$\label{eq:Document hosted at JDSUPRA bound of the bound$ 

1 2 3 4 5 6 7 8	Melody A. Kramer, SBN 169984 9930 Mesa Rim Road, Suite 1600 San Diego, California 92121 Telephone (858) 362-3150 email: mak@kramerlawip.com  J. Michael Kaler, SBN 158296 9930 Mesa Rim Road, Suite 200 San Diego, California 92121 Telephone (858) 362-3151 email: michael@kalerlaw.com	AICENI
10	Attorneys for Plaintiff JENS ERIK SOREM as Trustee of SORENSEN RESEARCH A	ND ND
11	DEVELOPMENT TRUST	
12		
13	UNITED STATES	DISTRICT COURT
14	FOR THE SOUTHERN DI	STRICT OF CALIFORNIA
15		
16 17	JENS ERIK SORENSEN, as Trustee of SORENSEN RESEARCH AND DEVELOPMENT TRUST,	Case No. 08cv0070 BTM CAB  MEMORANDUM OF POINTS &
18	Plaintiff )	AUTHORITIES IN SUPPORT OF PLAINTIFF'S MOTION TO
19	v. )	TERMINATE IMMODERATE AND UNLAWFUL STAY
20	RYOBI TECHNOLOGIES, INC., a	UNLAWFULSIAI
21	Delaware corporation; TECHTRONIC )	Date: December 11, 2009
22	INDUSTRIES NORTH AMERICA, INC., a Delaware corporation; and DOES )	Time: 11:00 A.M. Courtroom 15 – 5 <sup>th</sup> Floor
23	1-100,	The Hon. Barry T. Moskowitz
24	) Defendants. )	Day Chambars No Oval Avorment
25	Defendants. )	Per Chambers: No Oral Argument Unless Requested By The Court
26	)	•
27	)	PLAINTIFF RESPECTFULLY REQUESTS ORAL ARGUMENT
28		~

1	TABLE OF CONTENTS	
2	INTRODUCTION	
3	FACTUAL SUMMARY	
4	ARGUMENT6	
5	I. CONTINUANCE OF THE STAY IN THIS CASE WILL	
6	CONSTITUTE AN UNLAWFUL STAY OF IMMODERATE AND	
7	INDEFINITE DURATION6	
8	A. An Immoderate and Indefinite Stay Constitutes an Abuse of	
9	Discretion Under the Supreme Court Decision in Landis v. No.	
10	American Co 6	
11	B. Allowing Plaintiff to Request Lift of Stay Does Not Cure the	
12	Immoderate or Indefinite Stay Problem	
13	C. An Immoderate Stay is Unlawful Because It Adversely Impacts	
14	Fundamental Constitutional Rights Causing Severe Prejudice to	
15	Plaintiff	
16	1. The Stay Order Is A "Drastic and Unusual" Denial Of	
17	Plaintiff's Fundamental Constitutional Right Of Access To The	
18	Courts	
19	2. An Immoderate Stay Is Unduly Prejudicial To Plaintiff's	
20	Fundamental Constitutional Right To A Jury Trial Because It	
21	Creates A Substantial Risk Of Loss Of Evidence14	
22	II. DISTRICT COURTS ARE PROHIBITED, EVEN UNDER THEIR	
23	INHERENT POWER AND DISCRETION TO MANAGE CASES, FROM	
24	REQUIRING PATENT HOLDERS TO SUBMIT TO REEXAMINATION	
25	PRIOR TO PROCEEDING WITH INFRINGEMENT LITIGATION 19	
26	A. District Courts Have Been Prohibited From Requiring That A	
27	Patentee Pursue A Reissue Proceeding In The PTO Prior To Litigating	
28	Infringement	
20		

#### Case 3:08-cv-00070-BTM-CAB Document 56-1 Filed 10/15/09 Page 3 of 30

Document hosted at JDSUPRA http://www.jdsupra.com/post/documentViewer.aspx?fid=d0ca66d8-045b-48ca-b4bb-2da0bf3edp1c

http://www.jdsupra.com/post/documentViewer.aspx?fid=d0ca66d8-045b-48ca-b4bb-2da0bf3edp1c

TABLE OF AUTHORITIES			
<u>Statutes</u>			
35 U.S.C. § 302 (2006)			
<u>Rules</u>			
Fed.R.Civ.P. Rule 26(a)			
Other Authorities			
Manual of Patent Examining Procedure § 22609			
Cases			
Alltech, Inc. v. Cenzone Tech, Inc., 2007 WL 935516 (S.D.Cal. Mar. 21, 2007)16			
Bartex Research, LLC v. Fedex Corp., 611 F.Supp.2d 647 (E.D.Tex. 2009)16			
Cherokee Nation of Oklahoma v. United States, 124 F.3d 1413 (Fed. Cir. 1997)7, 14			
Christopher v. Harbury, 536 U.S. 403 (2002)			
Clinton v. Jones, 520 U.S. 681 (1997)			
Dependable Highway Express, Inc. v. Navigators Inc. Co., 498 F.3d 1059 (9th Cir.			
2007)7			
Emerson Electric Co. v. Davoil, Inc., 88 F.3d 1051 (Fed. Cir. 1996)22			
Flores v. Emerich & Fike, 416 F.Supp.2d 885 (E.D.Cal. 2006)			
Fresenius USA, Inc. v. Baxter Intern'l, Inc., 2009 WL 2881629 (Fed. Cir. Sept. 10,			
2009)11, 16			
George Kessel Int'l Inc. v. Classic Wholesales, Inc., 544 F.Supp.2d 911 (D.Ariz.			
2008)			
Gladish v. Tyco Toys, Inc., 1993 WL 625509 (E.D.Cal. Sept. 15, 1993)			
Green v. Rich Iron Co., 944 F.2d 852 (Fed. Cir. 1991)			
Harrison v. Springdale Water & Sewer Comm'n, 780 F.2d 1422 (8 <sup>th</sup> Cir. 1986)			
In re Continental General Tire, Inc., 81 F.3d 1089 (Fed. Cir. 1996)20,21, 22			

http://www.jdsupra.com/post/documentViewer.aspx?fid=d0ca66d8-045b-48ca-b4bb-2da0bf3edp1c

Johnson & Johnson, Inc. v. Wallace A. Erickson & Co., 627 F.2d 57 (7th Cir. 1980)	20
Jones v. Clinton, 72 F.3d 1354 (8th Cir. 1996)	14
Landis v. No. American Co., 299 U.S. 248 (1936)	1
Lexington Lasercomb I.P.A.G. v. GMR Products, Inc., 442 F.Supp.2d 1277	
(S.D.Fla. 2006)	9
LG Elecs., Inc. v. Eastman Kodak Co., 2009 WL 146 8703 (S.D.Cal. May 26, 2009)	16
Marbury v. Madison, 5 U.S. (1 Cranch) 137, 2 L.Ed. 60 (1803)	14
McKnight v. C.H. Blanchard, 667 F.2d 477 (5 <sup>th</sup> Cir. 1982)	7
Muhammad v. Warden, Baltimore City Jail, 849 F.2d 107(4 <sup>th</sup> Cir. 1988)	9
Ohio Environmental Council v. United States District Court, Southern District of	
Ohio, Eastern Div., 565 F.2d 393 (6th Cir. 1977)	7, 9
Orion IP, LLC v. Mercedes-Benz USA, LLC, 2008 WL 5378040 (E.D.Tex. Dec. 22,	
2008)	10
Ortega Truijillo v. Conover & Co. Communications, Inc., 221 F.3d 1262 (11th Cir.	
2000)	7,10
Soranno's Gasco, Inc. v. Morgan, 874 F.2d 1310 (9 <sup>th</sup> Cir. 1989)	13
Static Control Components, Inc. v. Lexmark Int'l, Inc., 2005 WL 2122641	
(E.D.Ky. Aug. 29, 2005)	9
StorMedia Texas, LLC v. Compusa, Inc., 2008 WL 2885814 (E.D.Tex. July 23,	
2008)	9, 11
Unidisco, Inc. v. Schattner, 1981 WL 40523, 210 U.S.P.Q. 622 (D.Md. June 15,	
1981)	8
Ortega Truijillo v. Conover & Co. Communications, Inc., 221 F.3d 1262 (11 <sup>th</sup> Cir. 2000)  Soranno's Gasco, Inc. v. Morgan, 874 F.2d 1310 (9 <sup>th</sup> Cir. 1989)  Static Control Components, Inc. v. Lexmark Int'l, Inc., 2005 WL 2122641  (E.D.Ky. Aug. 29, 2005)  StorMedia Texas, LLC v. Compusa, Inc., 2008 WL 2885814 (E.D.Tex. July 23, 2008)  Unidisco, Inc. v. Schattner, 1981 WL 40523, 210 U.S.P.Q. 622 (D.Md. June 15,	9

### 

# 

#### 

## 

#### **INTRODUCTION**

A stay is immoderate and unlawful "unless so framed in its inception that its force will be spent within reasonable limits" and "once those limits have been reached, the fetters should fall off." *Landis v. No. American Co.*, 299 U.S. 248, 257 (1936).

This case has been effectively stayed since its inception almost two years ago. The patent reexamination proceeding, which has been pending for well over two years and upon which this stay is based, has recently taken a new turn essentially returning the procedure to square one. The recent issuance of a second, non-final, office action by the PTO raising entirely new issues not previously addressed in the prior office action reveals that the reexamination is not on target to be completed anytime soon.

More than a reasonable amount of time has passed; continued stay is immoderate and unlawful, and runs afoul of Plaintiff's fundamental rights under the U.S. Constitution. Furthermore, Federal Circuit precedent prohibits district courts from using their inherent discretion to manage cases to require patent-holders to involuntarily submit to reexamination proceedings prior to litigating a patent. Continued stay is the equivalent of requiring the Plaintiff/Patentee to involuntarily submit to completion of reexamination proceedings prior to litigating the'184 patent.

For these reasons, as more fully set forth below, this Court is obligated to vacate stay immediately and allow this case to proceed.

#### **FACTUAL SUMMARY**

#### **Stay Origins**

Over two years ago, in July 2007, Plaintiff and Black & Decker were embroiled in a massive and contentious patent infringement dispute in this Court related to U.S. Patent No. 4,935,184 ("184 patent"). On July 21, 2007, after a year

of litigation, Black & Decker filed an *ex parte* request for reexamination of the '184 patent with the United States Patent and Trademark Office ("PTO"), and a corresponding request to stay the litigation. Stay was entered in that case in September 2007 ("B&D Stay Order") and was never lifted.

In December 2007, Black & Decker's supplier and co-defendant filed a separate request for reexamination. Both requestors of reexamination subsequently withdrew their allegations of invalidity of the '184 patent before this Court via dismissal with prejudice of all claims. *Sorensen v. The Black & Decker Corporation*, *et al*, Case No. 06cv1572, Doc. #326. The reexamination (including the now-merged subsequent reexamination request by co-defendant Phillips Plastics) is still unfinished.

This Court has refused to allow any other '184 patent cases to proceed beyond initial pleadings since July 2007, including this case.

#### Procedural Status Of This Case

On January 11, 2008, Sorensen filed a Complaint for Patent Infringement alleging infringement of U.S. Patent No. 4,935,184 ("'184 patent") against Defendants. See Doc. #1.

Subsequent to answers being filed (Doc. #14), the Defendants filed a motion for stay (Doc. #15). No scheduling order was ever issued. No ENE was ever held. Discovery was never opened.

The Court stayed this case on April 25, 2008. (Doc. #38, hereinafter "Stay Order").

The Stay Order contained no specific factual findings, and expressed no limitations on the length of stay, stating:

For the reasons stated in the Court's order granting stay in <u>Sorensen v. Black and Decker</u>, 06cv1572, Docket No. 243 and on the record at the February 25, 2008 status conference in <u>Sorensen v. Helen of Troy</u>,

56

8

7

9

1112

13

14

15 16

17

19

20

18

21

23

24

22

2526

2728

07cv2278, the Court GRANTS without prejudice Defendants' motion for stay. The Court concludes that a reasonable stay is appropriate in this case because the litigation is in its early stages, Plaintiff has not established undue prejudice, and the reexamination will simplify issues for the Court and save expense for the parties. See, e.g., Xerox Corp. v. 3Com Corp., 69 F. Supp. 2d 404, 406 (W.D.N.Y. 1999). However, if it appears that the reexamination will not be effected within a reasonable time, Plaintiff may move to vacate the stay.

(Doc. #38, pg. 1:21-2:1).

A closer look at the two referenced related '184 patent cases is warranted.

#### Black & Decker Stay Order

The referenced *Sorensen v. Black & Decker* order issued on September 10, 2007, shortly prior to the present case being filed, and was based on facts and issues specific to that case, which are absent in this case. (see *Sorensen v. Black & Decker, et al*, Case No. 06cv1572, at Doc. #243).

The Stay Order in this case does not specify what portion of the Black & Decker stay order was relied upon. However, the Black & Decker stay order contained factual findings and conclusions that are demonstrably inapplicable here, including the following statement:

An average delay for reexamination of approximately 18-23 months is especially inconsequential where Plaintiff himself waited as many as twelve years before bringing the present litigation.

(Sorensen v. The Black & Decker Corporation, et al, Case No. 06cv1572, at Doc. #243, pg 7:19-21)

The '184 reexamination has already extended longer than this cited average – 26 months and counting. Furthermore, in the present case, there was no significant delay between Plaintiff's first having contact with the Defendant regarding infringement allegations and initiating this lawsuit.

Plaintiff first contacted Defendants regarding infringement of the '184 patent in September 2004, only a little over three years before this suit was filed. *Kramer Decl.*  $\P 4$ .

Despite the passage of over two years, this Court has continued to explicitly rely upon the Black & Decker Stay Order as grounds to stay this case and every other case involving the '184 patent, including a declaratory relief action in which the validity of the '184 patent is not even at issue<sup>1</sup>.

#### Sorensen v. Helen of Troy Status Conference

The referenced *Sorensen v. Helen of Troy* status conference consists of a 22-page transcript. See *Request for Judicial Notice*, Hearing Transcript, February 25, 2008. The Stay Order does not identify what portion of the status conference it intended to incorporate. It was during that hearing, however, that the Court first made the oft-quoted comment that "two years is, well, let's say it's long enough." "Two years" was subsequently explained by the Court to mean two years from the filing of the first reexamination request.

THE COURT: . . . My two years is two years when the ball is in the Patent Office's PTO's court to deal with it; that if they can't get it done within two years, then, you know, I start to wonder whether I should be staying the proceedings. Because I saw somewhere that sometimes it can take up to five years. I don't find that acceptable. There is just no finality and there is lots of economic issues that companies are involved with that they can't have this hanging over their head for five years, plus the time of litigation. So when I say two years, that means two years that the Patent Office has had it to decide. . . .

Request for Judicial Notice, Hearing Transcript, August 20, 2008, page 33:11-22.

#### Original Motion to Lift Stay

<sup>&</sup>lt;sup>1</sup> See <u>Acco v. Sorensen</u>, Case No. 08cv1670, First Amended Complaint at Doc. #5.

In March 2009, an interview between the PTO and the Plaintiff/Patentee was conducted. Following the interview, the PTO Examiner stated in a written summary of the interview that "he would withdraw the [35 U.S.C. §] 103 rejections" and that "Agreement with respect to the claims . . . was reached." *Kramer Decl.* ¶ 5, Exhibit A (*Ex Parte Reexamination Interview Summary*, dated March 23, 2009, signed by Alan Diamond, Primary Examiner).

Subsequent to those assurances from the PTO, Plaintiff filed a motion to lift stay. Doc. #41. However, on July 10, 2009, just days prior to expiration of two years from the original reexamination request filing, the Court denied Plaintiff's Motion to Lift Stay on the grounds that the reexamination was not yet finished. See Doc. #52 ("Joint Order Denying Lift of Stay").

Issues In The Litigation

Defendants have made cursory allegations of invalidity of the '184 patent in its answer, but has never served Preliminary Invalidity Contentions nor otherwise identified to the Court or Plaintiff the details of its invalidity positions.

Neither Plaintiff nor Defendant(s) in this case requested the pending reexamination proceedings ongoing with the PTO. In fact, not a single current litigant in the more than 30 pending '184 patent infringement cases still pending before this Court requested reexamination of the '184 patent. In the related *Acco Brands v. Sorensen*, Case No. 08cv1670, validity of the '184 patent is not even at issue. See *Acco v. Sorensen*, Case No. 08cv1670, at Doc. #5.

#### Procedural Status Of The Reexamination

On August 21, 2009, the PTO issued a second Non-Final Office Action ("SOA") in the reexamination of the '184 patent. In this SOA, the Examiner entirely reversed prior positions taken in his October 31, 2008 office action, as well as verbal assurances the Examiner made during the March 2009 interview with the

Subsequent

Plaintiff/Patentee as documented in the Examiner's written summary of the March 1 2009 interview. Kramer Decl. ¶ 6; see also Declaration of J. Michael Kaler at Doc. 2 3 #41. 4 Plaintiff's response to the SOA is due on October 21, 2009. thereto, however, the PTO Examiner has no deadline for taking the next step in the 5 reexamination. For instance, after the Plaintiff/Patentee's response to the first Non-6 Final Office Action was received by the PTO mailroom on January 2, 2009, it took 7 8 nearly eight months until August 21, 2009, for the PTO to issue its next office action. *Kramer Decl.* ¶ 7. 9 The timeline of the reexamination thus far has been as follows: 10 11 July 2007 - Black & Decker files *ex parte* request for reexamination Dec 2007 - Phillips Plastics files *ex parte* request for reexamination 12 Oct 2008 - PTO issues first Non-Final Office Action ("FOA") on merged 13 reexaminations 14 Dec 2008 - Plaintiff/Patentee responds to FOA (FOA received by PTO on 15 Jan. 2, 2009) 16 Mar 2009 - Interview held between PTO and Plaintiff/Patentee (Examiner's 17 summary of interview stated "Agreement with respect to the claims ... 18 was reached" and "all [35 U.S.C. §] 103 rejections will be withdrawn") 19 Aug 2009 - PTO issues second Non-Final Office Action ("SOA"), reversing 20 21 prior positions and raising an entirely new set of issues *Kramer Decl.* ¶ 8. 22

23

24

25

26

27

28

#### **ARGUMENT**

- I. CONTINUANCE OF THE STAY IN THIS CASE WILL CONSTITUTE AN UNLAWFUL STAY OF IMMODERATE AND INDEFINITE DURATION.
  - An Immoderate and Indefinite Stay Constitutes an Abuse of Discretion A. Under the Supreme Court Decision in Landis v. No. American Co.

A court;'s discretionary authority to stay a pending lawsuit is not without boundaries. Stay orders will be reversed when they are found to be immoderate or indefinite in length. Landis v. No. American Co., 299 U.S. 248, 254 (1936) (Cardozo, J.); see also McKnight v. C.H. Blanchard, 667 F.2d 477, 479 (5<sup>th</sup> Cir. 1982); Dependable Highway Express, Inc. v. Navigators Inc. Co., 498 F.3d 1059, 1066-67 (9<sup>th</sup> Cir. 2007); Ortega Truijillo v. Conover & Co. Communications, Inc., 221 F.3d 1262, 1264 (11<sup>th</sup> Cir. 2000); Cherokee Nation of Oklahoma v. United States, 124 F.3d 1413, 1416-18 (Fed. Cir. 1997); Ohio Environmental Council v. United States District Court, Southern District of Ohio, Eastern Div., 565 F.2d 393, 396 (6<sup>th</sup> Cir. 1977).

Landis is the landmark Supreme Court case on the issue of immoderate stays. The Landis Court fully recognized that the "power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." Landis, 299 U.S. at 254. The Court, however, also recognized that this "discretion [is] abused if the stay [is] not kept within the bounds of moderation." Id. at 256.

In *Landis*, nonregistered holding companies had brought suits in the district court for the District of Columbia to enjoin enforcement of the Public Utility Holding Company Act on the ground that the Act was unconstitutional and void. At the same time, the Securities and Exchange Commission (SEC) had filed suit in the Southern District of New York against other holding companies seeking to compel them to register with the SEC under the Act. The District of Columbia court stayed the cases before it pending an eventual determination by the Supreme Court of the validity of the Act in the proceeding brought by the SEC. *Id.* at 250-53.

The Supreme Court in Landis held that a

stay is immoderate and hence unlawful unless so framed in its inception that its force will be spent within reasonable limits, so far at least as they are susceptible of prevision and description, When once those limits have been reached, the fetters should fall off.

Id. at 257. The Landis Court found that it was an abuse of discretion for the District of Columbia to have stayed the lawsuits until after a decision by another district court regarding the constitutionality of the Act, and until determination by the Supreme Court of any appeal therefrom. As the Supreme Court noted, two or more years would likely go by before the Court could even pass upon the Act. Id. at 256. "Relief so drastic and unusual overpasses the limits of any reasonable need. . ." Id. at 257. The Landis Court reversed the immoderate stay order and remanded the matter to the District Court for determination of the stay motion in accordance with the principles handed down by the Court. Id. at 259.

In *Landis*, the district court's stay was not only lengthy, it was also indefinite. It was unknown how long it would take for the SEC proceeding to travel through the district court to the intermediate court and finally reach a decision by the Supreme Court. *Id.* at 256-57. "Discretion [is] abused by a stay of indefinite duration in the absence of a pressing need." *Id.* at 255. Even in a case of great significance involving the constitutionality of an Act of Congress as was presented in *Landis*, there was insufficient "pressing need" to support the grant of a stay for an indefinite period of time. *Id.* at 255-57; *see also Unidisco, Inc. v. Schattner*, 1981 WL 40523, 210 U.S.P.Q. 622, 629 (D.Md. June 15, 1981) ("it is an abuse of discretion to grant a stay for an indefinite period of time, even in a case of great public moment like Landis, absent a showing of 'pressing need'").

Thus, *Landis* teaches that a plaintiff may be properly subjected to a stay, if the public welfare or convenience is promoted, <u>but only if</u> the stay is not immoderate or oppressive in nature. *Landis*, 299 U.S. at 256. *Landis* also teaches that such a stay exceeds the limits of fair discretion when it becomes excessively long or indefinite in scope. *Id.* at 255-257; *see also McKnight*, 667 F.2d at 479; *Ohio Environmental Council v. United States District Court, Southern District of Ohio, Eastern Div.*, 565 F.2d 393, 396-98 (6<sup>th</sup> Cir. 1977); *Muhammad v. Warden, Baltimore City Jail*, 849 F.2d 107, 113 (4<sup>th</sup> Cir. 1988) ("In considering the propriety of a stay of proceedings,

the court should be specifically mindful of the Supreme Court's admonition in *Landis* ... that a stay may not be 'immoderate in extent' nor 'oppressive in its consequences'"); *Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 2005 WL 2122641, at \*3 (E.D.Ky. Aug. 29, 2005) ("Generally, lengthy stays pending resolution of another case are unduly burdensome if the likely duration is entirely uncertain.").

In fact, some district courts have declined to stay patent infringement cases pending reexamination due to the fact that the stay would be of indefinite length and thus unduly prejudicial. *See, e.g., Lexington Lasercomb I.P.A.G. v. GMR Products, Inc.*, 442 F.Supp.2d 1277, 1278 (S.D.Fla. 2006); *George Kessel Int'l Inc. v. Classic Wholesales, Inc.*, 544 F.Supp.2d 911, 912-23 (D.Ariz. 2008) ("Although this case is in its early stages, the Court is reluctant to issue a stay of indefinite length."); *StorMedia Texas, LLC v. Compusa, Inc.*, 2008 WL 2885814, at \*1 (E.D.Tex. July 23, 2008).

This case has been stayed pending completion of reexamination proceedings with the PTO. Although the Stay Order itself does not set forth a deadline or duration, this Court has indicated on more than one occasion that "two years is long enough." However, the Court has also backtracked on the two-year-limitation comments by failing to lift stay just days before two years had expired on the grounds that the reexamination is not yet done.

The current reexamination proceeding has been pending now for over two years and is, with the most recent non-final office action, for all purposes back at square one with a new set of validity issues identified.

Per the *Manual of Patent Examining Procedure* § 2260, a first office action is not a final determination by the PTO on the reexaminations, but rather "establish[es] the issues which exist between the examiner and the patent owner insofar as the patent is concerned." Issues were established in the FOA, responded to by Plaintiff/Patentee, and, per the PTO as of March 2009, the PTO and the

Plaintiff/Patentee reached agreement on all the claims, and the initial rejections were being withdrawn. However, the PTO has decided to put forth another round of new issues to which the Plaintiff/Patentee is currently responding.

As has now been made exceedingly clear in this reexamination, there is nothing to prevent the PTO from raising additional new issues in a subsequent office action that have not been addressed in the two office actions issued thus far. Further, if the PTO ultimately stands by its rejections of any claims, there are multiple levels of "appeal" available to the Plaintiff/Patentee that will require additional time before any final ruling from the PTO issues. These multiple levels of "appeal," within the USPTO and even up to the Federal Circuit, are part of the reexamination proceeding and constitute steps that must occur before a reexamination certificate can issue.

Plaintiff/Patentee is confident that the PTO will review the detailed rebuttals to the SOA and agree to withdraw the pending objections and none of these appeal mechanisms will be used. However, for purposes of this motion, it must be acknowledged that whatever the PTO's next action, this reexamination has no definitive or speedy end in sight.

There is no telling when the reexamination will reach conclusion, much less how long it would take the patent to travel through the appellate process from the Board of Patent Appeals and Interferences (BPAI) to the Federal Circuit. *See Ortega Trujillo v. Conover & Co. Communications, Inc.*, 221 F.3d 1262, 1264 (11<sup>th</sup> Cir. 2000) (stay that expired only after resolution of related case in another court, including exhaustion of appeals, was immoderate and indefinite in scope and thus an abuse of discretion under *Landis*); *see also Orion IP, LLC v. Mercedes-Benz USA, LLC*, 2008 WL 5378040, at \*8 (E.D.Tex. Dec. 22, 2008) (noting that reexamination process, including multiple office actions, responses thereto, and appeals to BPAI and Federal Circuit, "could take years").

As other courts have noted, "the PTO has not provided any definitive guidance on the length of time required for the reexamination." See, e.g., StorMedia Texas,

LLC v. Compusa, Inc., 2008 WL 2885814 at \*1 (E.D.Tex. July 23, 2008).

In her concurring opinion in the recent *Fresenius* decision by the Federal Circuit, Judge Newman stated the following with regard to litigation stays for reexamination:

[I]f routinely available to delay the judicial resolution of disputes, the procedure is subject to inequity, if not manipulation and abuse, through the delays that are inherent in PTO activity. The statistical data of the Patent and Trademark Office place this aspect in sharp relief, for the number of reexamination requests is increasing, as is the time for completion of reexamination and appeal in the PTO, as well as the right of judicial review. In its recent statistical summaries, the PTO reports a 54% increase in filing of ex parte reexaminations since 2004 (from 441 in 2004 to 680 in 2008, and with 481 filings through June 2009). See USPTO, Reexamination Operational Statistics (June 30, 2009), available

http://www.uspto.gov/web/patents/documents/reexam\_operations06-09.pdf. Of these filings 31% were reported to be in litigation. *Id.* . . . The PTO also reports that as of the third quarter of 2009, the average pendency for ex parte reexamination is 36.1 months, an increase from the 34.6 months at December 2008. *Id.* 

Fresenius USA, Inc. v. Baxter Intern'l, Inc., --- F.3d ---, 2009 WL 2881629, at \*15 (Fed. Cir. Sept. 10, 2009) (concurring opinion). See Kramer Decl. ¶ 9, Exh. B for a copy of the referenced statistics.

This case has been pending for almost two years, but effectively stayed since commencement, a time period which the Supreme Court in *Landis* has already found to be immoderate in length. Furthermore, the stay is more indefinite than ever with the PTO's recent office action beginning anew the hashing out of issues with the Plaintiff/Patentee.

Because continued stay of this case is both immoderate and indefinite, it would be an abuse of discretion under *Landis* to not immediately terminate stay.

B. <u>Allowing Plaintiff to Request Lift of Stay Does Not Cure the</u> Immoderate or Indefinite Stay Problem.

3

56

7

8

11

12

10

13 14

16

15

1718

19 20

212223

2526

24

27

28

The Stay Order states "if it appears that the reexamination will not be effected within a reasonable time, Plaintiff may move to vacate the stay."

This statement in the Stay Order, however, does not transform this into a stay of moderate length.

An order which is to continue by its terms for an immoderate stretch of time is not to be upheld as moderate because conceivably the court that made it may be persuaded at a later time to undo what it has done.

Landis, 299 U.S. at 257; see also Ortega, 221 F.3d at 1264 n.3 ("requirement of status reports does not guarantee that the district court will reassess the propriety of the stay").

A plaintiff cannot be placed in the situation of having to convince a district court at intervals that it should modify an immoderate stay. The Stay Order has become immoderate in length, has no established duration, and because there is no indication of how long it will take to resolve the pending reexamination, this Stay Order is one of indefinite, as well as immoderate, duration. Under *Landis*, the Stay Order is improper and must be lifted.

C. <u>An Immoderate Stay is Unlawful Because It Adversely Impacts</u>
<u>Fundamental Constitutional Rights Causing Severe Prejudice to Plaintiff.</u>

Courts recognize that a stay of immoderate duration is severely prejudicial to a plaintiff. In "weighing the competing interests and maintaining an even balance" as *Landis* instructs, the undue prejudice to a plaintiff that arises from an immoderate stay far outweighs any benefit to the defendant, or court, making such a stay unlawful. *See, e.g., Landis*, 299 U.S. at 255-57 (hardship caused by stay of two or more years far outweighed "the limits of any reasonable need"). The undue prejudice stems from the impact of a stay on Plaintiff's constitutional rights.

1. The Stay Order Is A "Drastic and Unusual" Denial Of Plaintiff's Fundamental Constitutional Right Of Access To The Courts.

An immoderate stay severely impacts a plaintiff's constitutional right of access to the courts. The right of meaningful access to judicial procedure is a fundamental right of every citizen grounded in the Constitution. *Christopher v. Harbury*, 536 U.S. 403, 415 & n.12 (2002); *Soranno's Gasco, Inc. v. Morgan*, 874 F.2d 1310, 1314 (9<sup>th</sup> Cir. 1989); *Flores v. Emerich & Fike*, 416 F.Supp.2d 885, 901 (E.D.Cal. 2006).<sup>2</sup> "An individual is entitled to 'free and unhampered access to the courts." *Harrison v. Springdale Water & Sewer Comm'n*, 780 F.2d 1422, 1427(8<sup>th</sup> Cir. 1986).

In *Landis*, the Supreme Court expressed serious concern that the plaintiffs would be denied access to the courts for the extended period of two or more years, while another proceeding made its way from the trial court through the appellate process. The Court described this denial of plaintiffs' civil liberty as "drastic and unusual." *Landis*, 299 U.S. at 255-57.

Even where the denial of the stay would have the impact of occupying the attention of a sitting President of the United States during much of his term in office, the Eighth Circuit in *Jones v. Clinton* recognized that a lengthy stay of proceedings has an unacceptably adverse impact on a plaintiff's fundamental right of access to the courts. In its decision to reverse a district court's stay of proceedings in *Jones*, the court noted that the plaintiff:

Mrs. Jones is constitutionally entitled to access to the courts and to the equal protection of the laws. "The very essence of civil liberty certainly consists in the right of every individual to claim the protection of the laws, whenever he receives an injury." *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 163, 2 L.Ed. 60 (1803).

Jones v. Clinton, 72 F.3d 1354, 1360 (8th Cir. 1996) (majority opinion) (emphasis

<sup>&</sup>lt;sup>2</sup> The Supreme Court has based the right of access to courts in the Article VI Privileges and Immunities Clause, the First Amendment Petition Clause, the Fifth Amendment Due Process Clause, and the Fourteenth Amendment Equal Protection and Due Process Clauses. *Christopher*, 536 U.S. at 415 & n.12.

added), *aff'd by Clinton v. Jones*, 520 U.S. 681 (1997). As Judge Beam explained further in his concurring opinion, "a stay of the litigation . . . involves fundamental constitutional rights governing access to and use of the judicial process . . . ." *See Jones*, 72 F.3d at 1365 (concurring opinion).

Further, the Federal Circuit has noted that to stay a suit pending another speculative and protracted proceeding is to place the plaintiff effectively out of court. *Cherokee Nation of Oklahoma v. United States*, 124 F.3d 1413, 1418 (Fed. Cir. 1997).

From the inception of this lawsuit, Plaintiff has been denied access to the courts and the opportunity to enforce Plaintiff's patent rights. Every day that this Stay Order continues is an additional day that Plaintiff is denied the fundamental constitutional right of meaningful access to the courts.

Because this stay will now easily exceed two years and continue for an indefinite period of time until all reexamination procedures are exhausted, the continued existence of this stay tramples on Plaintiff's right of access to courts in the very same "drastic and unusual" manner that was denounced in *Landis*.

The Court must immediately lift stay and permit Plaintiff to exercise its fundamental right of access to judicial process.

2. An Immoderate Stay Is Unduly Prejudicial To Plaintiff's Fundamental Constitutional Right To A Jury Trial Because It Creates A Substantial Risk Of Loss Of Evidence.

An immoderate stay adversely impacts the right to a jury trial under the Seventh Amendment because it impairs a plaintiff's ability to plead its causes of action. As the Federal Circuit has noted, "[w]ith the passage of time, **memories will fade**, litigation costs will balloon, and resolve will dwindle. These factors will make it difficult for the [plaintiff] to retool for litigation when, and if, their claim is allowed to proceed." *Cherokee Nation*, 124 F.3d at 1418 (emphasis added).

In Jones v. Clinton, the Eighth Circuit addressed the issue of whether to stay a

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

civil action against a sitting President until after he left office because of the burdens that such a suit would impose on the Office of the President. Judge Beam in his concurring opinion to the Eighth Circuit decision to reverse the district court's stay in *Jones* noted that even where a party seeks only civil monetary damages, an immoderate stay causes prejudice to the plaintiff of constitutional magnitude:

It is incorrect, in my view, for Mr. Clinton and his amicus to assert that the delay is of no consequence to Ms. Jones. Aside from the adage that justice delayed is justice denied, Ms. Jones faces real dangers of loss of evidence through the unforeseeable calamities inevitable with the passage of time. To argue that this problem may be dealt with by episodic exceptions when the risk of loss is apparent is to miss the point. Only rarely does life proceed in such a foreseeable fashion.

The dissent states, "[w]here there is no urgency to pursue a suit for civil damages, the proper course is to avoid opportunities for breaching separation of powers altogether by holding the litigation in abeyance until a President leaves office." Infra at 1369. The dissent urges total abeyance of both discovery and trial. I perceive this, perhaps incorrectly, to be an implicit finding that there is, indeed, no real urgency to Ms. Jones's suit for civil damages and, thus, the constitutionally based separation of powers doctrine demands that this litigation, in all of its manifestations, be abated until Mr. Clinton leaves office-this to protect the constitutional grant of executive authority given to a sitting President. In my view, this greatly oversimplifies the issues in this appeal and overstates the danger to the presidency. The potential for prejudice to Ms. Jones, as earlier noted, reaches, or at least approaches, constitutional magnitude. If a blanket stay is granted and discovery is precluded as suggested by Mr. Clinton and his amicus, Ms. Jones will have no way that I know of (and none has been advanced by those counseling this course of action), to perpetuate the testimony of any party or witness should they die or become incompetent during the period the matter is held in abeyance. Should the death or incompetence of a key witness occur, proving the elements of Ms. Jones's alleged causes of action will become **impossible.** Thus, her "chose in action" would be obliterated, or at least substantially damaged if she is denied reasonable and timely access to the workings of the federal tribunal.

Jones, 72 F.3d at 1363-64 (concurring opinion) (emphasis added).

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

26

27

28

The Supreme Court affirmed on the grounds that the stay failed to take into account Ms. Jones' "interest in bringing the case to trial." *Clinton v. Jones*, 520 U.S. 681, 707 (1997) (Supreme Court held that district court's stay was abuse of discretion). The Supreme Court noted: "The complaint was filed within the statutory limitations period – albeit near the end of that period – and delaying trial would increase the danger of prejudice resulting from the loss of evidence, including the inability of witnesses to recall specific facts, or the possible death of a party." *Clinton*, 520 U.S. at 707-08; *see also LG Elecs., Inc. v. Eastman Kodak Co.*, 2009 WL 146 8703, at \*2 (S.D.Cal. May 26, 2009) (Huff, J.).

Recognizing the potential for undue prejudice, district courts have refused to stay patent infringement suits pending reexamination because of the harm to the patent holder associated with the loss of evidence. George Kessel Int'l Inc. v. Classic Wholesales, Inc., 544 F.Supp.2d 911, 913 (D. Ariz. 2008) ("stay could prejudice Plaintiffs by delaying access to discovery"); Fresenius Medical Care Holdings, Inc. v. Baxter Int'l, Inc., 2007 WL 1655625, at \*5 (N.D.Cal. June 7, 2007) ("In the lengthy delay that would inevitably ensue if a stay were granted [pending reexamination], evidence could be lost and witnesses' memories could fade."); Alltech, Inc. v. Cenzone Tech, Inc., 2007 WL 935516, at \*2 (S.D.Cal. Mar. 21, 2007) (court noted that "the risk that memories could fade while waiting for reexamination is not insubstantial," where court assumed that stay pending reexamination could last possibly 21 months); Bartex Research, LLC v. Fedex Corp., 611 F.Supp.2d 647, 651-52 (E.D.Tex. 2009) (stay pending *inter partes* reexamination would unduly prejudice plaintiff due to risk of loss of evidence); see also Gladish v. Tyco Toys, Inc., 1993 WL 625509, at \*2 (E.D.Cal. Sept. 15, 1993) (defendant alleged infringer established that it would suffer prejudice should stay be granted: "witnesses may become unavailable, their memories may fade, and evidence may be lost while the PTO proceeding takes place").

Here, Plaintiff risks loss of evidence due to a variety of causes. There is, of course, the risk that witnesses may become unavailable, through either an inability to locate them, or due to illness, death, or incompetence. Also, as has been noted in many cases, human memory does not improve with time, rather as a general rule, memory fades over time. There is also the risk that documentary evidence, or even items such as the molds, may disappear or be discarded through sheer inadvertence and mistake.

Setting aside the generally accepted risk of loss of evidence during a lengthy stay, access to witnesses and evidence becomes even more challenging in the current financial downturn. Businesses which have been engines of our economy have disappeared from the U.S. landscape.

Thus far, one or more defendants in three of the related stayed '184 patent cases have declared bankruptcy. See *Sorensen v. Global Machinery Company, et al*, Case No. 08cv233; *Sorensen v. Senco*, Case No. 08cv0071; and *Sorensen v. Spectrum*, Case No. 09cv0058. See *Request for Judicial Notice*. It is unknown how many others may travel down that same road.

Other companies have engaged in massive layoffs which may include knowledgeable witnesses regarding this case. For example, Emerson Electric has reportedly laid off 14,000 employees as of April 15, 2009. See *Kramer Decl.* ¶ 10, Exhibit C. If any of the laid-off employees are knowledgeable witnesses, they have already become less accessible and may in fact be impossible to locate once stay is lifted. *See, e.g., LG Elecs.*, 2009 WL 146 8703, at \*2 ("as the parties naturally experience turnover in workforces during a stay, they may lose their ability to compel deposition and trial testimony from employees who leave the companies").

The Stay Order's clause permitting "any party [to] apply to the Court for an exception to the stay if it has specific, valid reasons to believe that it needs to obtain discovery in order to preserve evidence that will otherwise be unavailable after the stay" is a hollow and largely useless clause. The Court's recent order denying

Plaintiff's Motion for Exception to Stay to conduct discovery in view of layoffs by one Defendant company demonstrates the futility of the exception to stay clause –

The Court has already ordered Defendants to preserve [several categories of evidence]. . . Plaintiff also does not provide specific reasons why layoffs will hinder Defendants' ability to preserve this evidence.

Sorensen v. Emerson Electric, et al, Case No. 08cv0060, Doc. #72, at page 2:10-13. It is impossible for Plaintiff to acquire any such detailed reasons when not even the most preliminary of discovery proceedings – initial disclosures under Fed.R.Civ.P. Rule 26(a) – have occurred. Under such circumstances, it is impossible for a party to present "specific, valid reasons" beyond the general and well-known fact that witnesses may become unavailable and memories will invariably fade.

The passage of time leads to an increased risk of loss of evidence of all types, but evidence loss is not subject to definitive proof until the harm has already occurred. As was noted in *Jones*, a plaintiff "faces real dangers of loss of evidence through the unforeseeable calamities inevitable with the passage of time. To argue that this problem may be dealt with by episodic exceptions when the risk of loss is apparent is to miss the point. Only rarely does life proceed in such a foreseeable fashion." *Jones*, 72 F.3d at 1363-64 (concurring opinion) (emphasis added). Plaintiff cannot prove a witness is unavailable until he or she is actually unavailable. Plaintiff cannot prove a loss of memory over time until that loss has already occurred, and perhaps, not even then, as the loss of memory includes the likelihood that the memory loss might prevent Plaintiff becoming aware of what was lost. Requiring proof of loss requires prejudice to have been suffered before relief can be considered – thus a futile act.

It is unknown how many defendants, suppliers, and manufacturers involved in these cases have already closed up shop or engaged in massive layoffs. Plaintiff has attempted to contact many manufacturers, importers, and suppliers identified to

Plaintiff as a part of evidence preservation orders. Of these, only a few have even responded to Plaintiff in any fashion, and many letters have been returned as refused or undeliverable. See *Kramer Decl.* ¶ 11; see, e.g., LG Elecs., 2009 WL 1468703, at \*2 ("This risk [of losing evidence] is greater when important documents are under the control of third parties, as these entities might not be obligated to preserve that evidence. Here, Defendant contracts with several non-party entities who supply it with hardware for its allegedly infringing products.")

Continued stay will make it increasingly impossible for Plaintiff to access evidence regarding design of the molds and manufacturing of the allegedly infringing products, as well as sales information, and other evidence necessary for a full resolution of these lawsuits. Plaintiff's ability to plead infringement and pursue a jury trial will be adversely impacted, if not eliminated, as a result of a lengthy stay in this case. As Circuit Judge Beam so poignantly noted, "justice delayed is justice denied."

This immoderate and indefinite stay is unduly prejudicial to Plaintiff's fundamental constitutional right to a jury trial because it creates a substantial and daily-increasing risk of loss of evidence. Thus, stay must immediately be terminated.

II. DISTRICT COURTS ARE PROHIBITED, EVEN UNDER THEIR INHERENT POWER AND DISCRETION TO MANAGE CASES, FROM REQUIRING PATENT HOLDERS TO SUBMIT TO REEXAMINATION PRIOR TO PROCEEDING WITH INFRINGEMENT LITIGATION.

District courts do not have the power to require a patentee to submit and surrender its patent to the PTO for reexamination as a condition precedent to pursuit of remedies against an alleged infringer. *See In re Continental General Tire, Inc.*, 81 F.3d 1089, 1091-93 (Fed. Cir. 1996); *see also Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 61 (7<sup>th</sup> Cir. 1980).

## A. <u>District Courts Have Been Prohibited From Requiring That A Patentee</u> <u>Pursue A Reissue Proceeding In The PTO Prior To Litigating</u> Infringement.

Prior to the enactment of statutes allowing for *ex parte* reexamination of patents in 1980, reissue proceedings were used for post-issuance reviews of additional prior art. In the event a patentee became aware of prior art not previously considered by the Patent Office, the patentee could voluntarily submit its patent to the Patent Office and apply for reissue of the patent.<sup>3</sup> *See Continental General Tire*, 81 F.3d at 1092 n. 3.

Certain district courts had attempted to compel a patentee in a pending infringement proceeding to submit the subject patent to the Patent Office for a reissue proceeding prior to adjudication of the infringement action. When such an order was challenged by a patentee, the Seventh Circuit found that a district court could not compel a patentee to file an involuntary application for reissue. *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 61 (7<sup>th</sup> Cir. 1980).

At the outset, the *Johnson* court noted that seeking reissue was a "time-consuming and often futile" process. The *Johnson* court reviewed cases wherein the patentee voluntarily initiated reissue proceedings giving rise to a stay of litigation. In one case, litigation was stayed for 2.5 years, but in the end the district court determined that it was not bound by the Board of Appeal's finding of validity. In another, litigation was stayed for 3 years during which the reissue proceeding produced a finding of validity, but where the district court nonetheless held the patent to be invalid. *Johnson*, 627 F.2d at 61.<sup>4</sup>

<sup>&</sup>lt;sup>3</sup> This was known as the "no defect" reissue proceeding because it did not require an admission of error by the patentee before the Patent Office. That procedure was discontinued and now a patentee must attest to an error in the patent if the patentee wishes to seek reissue. *See Continental General Tire*, 81 F.3d at 1092 n. 3.

<sup>&</sup>lt;sup>4</sup> In evaluating whether the district court's order was a final order over which the Seventh Circuit could exert jurisdiction, the *Johnson* court directly commented on the lengthiness of the litigation stay associated with the pending reissue proceeding: "The effect of the stay order in this case was to put the patentee 'effectively out of court' for a

1
 2
 3

4 5

678

9

11

12

13

15

14

1617

18

1920

21

2223

2425

2627

28

Setting aside the wastefulness of delays associated with reissue proceedings, the *Johnson* court found that "involuntary compulsion upon the patentee to seek reissue in this case must be reversed for more fundamental reasons."

A patent is a property right of exclusion for seventeen years and is presumed valid. A federal district court, after a trial on the merits, has the power to invalidate the patent. None of the district court cases cited above, nor Erickson in its briefs, has advised us by what authority a district court, prior to a trial on the merits, can require a patentee to submit and surrender his patent right to the Patent Office as a condition to pursuing his remedies against an alleged infringer. If such power were authorized, it would be a taking of property without due process of law. If such power were authorized to be exerted upon the discretion of the district court, it would raise problems of equal protection.

*Johnson*, 627 F.2d at 61 (emphasis added). The *Johnson* court determined that courts have no power to compel reissue proceedings thus avoiding such constitutional infractions.

Congress has not yet deemed it proper to vest district courts with the power to initiate reissue proceedings, nor do courts possess inherent power which extends to compulsion upon patentees to seek reissue.

*Id.* at 61. The Federal Circuit held that the decision of the "Seventh Circuit [in *Johnson*] was clearly correct." *In re Continental General Tire, Inc.*, 81 F.3d 1089, 1091-92 (Fed. Cir. 1996); *see also Green v. Rich Iron Co.*, 944 F.2d 852, 853 (Fed. Cir. 1991) (under revised reissue statute which requires patentee to admit defect in patent when filing reissue application, Federal Circuit held that district court cannot order patentee to seek reissue of patent because district court cannot compel patentee to attest to error in patent it does not believe exists).

protected [sic] and indefinite period, and possibly forever." *Johnson*, 627 F.2d at 62. Likewise, the effect of the uniform stay order in the '184 patent cases pending before this Court is to put the Plaintiff "effectively out of court" for a protracted and indefinite period of time which has already exceeded two years.

## B. <u>Prohibition Against Requiring PTO Review Of An Issued Patent Prior To Litigating Infringement Continues Under Reexamination Statutes.</u>

In 1980, Congress enacted the *ex parte* reexamination statute, allowing any person, patent holders or third parties to file a request for *ex parte* reexamination of any claim of a patent based on prior art that the requestor believes to have a bearing on patentability. 35 U.S.C. § 302.

As with reissue proceedings, the Federal Circuit has held that district courts, even under their inherent power and discretion to manage cases, do not have the power to initiate proceedings in the PTO. Further, the courts cannot force litigants to file reexamination requests in advance of proceeding with litigation. *In re Continental General Tire, Inc.*, 81 F.3d 1089, 1091-93 (Fed. Cir. 1996).

Congress has not vested courts with the power to initiate proceedings in the PTO. Such power, if intended by Congress, could readily have been provided by the statute. Goodyear argues that the district court has the *inherent* power and discretion to manage its cases and that this order is justifiable as an exercise of that discretion. . . . The cases cited by Goodyear concerning the inherent power of a district court to manage its docket reflect a court's power to control the parties' conduct before the court. These cases do not support a broad inherent power that includes the authority to require a party to participate in a permissive, and potentially expensive, agency proceeding that the party within its rights chooses not to pursue.

*Id.* at 1092 (citations omitted) (emphasis added); *see also Emerson Electric Co. v. Davoil, Inc.*, 88 F.3d 1051, 1053-54 (Fed. Cir. 1996) (Federal Circuit held that courts cannot mandate the contents of a patent holder's filings in a reexamination before the PTO).

In *Continental*, Goodyear Tire had sued Continental General Tire for infringement of five patents. In return, Continental counterclaimed for declaratory judgment of invalidity and non-infringement. Upon Goodyear's motion, the district court ordered Continental to file requests for reexamination of the five patents and Continental appealed. *Id.* at 1089-90. The Federal Circuit reversed noting that

neither party had chosen to voluntarily request reexamination and that, as with reissue proceedings, a party's choice whether to initiate reexamination "should remain undisturbed by the courts." *Id.* at 1092. The Federal Circuit held that

45

6

7

1

2

3

[A] party, . . . when sued for infringement, has the right to have its defenses considered by a federal district court, without being first compelled to go to the PTO. A patentee . . . has the right to seek reexamination as well. . . . Apparently in this case it has chosen not to do so, and it has no right to force its opponent to take an action which it declined to do."

8

9

10

11

*Id.* at 1093 (emphasis added); *see also Bartex*, 611 F.Supp.2d at 652 ("this Court is hesitant to elevate this process [reexamination] – one that could take years – into a requisite procedure before a lawsuit may move forward"). As the Federal Circuit further noted:

1213

Both Goodyear and Continental General have chosen not to voluntarily request reexamination.  $\frac{FN5}{T}$  That choice should end the matter.

1415

<u>FN5.</u> A request for reexamination of one of the patents at issue was voluntarily filed by a different entity. That request does not affect our disposition of the petition.

Neither Plaintiff/Patentee nor Defendants in this case requested the pending

17

18

16

*Id.* at 1093.

06cv1572, Doc. #326.

1920

reexamination proceedings. In fact, not a single current litigant in the 30 pending '184 patent infringement cases still pending before this Court requested

22

21

reexamination of the '184 patent. Oddly enough, the requestors of the pending

2324

reexamination are no longer before this Court, as their allegations of invalidity of the '184 patent were withdrawn through a dismissal with prejudice of the Black &

25

Decker lawsuit. Sorensen v. The Black & Decker Corporation, et al, Case No.

26

27

28

Neither the initial reexamination requestors, nor Plaintiff/Patentee, have any ability under the reexamination statutes to resolve, settle, or otherwise suspend the

reexamination once commenced. However, his Court has no ability to force Plaintiff/Patentee to complete the procedure before litigating. Placing such a requirement on Plaintiff, as has been done in this case, runs directly contrary to Federal Circuit law. It leaves Plaintiff in the same position as the trial court left Continental General – being compelled to first go to the PTO for reexamination before having its case considered by a federal district court. As the Federal Circuit has held, a party has the right to have its case heard by a court "without being first compelled to go to the PTO" for reexamination. *Continental General Tire*, 81 F.3d at 1093.

Thus, stay of this case must immediately be terminated because its continuance amounts to requiring Plaintiff to "participate in a permissive, and potentially expensive, agency proceeding that the party within its rights chooses not to pursue" in violation of controlling Federal Circuit law.

#### **CONCLUSION**

The stay of this case is both immoderate and indefinite, and thus in direct contravention of *Landis* and Plaintiff's fundamental constitutional rights. Furthermore, continued stay violates Federal Circuit law that prohibits a district court from requiring Plaintiff/Patentee to endure reexamination proceedings involuntarily before proceeding with infringement litigation to enforce Plaintiff's patent rights.

As with the plaintiff in the *Jones v. Clinton* case, Plaintiff/Patentee "faces real dangers of loss of evidence through the unforeseeable calamities inevitable with the passage of time. To argue that this problem may be dealt with by episodic exceptions when the risk of loss is apparent is to miss the point. Only rarely does life proceed in such a foreseeable fashion."

http://www.jdsupra.com/post/documentViewer.aspx?fid=d0ca66d8-045b-48ca-b4bb-2da0bf3edp1c

WHEREFORE, Plaintiff respectfully requests the Court to terminate the stay of the above-captioned case immediately. RESPECTFULLY SUBMITTED this Thursday, October 15, 2009, JENS ERIK SORENSEN, as Trustee of SORENSEN RESEARCH AND DEVELOPMENT TRUST, Plaintiff /s/ Melody A. Kramer Melody A. Kramer, Esq. J. Michael Kaler, Esq. Attorneys for Plaintiff