

(Note: I drafted this brief as a litigation consultant hired by the counsel for the plaintiff-patentee. The plaintiff-patentee was successful in opposing the defendants' motion to dismiss.)

**IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

BENJAMIN J. KWITEK, INDIVIDUALLY	§	
AND INTERFORM INCORPORATED,	§	
Plaintiffs,	§	
	§	
VS.	§	CIVIL ACTION NO: 2:08cv195
	§	
PENTEL COMPANY, LTD. JAPAN, AND	§	
PENTEL OF AMERICA, LTD.,	§	
Defendants.	§	

**PLAINTIFFS' ANSWERING BRIEF IN OPPOSITION TO
DEFENDANTS' MOTION TO DISMISS**

Plaintiffs Benjamin J. Kwitek, Individually, and Interform, Incorporated, (collectively "Plaintiffs") file this answering brief in opposition to Defendants' motion to dismiss this action for lack of subject matter jurisdiction.

INTRODUCTION

This is a lawsuit properly commenced over three years ago to vindicate the Plaintiffs' properly issued patent rights that are being unlawfully infringed by the Defendants. Although the Court exercised its discretion to almost immediately stay these litigation proceedings in order for the Patent Office to conduct reexamination of the patent, the Patent Office has now confirmed the validity of Plaintiffs' patent rights, approving a host of patent claims with scope not materially different for purposes of assessing Defendants' unlawful acts of infringement. Nevertheless,

Defendants are now improperly seeking to take unfair advantage of mere procedural delay tactics to keep running the clock on the Court's stay, thereby seeking to deprive Plaintiffs and the Court from even wading into the vital early phases of discovery in this litigation. While Defendants are right as a matter of legal technicality that they do have yet one further avenue of appeal from the Patent Office decisions to uphold the validity of Plaintiffs' patent rights, the extreme likelihood is that those decisions will be affirmed on appeal both because the Patent Office has now thoroughly considered the issue on three distinct occasions—initial examination, reexamination, and appeal to the Board of Appeals inside the Patent Office—and because of the highly deferential standard of review the appellate court will use to review the decision making by this expert administrative agency having a multi-billion-dollar-budget and employing thousands of technologically and legally trained examiners.

Indeed, it is well recognized that it is the Court, not the Patent Office, that is the final arbiter of patent validity—and the only arbiter of patent infringement—which is why it is just a matter of good common sense for both sides to now come back to the Court to commence the litigation process in earnest. Plaintiffs are ready to do the hard work needed to prove their case and seek only the Court's ordinary help in allowing the early phases of litigation to begin so that formal discovery and other pre-trial practice can be productively engaged in.

Contrary to the arguments made in support of Defendants' motion, this Court does retain subject matter jurisdiction throughout the reexamination process, including any Federal Circuit appeal. Unless a reexamination certificate is issued

canceling all claims in the '190 patent finally determined to be unpatentable, the '190 patent remains presumed valid and a justiciable case or controversy continues to exist with respect to a pending patent infringement action like this one. By Defendants' own admission, no such certificate has issued, and so this action may proceed.

Furthermore, Defendants' claim of intervening rights is premature and incorrect. Intervening rights are an issue of damages, not infringement, and the determination of intervening rights requires construction of both the original and new claims introduced during reexamination. These claims cannot be properly construed until after the reexamination certificate has been issued and the early phases of litigation commenced in earnest. As a result, the current request for an adjudication of intervening rights must be denied as untimely.

ARGUMENT

A. This Court Retains Subject Matter Jurisdiction Throughout the Reexamination Process

Defendants' motion rests entirely upon a fundamentally incorrect and internally inconsistent reading of the applicable statute governing the time period before a patent reexamination certificate has been issued. While Defendants wish that the statute left none of the patent claims alive, thereby depriving the Plaintiffs of access to a venue for vindicating their properly issued rights, the explicit language of the statute cuts exactly the other way. The lack of a reexamination certificate in a case like this must, according to the express language of the statute, leave the

original claims of the patent perfectly alive. The applicable statute is set forth in its entirety below:

In a reexamination proceeding under this chapter, *when* the time for appeal has expired or *any appeal proceeding has terminated, the Director will issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable*, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

35 U.S.C. 307(a) (emphasis added). The plain language of the statute gives explicit instructions about the timing of cancellation of the relevant patent claims. Such cancellation of claims 1-5 of the `190 patent, if any, will only occur after the appeals process has been completed. Unless and until such a cancellation were to occur, those patent claims remain presumptively valid under 35 U.S.C. 282 and this court retains subject matter jurisdiction over this case.

This interpretation of the statute is not a matter of first impression. In *In re Bingo Card Minder Corp.*, 152 F.3d 941, 1998 WL 130514 at *1-2 (Fed. Cir. Feb. 25, 1998) the Federal Circuit held that a pending reexamination proceeding does not deprive a federal court of subject matter jurisdiction, even when the only independent claim in the asserted patent has been rejected. As the court made clear, “A claim is not canceled until the Board acts and the Commissioner cancels the claim. Because the Commissioner has not yet issued a certificate canceling the

claims, they have not been finally determined to be unpatentable. So long as there is a valid patent, a justiciable case or controversy exists with respect to the patent infringement action in the district court.” *Id.* at *2.

This view was recently affirmed in *Sorenson v. Fein Power Tools*, 2009 WL 3157487 (S.D.Cal. September 28, 2009). In that case a third party request for reexamination was filed approximately two years before the lawsuit was filed. *Id.* at *1. The PTO rejected all of the litigated claims that were subject to reexamination, including the sole independent claim in the patent. *Id.* But the court denied the defendant’s motion to dismiss for lack of subject matter jurisdiction, holding that “Although the pendency of the reexamination proceedings could influence the Court’s decision to stay this matter, as it has in many related cases, it has no effect on the Court’s jurisdiction.” *Id.* at *2 (citations omitted).

As the court in *Sorenson* points out, there is a key difference between questions about whether to issue or maintain a stay on the one hand and questions about whether subject matter jurisdiction exists on the other hand. While the Court in this case acted within its discretion in granting the stay three years ago, and also in lifting it just recently, the plain fact of subject matter jurisdiction in this case is not even open to serious question. As *Sorensen* and the plain meaning of the statute make abundantly clear, jurisdiction continues to exist in this case throughout the reexamination process because the Plaintiffs’ valid patent claims are being infringed by Defendants.

The decision in *Tse v. eBay, Inc.*, 2011 WL 3566437 (N.D.Cal. August 12, 2011) relied upon by Defendants does not compel a different result. As explained

by the court in *Tse*, “Claim 21 of the `797 patent—the only claim asserted in this action—is not presently in effect. The original version of the claim has been cancelled, and the amended version of the claim has not yet issued. Unless and until a reexamination certificate issues, there is no claim 21.” *Id.* at *3. First, the *Tse* court’s conclusion was incorrect as a matter of explicit statutory law for the reasons explored above: until a reexamination certificate issues, the claims are not yet canceled. 35 U.S.C. 307(a). Secondly, the facts of *Tse* are materially distinguishable from the present case because the patent claims in *Tse* had been voluntarily canceled by the plaintiff/patentee in that case. In contrast, Plaintiffs in this case did not ask to cancel claims 1-5 of the `190 patent. Those patent claims therefore remain alive.

The Defendants themselves seem to share Plaintiffs’ reading of the applicable reexamination statute when they argue that “because new claims 6-10 were added by the inventor during the reexamination proceeding, and Pentel’s appeal of the BPAI decision to the Federal Circuit is pending, these new claims have not issued as part of a reexamination certificate and are not in effect or enforceable.” Def.’s Mot. Dismiss 7, ECF No. 24. But it would be a very strained and illogical reading of the statute to treat the pending appeal as simultaneously implementing immediate claim cancellation while forestalling eventual claim issuance. Congress could easily have written such a specialized mechanism if it had wished to do so. Absent such explicit statutory direction to have the timing cut differently for different purposes, the plain meaning of the statute should be given its effect, which is that until the

final appeal is exhausted the initial claims survive and the new claims are not yet in effect. Consequently, this Court retains subject matter jurisdiction over the case.

B. The Court Should Allow Discovery to Begin Because the Patent Claims that the Patent Office Determined Should Be Granted After Reexamination Are Sufficiently Similar to the Original Claims that Any Further Delay in the Vindication of Plaintiffs' Rights Would Be Unjust

Discovery should proceed in this case because any slim possibility of harm caused by unnecessary discovery is greatly outweighed by the real harm caused by the Defendants' ongoing infringement. As acknowledged by the Defendants, the Board of Patent Appeals and Interferences has found new claims 6-10 to be patentable and denied the Defendants' request for reconsideration. There is little doubt that these new patent claims are infringed since they were written after the suit was commenced and the infringing products had become well known to all involved. Nor is the scope of these new patent claims materially different from the scope of the original patent claims for purposes of assessing Defendants' unlawful acts of infringement. As a result, the documents and depositions produced during discovery will be applicable to both sets of claims. That is why delaying discovery would only delay the vindication of both parties' legitimate interests in a full and fair adjudication. Rather than risk the loss of evidence or the further fading of memories, the Court should allow both sides to engage in ordinary formal discovery and pre-trial practice, thereby allowing them to best prepare for their day in court and best evaluate productive alternatives such as settlement.

C. The Issue of Intervening Rights Should be Addressed No Sooner Than the Damages Phase of this Case, If At All

The Defendants' motion to dismiss improperly raises the issue of intervening rights. The issue of intervening rights is an affirmative defense on which the defendant has the burden of proof. *Windsurfing Int'l Inc. v. AMF, Inc.*, 782 F.2d 995, 1002-03 (Fed. Cir. 1986). It is also an issue of damages, not infringement. *BIC Leisure Prods., Inc. v. Windsurfing Int'l, Inc.*, 1 F.3d 1214, 1220-22 (Fed. Cir. 1993) (intervening rights may be tried in the damages phase of a bifurcated trial). Furthermore, no determination of intervening rights could be made in this case until after the reexamination certificate has issued and both the original and new claims are properly construed. As the Federal Circuit has held:

Unless a claim granted or confirmed upon reexamination is identical to an original claim, the patent can not be enforced against infringing activity that occurred before issuance of the reexamination certificate. "Identical" does not mean verbatim, but means at most without substantive change. ... Determination of whether a claim change during reexamination is substantive requires analysis of the scope of the original and reexamined claims in light of the specification, with attention to the references that occasioned the reexamination, as well as the prosecution history and any other relevant information.

Bloom Eng'g Co. Inc. v. N. Am. Mfg. Co., 129 F.3d 1427, 1250 (Fed. Cir. 1997). In summary, the issue of intervening rights can only be addressed, if at all, after the new claims are issued, after both sets of claims are construed, and after a sufficient record is developed to allow the differences between the claims to be assessed. As a

result, the current request for an adjudication of intervening rights must be denied as untimely.

CONCLUSION

For the foregoing reasons, now that Defendants' have gotten their fair shot at a chance for the Patent Office reexamination process to knock out Plaintiffs' patent, backed up by the more than three years of delay implemented by the Court's prior stay, Defendants' motion to dismiss must be denied because subject matter jurisdiction still exists in this case. Plaintiffs therefore respectfully request that the Court allow the litigation to proceed apace.