proceeding, and  
23 in some instances, to turn it essentially into an inter partes proceeding.  
24 These actions by patent owners and third party requesters have resulted  
25 in multiple reexaminations taking years to conclude, thus making it  
26 extremely difficult for the Office to conclude reexamination  
27 proceedings with “special dispatch” as required by statute (35 U.S.C.  
28 305 for ex parte reexamination, 35 U.S.C. 314 inter partes  
reexamination).

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<sup>5</sup> See *Kramer Decl.* Exhibit D.

1 If the USPTO was having problems completing reexaminations with “special  
2 dispatch” in 2004, the sheer volume of increased filings demonstrate an even larger  
3 problem now. This turns what was intended to be an efficient, timely process into an  
4 almost guaranteed strategy to delay in patent litigation.

5 3. *Lengthy reexamination proceedings also undermine the intent of*  
6 *the Local Patent Rules.*

7 In late 2006, this Court adopted and implemented a set of Patent Local Rules  
8 with the stated purpose of providing a predictable and uniform treatment for IP  
9 litigants and streamline the process by which a patent case is litigated, shortening the  
10 time to trial or settlement and thereby reducing costs for all parties involved. The  
11 new rules set up a schedule where a claim construction hearing would be held  
12 approximately nine months after the complaint is filed, and trials set at  
13 approximately 18 months after complaints are filed. *Kramer Decl.* ¶ 14.

14 Judge Dana M. Sabraw, who chaired the committee that established the new  
15 patent local rules, said: “A majority of the judges of the Southern District are firmly  
16 committed to holding claim construction hearings within nine months for the filing  
17 of the complaint, and to setting a trial date within 18 months of that filing.” *Kramer*  
18 *Decl.* ¶ 15, Exhibit D.

19 None of these purposes and intents can be met when an infringement  
20 defendant can file an *ex parte* reexamination request and receive an almost automatic  
21 multi-year exception from the timeline set out in the Local Rules.

22 While district judges are working to streamline and expedite patent cases, the  
23 USPTO’s statutorily-required “special dispatch” procedure has been getting slower  
24 and slower.

25 The net effect in this case and the related ‘184 infringement cases is that two  
26 carefully timed *ex parte* reexamination have been relied upon to deny Plaintiff the  
27 ability to enforce its valid patent.

28

1                   4.     *Prior caselaw supporting liberal grants of litigation stays*  
2                             *pending the completion of reexamination proceedings are of*  
3                             *questionable value.*

4                   It is no surprise that so many *ex parte* reexamination requests are flooding the  
5                   USPTO. These filings have become an oft-used weapon by patent infringement  
6                   defendants because litigation stays are routinely granted pending conclusion of  
7                   reexamination. In 1990, the percentage of *ex parte* filings that were known to be  
8                   related to litigation was a mere nine percent (9%). However, by 2007, the  
9                   percentage had increased more than six-fold to 57%.

10                  The Black & Decker Order was based on legal opinions that either predated  
11                  the recent dramatic increase in filings and consequent backlog of cases, or opinions  
12                  that relied on that same outdated factual scenario.

13                  The issue in the *Ethicon* case was whether the PTO could stay a reexamination  
14                  pending completion of a court case, not the other way around. The *Ethicon* court did  
15                  cite *Gould v. Control Laser Corporation*, 705 F.2d at 1342, 217 USPQ at 986, for  
16                  the proposition that the court had authority to order a stay pending conclusion of a  
17                  PTO reexamination. What the *Gould* decision actually said was that “power already  
18                  resides with the Court to prevent costly pretrial maneuvering which attempts to  
19                  *circumvent* the reexamination procedure.” (emphasis in original). Plaintiff has done  
20                  nothing here or in related cases trying to circumvent the reexamination procedure.

21                  The “‘liberal policy’ in favor of granting motions to stay pending the outcome  
22                  of PTO reexamination proceedings” (Docket #243, page 5:19-21) came from the  
23                  1994 case of *ASCII Corp. v. STD Entertainment USA, Inc.*, 844 F.Supp. 1378, 1381  
24                  (N.D. Cal. 1994). A close look at that decision reveals a statement by the court that  
25                  “it is clear from the cases cited by the parties that there is a liberal policy of granting  
26                  stays pending reexamination,” but does not directly cite to any particular case.  
27                  Furthermore, even if the Court had evaluated the approximately length of  
28                  reexamination proceedings in 1994 (there is no indication that it did), it would have

1 shown that the USPTO was effectively handling its caseload, issuing almost as many  
2 certificates in a year as new requests that were being accepted. A liberal policy of  
3 granting motions to stay pending the outcome of reexamination proceedings was  
4 appropriate in 1994, but it is not now.

5 Photoflex Products, Inc. v. Circa 3 LLC, No. C 04-03715 JSW, 2006 U.S.  
6 Dist. LEXIS 37743, at \*2-3 (N.D.Cal. May 24, 2006), also relies on the  
7 misconstrued *Gould* case, and the outdated *ASCII* case, as did the other cases.

8 None of the cases cited in the Black & Decker order appear to give any  
9 consideration whatsoever to the relative length of time that the reexamination will  
10 take. In more recent cases, however, Courts are beginning to acknowledge the  
11 extended duration of reexamination proceedings and are exercising their inherent  
12 authority to not stay proceedings pending reexaminations that can take years to  
13 complete.

14  
15 A court is under no obligation to delay its own proceedings by yielding  
16 to ongoing PTO patent reexaminations, regardless of their relevancy to  
17 infringement claims which the court must analyze. *See id.* (“The  
18 [district] court is not required to stay judicial resolution in view of the  
19 [PTO] reexaminations.”); *see also Medichem, S.A. v. Rolabo, S.L.*, 353  
20 F.3d 928, 936 (Fed.Cir.2003) (“[O]n remand, a stay of proceedings in  
21 the district court pending the outcome of the parallel proceedings in the  
22 PTO remains an option within the district court's discretion.”) (stated in  
the context of reissue proceedings for interfering patents before the  
Board of Patent Appeals and Interferences); *Patlex Corp. v.*  
*Mossinghoff*, 758 F.2d 594, 602-03 (Fed.Cir.1985) (recognizing judicial  
discretion in stay determinations for patent proceedings).

23 *NTP, Inc. v. Research in Motion, Ltd.*, 397 F.Supp.2d 785, 787 (E.D.Va.2005).  
24 (2005).

25 The *NTP* case was further advanced than this or the *Black & Decker* case,  
26 however, the *NTP* court was adamant that it was not going to stay litigation based  
27 upon the moving party's speculation that that patent would be invalidated shortly.



1 The likely duration and result of the PTO's reexamination proceedings  
2 and any subsequent (and likely) appeals are in dispute. RIM, turning a  
3 blind eye to the many steps that must still be taken before a final  
4 determination can be issued by the PTO and confirmed, suggests that  
5 the patents-in-suit will be invalidated in a matter of *months*. NTP, on the  
6 other hand, insists on the likelihood of the opposite result and gives a  
7 reality-based estimated time frame of *years*. Regardless of which party's  
8 predictions this Court might adopt, any attempt at suggesting a likely  
9 time frame and outcome of the PTO reexamination process is merely  
10 speculation. This Court cannot and will not grant RIM the extraordinary  
11 remedy of delaying these proceedings any further than they already  
12 have been based on conjecture.

9 *Id.*

10 Perhaps following in the same trend, the case of *Blackboard, Inc. v.*  
11 *Desire2Learn, Inc.* Civil Action No. 9:06-CV-155 (E.D. Texas, 2008), recently  
12 proceeded to plaintiff's verdict despite *ex parte* and *inter partes* reexaminations that  
13 had been ordered 13 months previous in which no office actions had been issued.

14 Other cases have reaffirmed that district courts are not obligated to issue stays,  
15 including *MercExchange, L.L.C. v. eBay, Inc.*, 500 F.Supp.2d 556, 562, 83  
16 U.S.P.Q.2d 1688 (E.D.Va. Jul 27, 2007).

17 Because the re-analyzed USPTO data show that the 1<sup>st</sup> reexamination on the  
18 '184 patent is likely to not be complete for approximately 5 years from its filing, and  
19 because the 2<sup>nd</sup> reexamination has the potential to introduce even further delay in the  
20 completion of reexamination proceedings, a stay pending reexamination by the  
21 USPTO should not be granted.

22  
23 B. Plaintiff Would Be Prejudiced Through The Inability To Identify and  
24 Serve All Proper Defendants.

25 As detailed more fully in the related oppositions to motions for stay, Fed.R.  
26 Civ.P, Rule 15(c), places limitations on a party's ability to amend pleadings to add or  
27 substitute parties, and places restrictions on when such amendments relate back to  
28 the date of the initial filings. Inability to identify responsible parties inhibits the



1 ability to give those parties notice of the case, thereby increasing the chance that they  
2 will claim prejudice later, and increasing the likelihood that other parties will destroy  
3 or dispose of critical evidence.

4 A complete stay of litigation before any preliminary steps are taken to identify  
5 proper parties and ensure initial discovery or preservation of evidence greatly  
6 prejudices the Plaintiff and may well prejudice the entire judicial process in this case.

7  
8 C. Plaintiff Would Be Prejudiced Through The Loss Of Evidence.

9 The Federal Rules of Civil Procedure do not expressly impose a duty to  
10 preserve evidence. Courts have construed the federal discovery rules, particularly  
11 Rule 26, to imply a duty to preserve all evidence that may be relevant in a case. *See*  
12 *Danis v. USN Communs, Inc.*, 2000 U.S. Dist. LEXIS 16900 at \*4-5. “The  
13 obligation to preserve arises when the party has notice that the evidence is relevant to  
14 litigation -- most commonly when the suit has already been filed, providing the party  
15 responsible for the destruction with express notice, but also on occasion in other  
16 circumstances, as for example when a party should have known that the evidence  
17 may be relevant to future litigation.” *Treppel v. Biovail Corp.*, 233 F.R.D. 363, 371  
18 (2006).

19 If a complete stay is issued, there is no assurance that parties (whether parties  
20 to the suit or otherwise) will have knowledge of any obligation to preserve evidence,  
21 and in the case of third-party suppliers would actually have a disincentive to preserve  
22 evidence.

23 A preservation order protects the producing party by clearly defining the  
24 extent of its preservation obligations. *Id.* at 370. “In the absence of such an order,  
25 that party runs the risk of future sanctions if discoverable information is lost because  
26 [the party] has miscalculated.” *Id.* Further, “[preservation] orders are increasingly  
27 routine in cases involving electronic evidence, such as e-mails and other forms of  
28 electronic communication.” *Id.* at 370. Because the duty of preservation exists

1 without a court order, some courts are reluctant to grant motions to preserve  
2 evidence. *See Madden v. Wyeth*, 2003 U.S. Dist. LEXIS 6427.

3 Plaintiff needs to have an opportunity to conduct at least preliminary  
4 discovery and request a detailed preservation order, otherwise it will be subjected to  
5 substantial prejudice as a result of a stay.

6 Motions to stay pending patent reexamination have been denied where the  
7 likely length of reexamination will serve to exacerbate the risk of lost evidence. In  
8 *Telemac Corp. v. Teledigital, Inc.*, 450 F.Supp.2d 1107, 1111 (N.D.Cal. 2006). That  
9 is very much the situation here.

10  
11 **III. DEFENDANTS ARE JUDICIALLY ESTOPPED FROM SEEKING A STAY**  
12 **IN LIGHT OF THEIR COUNTERCLAIM FOR DECLARATORY RELIEF.**

13  
14 Defendants have asserted in their Rule 11-governed responsive pleading a  
15 counterclaim under the Declaratory Judgment at 28 USC §§ 2201 *et seq.* “[T]he  
16 purpose of the Declaratory Judgment Act in patent cases is to provide the allegedly  
17 infringing party relief from uncertainty and delay regarding its legal rights.” *Sony*  
18 *Electronics, Inc. v. Guardian Media Technologies, Ltd.* 497 F.3d 1271 (Fed.Cir.  
19 2007) quoting *Goodyear Tire & Rubber Co. v. Releasomers, Inc.*, 824 F.2d 953, 956  
20 (Fed.Cir.1987) (emphasis added).

21 Further, the *Sony* Court noted that the U.S. Supreme Court had stated in its  
22 decision in *MedImmune, Inc. v. Genentech, Inc.*, --- U.S. ----, 127 S.Ct. 764, 771 166  
23 L.Ed.2d 604 (2007) that the test of a declaratory judgment claim for relief is whether  
24 “there is a substantial controversy, between parties having adverse legal interests, of  
25 sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”  
26 quoting *Aetna Life Ins. Co. v. Haworth*, 300 U.S. 227, 240-1, 57 S.Ct. 461, 81 L.Ed.  
27 617 (1937) (emphasis added).

1 The allegations in Defendants’ counterclaim at paragraphs 33 and 35, rely  
2 upon the Declaratory Judgment Act, and thus are judicial admissions that Defendant  
3 claims that its legal rights are of “sufficient immediacy” that it needs “relief from . . .  
4 delay regarding its legal rights.”

5 Parties “are bound by admissions in their pleadings, and a party cannot create  
6 a factual issue by subsequently filing a conflicting affidavit.” *Hughes v. Vanderbilt*  
7 *University* 215 F.3d 543, 549 (6<sup>th</sup> Cir., 2000) citing *Reid v. Sears, Roebuck & Co.*,  
8 790 F.2d 453, 460 (6th Cir.1986).

9 The Court in *American Title Ins. Co. v. Lacelaw Corp.*, 861 F.2d 224, 226 (9<sup>th</sup>,  
10 Cir. 1988) stated: “Factual assertions in pleadings and pretrial orders, unless  
11 amended, are considered judicial admissions conclusively binding on party who  
12 made them.” The *American Title* Court further observed that: “Judicial admissions  
13 are formal admissions in the pleadings which have the effect of withdrawing a fact  
14 from issue and dispensing wholly with the need for proof of the fact.” *In re Fordson*  
15 *Engineering Corp.*, 25 B.R. 506, 509 (Bankr.E.D.Mich.1982). Factual assertions in  
16 pleadings and pretrial orders, unless amended, are considered judicial admissions  
17 conclusively binding on the party who made them. See *White v. Arco/Polymers,*  
18 *Inc.*, 720 F.2d 1391, 1396 (5th Cir.1983); *Fordson*, 25 B.R. at 509.

19 Further, the Court in *Soo Line R. Co. v. St. Louis Southwestern Ry.*, 125 F.3d  
20 481, 483 (7<sup>th</sup> Cir. 1997) concluded: “although the rule smacks of legalism, judicial  
21 efficiency demands that a party not be allowed to controvert what it has already  
22 unequivocally told a court by the most formal and considered means possible.”

23 Defendants’ formal admission that they are entitled to “relief from delay”  
24 cannot be overcome by Defendants simply by filing a motion and declaration  
25 asserting the opposite position. Rather, Defendants are held to their judicial  
26 admission that they need relief from delay regarding their legal rights – i.e.,  
27 Defendants do not need a stay – and are estopped from arguing for a stay of the  
28 present litigation.



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13 Attorneys for Plaintiff JENS ERIK SORENSEN,  
14 as Trustee of SORENSEN RESEARCH AND  
15 DEVELOPMENT TRUST

16 UNITED STATES DISTRICT COURT  
17 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

18 JENS ERIK SORENSEN, as Trustee of ) Case No. 07 cv 2321 BTM CAB  
19 SORENSEN RESEARCH AND )  
20 DEVELOPMENT TRUST, )  
21 ) **DECLARATION OF MELODY A.**  
22 ) **KRAMER IN SUPPORT OF**  
23 ) **OPPOSITION TO DEFENDANTS'**  
24 ) **MOTION TO STAY PENDING**  
25 ) **OUTCOME OF REEXAMINATION**  
26 ) **PROCEEDINGS**  
27 )  
28 )  
Plaintiff and )  
Counter Defendant )  
v. )  
ENERGIZER HOLDINGS INC, a )  
Missouri corporation; EVEREADY )  
BATTERY COMPANY, INC.; and ) Date: March 14, 2008  
DOES 1 – 100, ) Time: 11:00 a.m.  
Defendants and ) Courtroom 15 – 5<sup>th</sup> Floor  
Counterclaimants. ) The Hon. Barry T. Moskowitz  
*NO ORAL ARGUMENT*  
*UNLESS REQUESTED BY THE COURT*

1 I, MELODY A. KRAMER, declare:

2 1. I am not a party to the present action. I am over the age of eighteen. I  
3 have personal knowledge of the facts contained within the following paragraphs, and  
4 could and would competently testify thereto if called as a witness in a court of law.

5 2. At all times relevant herein I have been an attorney for Sorensen  
6 Research and Development Trust (“SRDT”), Plaintiff in the above-captioned matter.

7 3. This declaration is made in support of Plaintiff’s Opposition to  
8 Defendant’s Motion to Stay.

9 4. Patent infringement defendant Black & Decker filed an Ex Parte  
10 Request for Reexamination of the subject ‘184 patent in July 2007 (“1<sup>st</sup>  
11 reexamination”) and, on that basis, obtained an order staying the related case,  
12 *Sorensen v. Black & Decker Corporation, et al.*, Case No. 06cv1572 (“Black &  
13 Decker Order”). Now, seven months later, the first office action for the 1<sup>st</sup>  
14 reexamination has not yet issued, even though Plaintiff declined to file the optional  
15 patent owner’s statement, thereby denying Black & Decker the ability to file more  
16 documents with the USPTO, in order to shave off approximately two months from  
17 the process.

18 5. Co-defendants in the Black & Decker case - Phillips Plastics and Hi-  
19 Tech Plastics – waited until December 21, 2007 to file a second third-party  
20 reexamination request (“2<sup>nd</sup> reexamination”), which the USPTO has just recently  
21 accepted.

22 6. In the past few days, I have accesses and analyzed annual of reports and  
23 conducted a closer analysis of USPTO data show that the current, average timeframe  
24 for conclusion of a reexamination is approximately five years, extending longer if an  
25 appeal to the Federal Circuit is sought. The details of my analysis are as follows.

26 7. USPTO Annual Reports contain statistics on the number of *ex parte*  
27 reexamination filings, the number of those that are known to be related to litigation,  
28 the number of *ex parte* reexaminations granted, and the total number of certificates

1 issued. The official website contains annual reports back to 1993 which contain this  
2 statistical data back to 1989. Because each report includes data for a five year period  
3 of time, attached hereto are true and correct copies of only the relevant portions of  
4 the reports for 2007, 2002, 1998, and 1993. These are attached herein as Exhibit A.

5 8. I imported the statistics noted above into an Excel spreadsheet and then  
6 made observations and calculations of that data. The Excel spreadsheet is attached  
7 hereto as Exhibit B, followed by a Growth of Reexamination Backlog Graph  
8 prepared from that data. By comparing the incoming reexamination filings vs. the  
9 outgoing certificates, a pattern of dramatically increasing backlog appears.  
10 Assuming a zero carryover from 1988 into the 1989 figures for which records are  
11 available, the backload of *ex parte* reexams has increased 10-fold from 1989 to the  
12 end of 2007 (from 16 to an estimated 1,658).

13 9. If the USPTO were able to keep issuing certificates at its 2007 level of  
14 367 (the highest reported number in a single year) and not have any new filings, it  
15 would still take approximately 4.5 years for the USPTO to erase the backload of *ex*  
16 *parte* reexaminations ( $1,658 \div 367$ ).

17 10. If the rate of certificate issuances were 250, the average for the past five  
18 years ( $(193+138+223+329+367)/5$ ), it would take 6.6 years to erase the backlog  
19 ( $1,658 \div 250$ ).

20 11. The filing of reexaminations has become an effective weapon to slow  
21 down or stop patent infringement plaintiffs. This is not only demonstrated by  
22 numerous articles recommending this strategy to infringement defendants (see  
23 Exhibit D for example), but it is also demonstrated by the USPTO's own  
24 information.

25 12. *Ex parte* reexamination requests known to be related to litigation have  
26 soared from a mere 9% in 1990 to 57% for 2007. See Exhibit B.

27  
28



1           13. In early 2005, the USPTO issued a “Notice of Changes in Requirement”  
2 document (attached hereto as Exhibit C) which contains the following statement in  
3 the Background section:

4           It has been the Office’s experience, however, that both patent owners  
5 and third party requesters have used a second or subsequent  
6 reexamination request . . . to prolong the reexamination proceeding, and  
7 in some instances, to turn it essentially into an inter partes proceeding.  
8 These actions by patent owners and third party requesters have resulted  
9 in multiple reexaminations taking years to conclude, thus making it  
10 extremely difficult for the Office to conclude reexamination  
11 proceedings with “special dispatch” as required by statute (35 U.S.C.  
12 305 for ex parte reexamination, 35 U.S.C. 314 inter partes  
13 reexamination).

14           14. In late 2006, this Court adopted and implemented a set of Patent Local  
15 Rules with the stated purpose of providing a predictable and uniform treatment for IP  
16 litigants and streamline the process by which a patent case is litigated, shortening the  
17 time to trial or settlement and thereby reducing costs for all parties involved. The  
18 new rules set up a schedule where a claim construction hearing would be held  
19 approximately nine months after the complaint is filed, and trials set at  
20 approximately 18 months after complaints are filed.

21           15. Attached hereto as Exhibit E is a true and correct copy of an article  
22 entitled “New local rules pave way to speedier patent trials” from the San Diego  
23 Daily Transcript dated June 12, 2007. In it (at the 7<sup>th</sup> paragraph) Judge Dana M.  
24 Sabraw, who chaired the committee that established the new patent local rules, is  
25 quoted as saying: “A majority of the judges of the Southern District are firmly  
26 committed to holding claim construction hearings within nine months for the filing  
27 of the complaint, and to setting a trial date within 18 months of that filing.”

28 DATED this Friday, February 29, 2008.

/s/ Melody A. Kramer  
\_\_\_\_\_  
Melody A. Kramer, Esq.