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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SANFORD L.P. (d/b/a DYMO),

DYMO B.V.B.A. and

NEWELL RUBBERMAID, INC.

Plaintiffs,

v.

ESSELTE AB,

ESSELTE LEITZ GMBH & CO. KG,

ESSELTE CORPORATION

and

DAVID BLOCK,

Defendants.

14 Civ.07616-VSB

**NOTICE OF MOTION FOR A
PRELIMINARY INJUNCTION**

TO: Robert Frederickson III, Esq.
Goodwin Procter LLP
Exchange Place
Boston, MA 02109

PLEASE TAKE NOTICE that Plaintiffs Newell Rubbermaid, Inc., Sanford L.P., and DYMO B.V.B.A. (hereinafter “Plaintiffs”), by and through their attorneys, will move this Court before the Honorable Vernon S. Broderick, at the United States Courthouse for the Southern District of New York, located at Thurgood Marshall United States Courthouse, 40 Foley Square, New York, NY 10007, at a date and time to be set by the Court, for a preliminary injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure against Defendants Esselte AB, Esselte Leitz GmbH & Co., KG and Esselte Corporation (collectively, “Defendants”) for all the relief sought and described in the form of Order accompanying this Notice of Motion for Preliminary Injunctive Relief.

PLEASE TAKE FURTHER NOTICE that in support of their Motion For Preliminary Injunction, Plaintiffs shall rely upon the pleadings herein and particularly upon the following documents and supporting exhibits:

1. Plaintiffs’ First Amended Complaint (filed March 6, 2015);
2. Brief in Support of Plaintiffs’ Motion for Preliminary Injunction;
3. Exhibits to Plaintiffs’ Brief in Support of Plaintiffs’ Motion for Preliminary Injunction; and
4. [Proposed] Order Granting Preliminary Injunction.

PLEASE TAKE FURTHER NOTICE that any opposition to this motion shall be served within ten business days after service of Plaintiffs’ moving papers pursuant to Local Rule 6.1(b).

Respectfully submitted,

s/Frederick L. Whitmer
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Dated: April 16, 2015
New York

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**MEMORANDUM IN SUPPORT OF PLAINTIFFS' MOTION TO ENJOIN
DEFENDANTS' PARTICIPATION IN *INTER PARTES* REVIEW ACTIONS**

TABLE OF CONTENTS

INTRODUCTION1

FACTUAL BACKGROUND.....2

LEGAL STANDARDS3

 I. THE FORUM SELECTION CLAUSE SHOULD BE ENFORCED,
ENJOINING DEFENDANTS FROM PARTICIPATING IN THE
PETITIONS FOR INTER PARTES REVIEW.5

 A. Plaintiffs are Likely to Succeed on Their Claim to Enforce the
Forum Selection Clause.5

 1. Defendants’ petitions for inter partes review “arise out of”
or “relate to” the SPA.6

 2. The forum selection clause precludes inter partes review at
the PTAB.8

 B. Plaintiffs are Likely to Succeed on Their Claim to Enforce the
Warranty Clause and Application of Assignor Estoppel.12

 C. Plaintiffs will suffer irreparable harm if the injunction is not
granted.....14

 D. The balance of the hardships favors the Plaintiffs.16

 E. Public interest favors granting the injunction.17

CONCLUSION.....18

TABLE OF AUTHORITIES**Cases**

<i>Acushnet Co. v. Dunlop Maxfli Sports Corp.</i> , No. CIV. A. 98-717-SLR, 2000 WL 987979 (D. Del. June 29, 2000).....	12
<i>Aguas Lenders Recovery Grp. LLC v. Suez, S.A.</i> , 585 F.3d 696 (2d Cir. 2009)	4
<i>Allianz Global Corporate & Specialty v. Chiswick Bridge</i> , 2014 WL 4674644 (S.D.N.Y. Sept. 19, 2014).....	6, 7
<i>Amoco Production Co. v. Village of Gambell, AK</i> , 480 U.S. 531 (1987).....	4
<i>Apple, Inc. v. Samsung Elecs. Co.</i> , 678 F.3d 1314 (Fed. Cir. 2012)	4
<i>Athena Automation Ltd. V. Husky Injection Molding Sys. Ltd.</i> , IPR2013-00290.....	15
<i>Babcock & Wilcox Co. v. Control Components, Inc.</i> , 161 Misc. 2d 636, 614 N.Y.S.2d 678 (Sup. Ct. N.Y. Co. 1993)	17
<i>Boehringer Ingelheim Vetmedica, Inc. v. Merial, Ltd.</i> , No. 09–CV–212, 2010 WL 174078 (D. Conn. Jan. 14, 2010)	6, 7
<i>BP Products North America Inc. v. Motor Parkway Amoco</i> , No. CV–06–0833 (SJF)(ARL), 2006 WL 6928862 (E.D.N.Y. August 21, 2006).....	17
<i>Callaway Golf Co. v. Acushnet Co.</i> , 523 F. Supp. 2d 388 (D. Del. 2007).....	16
<i>Carroll Touch, Inc. v. Electro Mech. Sys., Inc.</i> , 15 F.3d 1573 (Fed. Cir. 1993)	12, 14
<i>Ciena Corp. v. Nortel Networks Inc.</i> , No. 2:05 CV 14, 2005 WL 1189881 (E.D. Tex. May 19, 2005)	9, 14, 16
<i>Coregis Ins. Co. v. Am. Health Found., Inc.</i> , 241 F.3d 123 (2d Cir. 2001)	6
<i>Cuno, Inc. v. Hayward Indus. Prods, Inc.</i> , No. 03–CV–3076, 2005 WL 1123877 (S.D.N.Y. May 10, 2005).....	7
<i>Dane Indus., Inc. v. Ameritek Indus., LLC</i> , 154 F. App'x 894 (Fed. Cir. 2005)	14

<i>Diamond Scientific Co. v. Ambico, Inc.</i> , 848 F.2d 1220 (Fed. Cir. 1988)	12, 13, 14, 17
<i>Diesel Props S.r.L. v. Greystone Business Credit II LLC</i> , Case No. 07-cv-9580 (HB), 2008 WL 4833001 (S.D.N.Y. Nov. 5, 2008)	6
<i>eBay, Inc. v. MercExchange, LLC</i> , 547 U.S. 388 (2006).....	4
<i>Eslworldwide.com, Inc. v. Interland, Inc.</i> , No. 06–CV–2503, 2006 WL 1716881 (S.D.N.Y. June 21, 2006).....	5
<i>General Protecht Group, Inc. v. Leviton Mfg. Co., Inc.</i> , 651 F.3d 1355 (Fed. Cir. 2011)	4, 7
<i>International Fashion Products, B.V. v. Calvin Klein, Inc.</i> , 95 Civ. 0982 (JFK), 1995 WL 92321 (S.D.N.Y. Mar. 7, 1995).....	14, 17
<i>M/S Bremen v. Zapata Off–Shore Co.</i> , 407 U.S. 1 (1972).....	3, 4, 5, 17
<i>McLaughlin Gormley King Co. v. Terminix Int'l Co.</i> , 105 F.3d 1192 (8th Cir. 1997)	14
<i>Mentor Graphics Corp. v. Quickturn Design Sys., Inc.</i> , 150 F. 3d 1374 (Fed. Cir. 1998)	13, 14, 17
<i>Mercury West A.G., Inc. v. R.J. Reynolds Tobacco Co.</i> , No. 03–CV–5262, 2004 WL 421793 (S.D.N.Y. Mar. 5, 2004).....	4
<i>MONY Securities Corp. v. Vasquez</i> , 238 F. Supp. 2d 1304 (M.D. Fla. 2002).....	14
<i>Nat'l Equip. Rental, Ltd. v. Szukhent</i> , 375 U.S. 311, 84 S.Ct. 411, 11 L.Ed.2d 354 (1964).....	4
<i>PaineWebber v. Hartmann</i> , 921 F.2d 507 (3d Cir. 1990)	14
<i>Production Resource Group, L.L.C. v. Martin Professional, A/S</i> , 907 F. Supp. 2d 401 (S.D.N.Y. 2012)	7, 8
<i>Redline Detection, LLC v. Star Envirotech, Inc.</i> , IPR2013-00106 (Paper No. 66, June 30, 2014).....	15
<i>Russbeer Int'l LLC v. OAO Baltika Brewing Co.</i> , No. 07–CV–1212, 2008 WL 905044 (E.D.N.Y. Mar. 31, 2008)	5

<i>Scott Paper Co. v. Marcalus Mfg. Co.</i> , 326 U.S. 249 (1945).....	13
<i>Shamrock Techs., Inc. v. Med. Sterilization, Inc.</i> , 903 F.2d 789 (Fed. Cir. 1990)	13
<i>Texas Instruments Inc. v. Tessera, Inc.</i> , 231 F.3d 1325 (Fed. Cir. 2000)	7, 8, 15, 16
<i>Texas Instruments, Inc. v. Tessera, Inc.</i> , No. C-00-2114 CW (N.D. Cal. Mar. 6, 2001).....	15
<i>Universal Grading Serv. v. eBay, Inc.</i> , No. 08-CV-3557, 2009 WL 2029796 (E.D.N.Y. June 10, 2009).....	5
Statutes	
35 U.S.C. § 101.....	13
35 U.S.C. § 102.....	13
35 U.S.C. § 103.....	13
35 U.S.C. § 112.....	13
Other Authorities	
37 CFR §42.101	7
Rules	
N.Y. Gen. Oblig. Law § 5-1402.....	17

INTRODUCTION

In a major transaction, Plaintiff Newell Rubbermaid, Inc. (“Newell”, the parent company of Plaintiffs Sanford L.P. and DYMO B.V.B.A.) entered into a Stock Purchase Agreement (“SPA”) with Defendant Esselte AB (acting on behalf of subsidiaries Defendants Esselte GmbH and Esselte Corporation) to purchase the entirety of Esselte’s label printing business for approximately \$730 million. The transaction included the transfer of four of the patents asserted in this lawsuit—U.S. Patent Numbers, 6,152,623, 6,890,113, 7,140,791, and 7,990,567 (the “patents-in-suit”)—from Esselte to Newell pursuant to the SPA. Am. Comp. ¶ 14-15. The parties unequivocally agreed that “in the event any dispute arises out of this Agreement or any of the Transactions,” each party “consents to submit itself to the personal jurisdiction of any federal court located in the State of New York” and “agrees that it shall not bring any action relating to the Agreement or any of the Transactions in any court other than a federal or state court sitting in the State of New York.” *Id.* ¶ 104; SPA § 10.8.

After Esselte reentered the label printing market with its infringing Leitz Icon printer, and consistent with the terms of the SPA, Plaintiffs filed a patent infringement suit in this Court. Esselte, on the other hand, wholly ignored the SPA’s unambiguous forum selection clause, and now seeks to invalidate the patents conveyed through the SPA in multiple *inter partes* review actions filed in the Patent Trial and Appeal Board (“PTAB”). Thus, Plaintiffs are entitled to injunctive relief enjoining Esselte from prosecution of the petitions for *inter partes* review because, (1) pursuant to the SPA, any dispute concerning these patents must be brought in a New York court and (2) because Defendants are equitably and contractually estopped from challenging validity of the patents.

Esselte’s calculated breach of the forum selection clause and effort to evade its warranty and the doctrine of assignor estoppel is intended to force Newell to incur significant costs

defending its patents on two simultaneous fronts—in this Court and at the PTAB. Accordingly, Plaintiffs’ motion for a preliminary injunction, restraining Esselte from participating in the *inter partes* review actions at the PTAB, should be granted, and Esselte should be enjoined from further breaches of its promise to litigate its disputes with Plaintiffs in New York courts.

FACTUAL BACKGROUND

Prior to 2005, Defendant Esselte AB owned DYMO AB, a Swedish corporation, Esselte Holdings, Inc., a Delaware corporation and Esselte BVBA¹, a Belgian corporation. Am. Comp. ¶ 11. DYMO AB, Esselte Holdings, Inc. and Esselte BVBA (collectively, “the Companies”) were in the business of designing, developing, manufacturing, distributing, servicing, selling, marketing and supplying labeling printers, label makers, label embossers and related consumables. *Id.* ¶ 12. On July 28, 2005, Newell on behalf of itself and its affiliates entered into a Stock Purchase Agreement (“SPA”) with Esselte AB and purchased the Companies for approximately \$730 million.

Defendant Esselte AB has control or direction over Defendants Esselte Corporation and Esselte Leitz GmbH & Co., KG and all entities were aware of, and bound by, the terms and conditions of the SPA. Am. Comp. *Id.* ¶ 96. Esselte Corporation and Esselte Leitz GmbH & Co., KG are each affiliates of Esselte AB. *Id.*

The Companies, as well as Esselte Corporation and DYMO Corporation, owned various intellectual property that, pursuant to the SPA, were assigned and transferred in connection with the sale of the Companies and their business to Newell. U.S. Patent Numbers 5,826,995, 6,152,623, 6,890,113, 7,140,791, and 7,990,567 and/or the patent applications leading thereto were among the patent rights originally owned by the Companies and transferred to the Newell Companies pursuant to the SPA. Am. Comp. ¶¶ 14-15.

¹ Esselte BVBA was an earlier name of Plaintiff DYMO Am. Comp. ¶ 13.

The SPA includes a forum selection clause, which reads:

Except for arbitration to the extent expressly provided for in this Agreement, each of the parties hereto

- (a) consents to submit itself to the personal jurisdiction of any federal court located in the State of New York or any New York state court in the event any dispute arises out of this Agreement or any of the Transactions,
- (b) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and
- (c) agrees that it shall not bring any action relating to this Agreement or any of the Transactions in any court other than a federal or state court sitting in the State of New York.

(SPA §10.8.) “‘Transactions’ shall mean all the transactions provided for or contemplated by this Agreement.” (SPA §9.1.) The Transactions provided for or contemplated by the SPA include transfer of the patents-in-suit. Am. Comp. ¶ 105.

On September 19, 2014, Plaintiffs filed this action, alleging the Leitz Icon infringes the patents-in-suit. (D.I. 2.) The Complaint alleges that Esselte AB consented to exclusive jurisdiction and venue in the state of New York “as to any actions arising out of or relating to the SPA or the transaction therein.” Am. Comp. ¶ 41. Plaintiffs subsequently filed a motion for preliminary injunction, seeking to enjoin Defendants from infringing four of the patents-in-suit. (D.I. 27.)

On February 19, 2015, Esselte filed four petitions for *inter partes* review with the PTAB, alleging invalidity of the same four patents at issue in this case. Because Esselte’s petitions contravene the forum-selection clause contained in the SPA and are precluded by estoppel, this Court should enjoin Esselte’s participation in the *inter partes* review.

LEGAL STANDARDS

“A contractual forum selection clause is prima facie valid and should be enforced unless unreasonable under the circumstances.” *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 10 (1972). Parties may consent to personal jurisdiction through forum selection clauses in

contracts. *See Nat'l Equip. Rental, Ltd. v. Szukhent*, 375 U.S. 311, 315–16, 84 S.Ct. 411, 11 L.Ed.2d 354 (1964) (“[I]t is settled ... that parties to a contract may agree in advance to submit to the jurisdiction of a given court”). “Underlying this policy is an understanding that forum selection clauses carry an economic benefit to at least one of the parties that is typically reflected in the overall economics of the contract. As such, these clauses are bargained for terms of the contract that deserve to be honored by courts.” *Mercury West A.G., Inc. v. R.J. Reynolds Tobacco Co.*, No. 03–CV–5262, 2004 WL 421793, at *3 (S.D.N.Y. Mar. 5, 2004); *see also Aguas Lenders Recovery Grp. LLC v. Suez, S.A.*, 585 F.3d 696, 700 (2d Cir. 2009) (noting that forum selection and choice of law clauses eliminate “uncertainty in international commerce”). Accordingly, forum selection clauses are entitled to a “presumption of enforceability, unless ‘enforcement would be unreasonable and unjust, or . . . the clause was invalid for such reasons as fraud or overreaching.’” *Aguas Lenders*, 585 F.3d at 700 (quoting *M/S Bremen v. Zapata Off–Shore Co.*, 407 U.S. 1, 15, 92 S.Ct. 1907, 32 L.Ed.2d 513 (1972)).

In federal courts, “the bases for injunctive relief are irreparable injury and inadequacy of legal remedies.” *Amoco Production Co. v. Village of Gambell, AK*, 480 U.S. 531, 542 (1987). Federal Circuit law applies in cases involving an injunction based on a patent assignment. *See General Protecht Group, Inc. v. Leviton Mfg. Co., Inc.*, 651 F.3d 1355, 1359 (Fed. Cir. 2011) (“In a case such as this, involving an injunction against participation in a district court suit for patent infringement and an ITC investigation under section 337 of the Tariff Act, this court’s procedural law applies.”). The Supreme Court has made clear that the traditional four-factor test for granting injunctive relief applies in patent cases. *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006) ; *Apple, Inc. v. Samsung Elecs. Co.*, 678 F.3d 1314, 1323 (Fed. Cir. 2012) (“A plaintiff seeking a preliminary injunction must establish that [it] is likely to succeed on the

merits, that [it] is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in [its] favor, and that an injunction is in the public interest.”).

Because Plaintiffs satisfy all of the requirements for a preliminary injunction, their motion should be granted.

I. THE FORUM SELECTION CLAUSE SHOULD BE ENFORCED, ENJOINING DEFENDANTS FROM PARTICIPATING IN THE PETITIONS FOR *INTER PARTES* REVIEW.

A. Plaintiffs are Likely to Succeed on Their Claim to Enforce the Forum Selection Clause.

In *The Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1 (1972), the Supreme Court expressly disapproved of historical judicial hostility to forum selection clauses and held instead that such clauses are “prima facie valid.” *Id.* at 9-10. Consistent with Supreme Court precedent, “[t]he Second Circuit has endorsed an expansive reading of the scope of forum selection clauses, in keeping with the public policy favoring their use.” *Universal Grading Serv. v. eBay, Inc.*, No. 08-CV-3557, 2009 WL 2029796, at *14 (E.D.N.Y. June 10, 2009); *see also Russbeer Int’l LLC v. OAO Baltika Brewing Co.*, No. 07-CV-1212, 2008 WL 905044, at *5 (E.D.N.Y. Mar. 31, 2008) (“The Second Circuit has consistently held that forum selection clauses are to be interpreted broadly and are not restricted to pure breaches of the contracts containing the clauses.”). Thus, a party seeking to avoid enforcement of a forum selection clause “bear[s] the heavy burden of making a ‘strong showing’ in order to overcome the presumption of validity....” *Eslworldwide.com, Inc. v. Interland, Inc.*, No. 06-CV-2503, 2006 WL 1716881, at *2 (S.D.N.Y. June 21, 2006).

Defendants do not dispute that the forum selection clause was a bargained for term of the SPA, nor do Defendants contend that the clause should not be honored by the Court. (D.I. 100 at 14-16.) Instead, Defendants argue that the forum selection clause does not govern their petitions

for *inter partes* review, because the petitions do not “arise out of” or “relate to” the SPA. *Id.* Section 10.8 of the SPA specifies that “in the event **any dispute** arises out of this Agreement or any of the Transactions,” each party “consents to submit itself to the personal jurisdiction of any federal court located in the State of New York,” and “agrees that **it shall not bring any action relating to the Agreement or any of the Transactions** in any court other than a federal or state court sitting in the State of New York.”

1. Defendants’ petitions for *inter partes* review “arise out of” or “relate to” the SPA.

As with Plaintiffs’ claims of patent infringement, Defendants’ claims of patent invalidity “arise out of” or “relate to” the SPA. To “arise out of” an agreement, the source of the right asserted must “originate from” the agreement. *Allianz Global Corporate & Specialty v. Chiswick Bridge*, 2014 WL 4674644, at *5 (S.D.N.Y. Sept. 19, 2014). The term “related to” is broader than “arising out of” and includes anything “connected by reason of an established or discoverable of relation.” *Coregis Ins. Co. v. Am. Health Found., Inc.*, 241 F.3d 123, 128 (2d Cir. 2001); *see also Boehringer Ingelheim Vetmedica, Inc. v. Merial, Ltd.*, No. 09–CV–212, 2010 WL 174078, at *11 (D. Conn. Jan. 14, 2010) (“Courts have ... described the term ‘relating to’ as equivalent to the phrases ‘in connection with’ and ‘associated with’, and synonymous with the phrases ‘with respect to’ and ‘with reference to.’”); *Diesel Props S.r.L. v. Greystone Business Credit II LLC*, Case No. 07-cv-9580 (HB), 2008 WL 4833001, at *8 (S.D.N.Y. Nov. 5, 2008) (noting that “the meaning of ‘related to’ is ‘extremely broad.’”) (omitting internal quotation).

Esselte cannot deny that the present action, Case. No. 14 Civ.07616-VSB, “arises out of” and “relates to” the SPA. The patents-in-suit were transferred to DYMO pursuant to the SPA. Thus, the forum selection clause of the SPA squarely requires the parties to bring any action related to the patents in a New York federal or state court.

Likewise, Defendants' petitions for *inter partes* review "arise out of" or at least "relate to" the SPA. First, the petitions "***arise out of***" the SPA because Defendants' standing to file the petitions is premised on its transfer of the patents through the SPA. Without the SPA, Esselte would still be the patent owner, and by statute, would not have standing to file an *inter partes* review. See 37 CFR §42.101 ("A person who is not the owner of a patent may file with the Office a petition to institute an *inter partes* review of the patent..."). Because the SPA was the instrument by which Esselte transferred the patents and gained standing to file its petitions for *inter partes* review, its petitions for *inter partes* review "originate from" and "arise out of" the SPA. *Allianz Global Corporate & Specialty* 2014 WL 4674644, at *5.

Second, Defendants' petitions for *inter partes* review also "***relate to***" the SPA because they concern the validity of patents transferred by the SPA. See *Gen. Protecht Grp.*, 651 F.3d at 1359 (holding patent action "related to" licensing agreement thus triggering forum selection clause); *Tessera, Inc.*, 231 F.3d at 1331 (noting that forum selection clause covering disputes "in connection with" a licensing agreement governed patent action); *Boehringer*, 2010 WL 174078, at *12 (holding that the dispute over plaintiff's patents "is related to and arises in connection with the...License Agreement"); *Cuno, Inc. v. Hayward Indus. Prods, Inc.*, No. 03-CV-3076, 2005 WL 1123877, at *5 (S.D.N.Y. May 10, 2005) (holding that forum selection clause covering disputes "related to" the contract covered plaintiff's patent infringement claims). Thus, here Defendants' attempts to invalidate the patents that were transferred to Plaintiffs by the SPA unquestionably "relate to" the SPA.

Further, in *Production Resource Group*, this Court analyzed a forum selection clause which provided for mediation and then resolution in the Court of England and Wales in "the event of a dispute arising out of or relating to [the] Agreement." *Production Resource Group*,

L.L.C. v. Martin Professional, A/S, 907 F. Supp. 2d 401, 414 (S.D.N.Y. 2012). Because the defendant “might invoke the Agreements as a defense to Plaintiff’s patent infringement allegations,” this Court found that the Agreements were “related to the infringement allegations” and that the forum selection clause applied. 907 F. Supp. 2d 401, 415 (S.D.N.Y. 2012). Similarly, Defendants have invoked the SPA – including Plaintiffs’ warranty of the validity of the patents and the forum selection clause – as “defenses” to Esselte’s *inter partes* petitions. Therefore, the SPA is clearly at least “related to” Defendants’ petitions.

2. The forum selection clause precludes *inter partes* review at the PTAB.

Defendants’ *inter partes* review actions are not exempt from the forum selection clause. The forum selection clause mandates that a party “shall not bring any action relating to the Agreement or any of the Transactions in any court other than a federal or state court sitting in the State of New York.” (SPA § 10.8.) The petitions for *inter partes* review at the Patent Trial and Appeal Board are clearly actions contemplated by the forum selection clause.

The Federal Circuit has enforced forum selection clauses on similar occasions. In *Texas Instruments Inc. v. Tessera, Inc.*, the Federal Circuit enjoined the plaintiff from participating in an International Trade Commission patent action by enforcing the forum selection clause of a patent license agreement that stated “if such disputes, controversies, claims or differences cannot be settled between the parties, any litigation between the parties relating to this Agreement shall take place in California. The parties hereby consent to personal jurisdiction and venue in the state and federal courts of California.” 231 F.3d 1325, 1327 (Fed. Cir. 2000). The plaintiff argued, and the district court agreed, that the ITC action was not “litigation” and the forum clause did not apply. But the Federal Circuit reversed the district court, finding that the characteristics of an ITC action – involving discovery and rulings by an administrative law judge – involved “litigation” such that the ITC action fell within the scope of the clause. *Id.* at 1331;

see also General Protecht Group, Inc. v. Leviton Mfg. Co., Inc., 651 F.3d 1355, 1359 (Fed. Cir. 2011) (holding that a forum selection clause that stated “any dispute between the Parties relating to or arising out of this [Settlement Agreement] shall be prosecuted exclusively in the United States District Court for the District of New Mexico” precluded the plaintiff from filing an ITC action asserting those patents).

An *inter partes* review is analogous to an ITC action. ITC “proceedings are *inter partes* actions initiated by the filing of a complaint and including discovery, filing of briefs and motions, and testimony and arguments at a hearing before an administrative law judge.” *Id.* at 1330; *see also Ciena Corp. v. Nortel Networks Inc.*, No. 2:05 CV 14, 2005 WL 1189881 (E.D. Tex. May 19, 2005) (finding breach of contract construing that an ITC proceeding qualified as an “action for patent infringement” which, according to the forum selection clause, “would be brought only in the United States District Court, Eastern District of Texas, Marshall Division”) *Inter partes* review proceedings are *inter partes* actions that involve a trial before three administrative law judges, discovery, and the filing of briefs, motions and evidence. *See* 37 CFR §42/ That *inter partes* review pertains to a patent’s invalidity while ITC proceedings relate to both infringement and validity is not a determining factor when assessing whether these actions are governed by the forum selection clause.²

² *Esselte* cites *Joy Manufacturing Co. v. National Mine Service Co., Inc.*, 810 F.2d 1127, 1129 (Fed. Cir. 1987), in which the court held that a forum selection clause that read “NATIONAL will not file any *suit* in any United States Court or any Court in any foreign country challenging or contesting the validity of the Licensed Patents” did not apply to a party’s *ex parte* reexamination petition. The court found that the *ex parte* reexamination was not a “*suit*” because an injunction would have “no effect on reexamination since National, as the requestor, has no future role to play in that *ex parte* proceeding.” The SPA is broader than the agreement in *Joy* because it refers to “any action” arising out of or relating to the agreement. Moreover, unlike *ex parte* reexamination, *inter partes* review involves active participation at all stages by defendants. *See* 37 CFR §42 (“Office Patent Trial Practice Guide”).

Defendants also urge that the reference in the forum selection clause to “other court[s]” does not preclude its filing *inter partes* review actions with the PTAB. (D.I. 100 at 16.) That is incorrect.

First, by the plain language of the clause, the parties intended to have any and all disputes arising out of or “relating to the Agreement or any of the Transactions” heard in New York courts. (SPA § 10.8.) The validity issues were plainly raised in Esselte Corp.’s Third Affirmative Defense. As demonstrated, those validity issues are related to both the Agreement and the Transactions and thus fall squarely within the scope of the forum selection clause. The forum selection clause does not allow for duplicative proceedings of disputes to be addressed in other forums, like the *inter partes* review actions initiated at the PTAB.

Indeed, the parties agreed that any “*action*” would not be brought in any court other than a federal or state court sitting in New York. (SPA § 10.8.) The parties could have used the more restrictive term “lawsuit,” but instead used the broad term “action” to give exclusive jurisdiction to New York courts. Defendants’ attempts to invalidate the patents through petitions for *inter partes* review are clearly “actions” contemplated by the SPA. In fact, the operative term for *inter partes* review actions as described in the Federal Register, is “trial proceedings.” 37 C.F.R. 42 at 48756 (“The Leahy-Smith America Invents Act (AIA) establishes several new trial proceedings to be conducted by the Patent Trial and Appeal Board (Board) including *inter partes* review...”).

Second, even assuming one could ignore the above language and context of the forum selection clause, the PTAB is, under the analytical approach followed by the Federal Circuit in prior cases, a “court,” within the ordinary meaning of that term. A “court” is commonly recognized as “a Government entity authorized to resolve legal disputes” (<http://www.ca9.uscourts.gov/content/glossary.php>); or “1. [a] tribunal constituted to administer

justice; esp., a governmental body consisting of one or more judges who sit to adjudicate disputes.... 4. A place where justice is judicially administered; the locale for legal proceedings” (Black’s Law Dictionary (10th ed. 2014); or a “a formal legal meeting in which evidence about crimes, disagreements, etc., is presented to a judge and often a jury so that decisions can be made according to the law” or “a place where legal cases are heard.” (<http://www.merriam-webster.com/dictionary/court>.)³ These ordinary meanings are squarely applicable to the PTAB. By statute, the PTAB consists of administrative law judges who adjudicate and resolve legal disputes concerning patent validity based on evidence, briefs and a trial. *See* 35 U.S.C. §§ 6 & 316; 37 CFR §42. The USPTO has issued a Trial Practice Guide which governs the framework for each proceeding “which begins with the filing of a petition to institute a trial.” 37 C.F.R. Part 42 at 48756 (“The patent trial regulations lay out a framework for conducting the proceedings aimed at streamlining and converging the issues for decision... [T]he Office has designed the proceedings to allow each party the preferred manner of putting forward its case, subject to the guidance of judges who determine the needs of a particular case through procedural and substantive rulings throughout the proceedings.”) Because the PTAB is a court located in Alexandria, Virginia, not New York, the forum selection clause expressly precludes initiation of actions before the PTAB.

Therefore, because the petitions for *inter partes* review clearly arise out of and relate to the SPA, and because *inter partes* review actions should clearly be considered within the scope of actions governed by the forum selection clause of the SPA, Plaintiffs are likely to succeed in their action to enforce the forum selection clause and enjoin Defendants’ *inter partes* review.

³ *See* Declaration of Jeffrey H. Fisher ¶¶ 2-4, Exs. A-C (attached as Exhibit 1).

B. Plaintiffs are Likely to Succeed on Their Claim to Enforce the Warranty Clause and Application of Assignor Estoppel.

Plaintiffs are also likely to succeed on their claim to enforce the warranty clause of the SPA. (*See* Plaintiffs’ Opposition to Esselte’s Motion to Dismiss Counts 6-8, 10 § I.A.1.) As set forth in the Opposition, the SPA represents and warrants that the “Company or Subsidiary owns, or has sufficient valid right to use, free and clear of all Encumbrances other than Permitted Liens, all Intellectual Property necessary to conduct the Business.” (SPA §3.23(b)(1).) Thus, under a proper reading of the warranty clause, Esselte warranted that it owned—*i.e.* had a sufficient valid right to use—the patents. Further, any applicable statute of limitations to the warranty would be equitably tolled, as Esselte did not disclose to Plaintiffs the information, which it had in its possession at the time of entering into the SPA, and on which it now relies to invalidate the patents-in-suit. (*See* Plaintiffs’ Opposition to Esselte’s Motion to Dismiss Counts 6-8, 10 § I.A.3.)

Plaintiffs are likely to succeed in applying assignor estoppel to prevent Esselte from arguing that the very patents it assigned to Newell are invalid. “Assignor estoppel is an equitable doctrine that prevents one who has assigned the rights to a patent (or patent application) from later contending that what was assigned is a nullity. The estoppel also operates to bar other parties in privity with the assignor....” *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1224 (Fed. Cir. 1988) (affirming the lower court’s decision granting a motion to strike the defenses of patent invalidity based upon assignor estoppel).⁴ “[A]n assignor should not be

⁴ Assignor estoppel bars not only an assignor, but also entities in privity with the assignor to “prevent[] an assignor from perpetrating in a corporate guise the very injustice the doctrine precludes him or her from accomplishing in a personal capacity.” *Acushnet Co. v. Dunlop Maxfli Sports Corp.*, No. CIV. A. 98-717-SLR, 2000 WL 987979, at *2 (D. Del. June 29, 2000); *see also, e.g., Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1579-81 (Fed. Cir. 1993) (finding an abuse of discretion not to apply assignor estoppel to corporation in privity with inventor who assigned patent to plaintiff); *Shamrock Techs., Inc. v. Med. Sterilization, Inc.*, 903

permitted to sell something and later to assert that what was sold is worthless, all to the detriment of the assignee.” *Id.* “The principle of fair dealing as between assignor and assignee of a patent whereby the assignor will not be allowed to say that what he has sold as a patent was not a patent has been part of the fabric of our law throughout the life of this nation.” *Id.* (quoting *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 260 (1945) (Frankfurter, J., dissenting)). The intrinsic unfairness of obtaining value for a patent upon transfer and later claiming it is worthless when asserted by the transferee creates a “presumption that an estoppel will apply” on the equities scale. *Mentor Graphics Corp. v. Quickturn Design Sys., Inc.*, 150 F. 3d 1374, 1378 (Fed. Cir. 1998). Therefore, “without exceptional circumstances...one who assigns a patent surrenders with that assignment the right to later challenge the validity of the assigned patent.” *Id.*

Here, it is undisputed that Esselte AB conveyed the interest in the patents-in-suit without restriction. (SPA §9.1(jj); D.I. 8 at ¶ 11-13, 79, 88.) The SPA does not include any disclaimer of validity of the patents or an express reservation allowing Esselte AB to challenge the validity of the transferred patents. Nevertheless, Defendants now seek to challenge the validity of the patents in their petitions for *inter partes* review.⁵

Plaintiffs are likely to succeed in showing that Defendants’ allegations of invalidity are necessarily barred by the doctrine of assignor estoppel.⁶ *See Diamond Scientific*, 848 F.2d at

F.2d 789, 793 (Fed. Cir. 1990) (affirming motion to strike based on assignor estoppel holding that “those in privity with the assignor partake of that balance; hence, extension of the estoppel to those in privity is justified.”).

⁵ Esselte Corporation alleges that “[t]he Asserted Patents are invalid for failure to comply with one or more requirements of United States Code, Title 35, including without limitation, 35 U.S.C. §§ 101, 102, 103, and 112, and the rules, regulations, and laws pertaining thereto.” (D.I. 8 at ¶ 101.)

⁶For U.S. Patent Number 6,890,113, David Block is the named inventor and currently works at Esselte. (D.I. 8 at ¶ 14, 20). Thus, assignor estoppel applies for the additional reason that company employing the inventor and original assignor cannot challenge the validity of its employee’s patent. *See Diamond Scientific*, 848 F.2d at 1224.

1224; *Mentor Graphics Corp.*, 150 F.3d at 1377-78 (finding that when a patent is transferred to another party for consideration, there is implicit representation of validity of that patent); *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573, 1579-81 (Fed. Cir. 1993); *Pandrol USA, LP*, 424 F.3d at 1166 (finding an assignor was barred from arguing the validity of its own patent); *Dane Indus., Inc. v. Ameritek Indus., LLC*, 154 F. App'x 894 (Fed. Cir. 2005) (finding assignor estoppel precluded defendant from arguing asserted patent was invalid). Defendants should, accordingly, be barred from participating and advancing arguments of invalidity in the actions filed in the Patent Office, as well as in this Court.

C. Plaintiffs will suffer irreparable harm if the injunction is not granted.

If the Court does not issue injunctive relief, Plaintiffs will be irreparably harmed by the deprivation of their bargained-for forum. *See International Fashion Products, B.V. v. Calvin Klein, Inc.*, 95 Civ. 0982 (JFK), 1995 WL 92321, at *2 (S.D.N.Y. Mar. 7, 1995) (irreparable injury found because value of forum selection clause is lost once litigation in non-selected jurisdiction has commenced).⁷ Absent injunctive relief, Plaintiffs will be forced to litigate on several fronts, which causes “inconvenience, disruption of ... business, loss of good will, and financial ... hardship[, which result from the] duplicative actions.” *Ciena*, 2005 WL 1189881 at *7. Courts have consistently found that forcing a party to litigate on two fronts in derogation of a forum selection clause constitutes irreparable harm. *See Texas Instruments, Inc.*, 231 F.3d at

⁷ *See also MONY Securities Corp. v. Vasquez*, 238 F. Supp. 2d 1304, 1308-1309 (M.D. Fla. 2002) (irreparable harm consistently found when party potentially will be forced to resolve dispute in forum other than contractually selected forum) (citing, *inter alia*, *PaineWebber v. Hartmann*, 921 F.2d 507, 515 (3d Cir. 1990) (“*per se* irreparable” to force a party to resolve disputes in a manner inconsistent with agreement), and *McLaughlin Gormley King Co. v. Terminix Int'l Co.*, 105 F.3d 1192, 1194 (8th Cir. 1997) (even if damage from having to resolve disputes in improper forum was measurable in money damage, irreparable injury nevertheless presumed)); *Ciena Corp. v. Nortel Networks Inc.*, 2005 WL 1189881, at *7 (finding that the party seeking injunctive relief would be irreparably harmed if the ITC action proceeded, because it would “be deprived of its bargained-for forum—an Article III judge's court and jury in the United States District Court for the Eastern District of Texas”).

1332 (“Tessera breached...the license agreement by bringing an action against TI at the ITC.... Thus, TI may have been prejudiced by Tessera’s breach, for TI ... [was] obliged to defend a second action ... Tessera is [effectively] attempting to compel TI to fight infringement battles on two fronts.”); *Texas Instruments, Inc. v. Tessera, Inc.*, No. C–00–2114 CW, slip. op. at 6 (N.D. Cal. Mar. 6, 2001) (“[L]itigating simultaneously in California and the ITC will cause financial and business hardship to TI. Even if its attorneys’ fees and costs are eventually recoverable in damages, the inconvenience and disruption to its business is irreparable.”).

In addition, allowing Defendants to evade assignor estoppel and their warranty of validity by pursuing the *inter partes* reviews would likewise cause irreparable harm. The PTAB has, at the moment, declined to recognize and apply assignor estoppel or contractual restrictions in considering whether to bar *inter partes* review proceedings. See *Redline Detection, LLC v. Star Envirotech, Inc.*, IPR2013-00106 (Paper No. 66, June 30, 2014); *Athena Automation Ltd. V. Husky Injection Molding Sys. Ltd.*, IPR2013-00290. As a result, the only relief Plaintiffs can receive in defending the *inter partes* review proceedings is to first contest the merits of the proceedings before raising the estoppel and warranty issues on appeal to the Federal Circuit. *Inter partes* review proceedings typically last 12-18 months and an appeal would last 12 months thereafter. 37 CFR 42.100(c); 77 Fed. Reg. 48756, 48757 (Aug. 14, 2012). *Inter partes* review actions have been estimated to cost \$600,000, and the cost for an expert alone may surpass \$100,000. See Fisher Decl. ¶ 5, Ex. D at 1 (attaching Goodwin Procter article entitled “IP Alert America (re)invents Alternatives to Patent Litigation”); Declaration of Charles Curley (Ex. 2). At a minimum, therefore, Plaintiffs will incur the substantial expense, delay and uncertainty of defending the *inter partes* proceedings while awaiting the opportunity to have the Federal Circuit address Plaintiffs’ estoppel and warranty claims.

In contrast, the potential harm to Defendants is minimal at best. By enforcing the forum selection clause, the Court would be merely enforcing the forum that the parties have already chosen. Further, Plaintiffs do not seek to enjoin the petitions for *inter partes* review; they only seek to enjoin Defendants' participation in the proceedings. *See Texas Instruments Inc.*, 231 F.3d 1325 at 1332 ("More important, TI's preliminary injunction motion will not and cannot enjoin the ITC action. TI has not sought to enjoin the ITC directly, but only to enjoin Tessera from participating in the ITC proceedings against TI.").⁸ Enforcing the forum selection clause will not deprive Defendants of any substantive claims, but merely will require that those claims be resolved by a New York court.

D. The balance of the hardships favors the Plaintiffs.

The balance of the hardships favors the Plaintiffs. The hardship to the Plaintiffs absent injunctive relief is not solely limited to defending the patents at the PTAB. Plaintiffs will be deprived of their bargained-for forum, and they will suffer the hardships of litigating on two fronts. Entry of injunctive relief will not work a material hardship on defendants. A party can obtain the same relief in a district court as it could obtain from the PTAB. *See Ciena Corp.*, 2005 WL 1189881, at * 8 ("This injunction will not work a material hardship to Ciena, as for all practical purposes, this Court can grant Ciena any relief it could have obtained in the ITC.").

Enforcing the forum selection clause and warranty provision of the SPA will not work a material hardship on Defendants, given that they specifically bargained for those provisions in

⁸ *See also Callaway Golf Co. v. Acushnet Co.*, 523 F. Supp. 2d 388, 405 (D. Del. 2007), *opinion vacated in part on other grounds*, 585 F. Supp. 2d 592 (D. Del. 2008) and *rev'd in part on other grounds*, 576 F.3d 1331 (Fed. Cir. 2009) ("Respectfully, the court owes no deference to the Patent Office's interpretation of the legal effect of the Agreement or, more generally, the legality of a provision that purports to prevent parties from filing *inter partes* reexaminations. The reexamination at issue having been filed, and a substantial new question of patentability recognized, the Patent Office was clearly within its jurisdiction to dismiss plaintiff's request to halt the proceedings. It does not follow, however, that defendant was not in breach when it filed its *inter partes* reexamination request in the first instance.").

the SPA. See e.g. *BP Products North America Inc. v. Motor Parkway Amoco*, No. CV–06–0833 (SJM)(ARL), 2006 WL 6928862, at *5 (E.D.N.Y. August 21, 2006) (“any hardship suffered by defendants upon enforcement of the covenant is mitigated by the fact that defendants specifically agreed to the covenant in both the Real Estate Contract and subsequent Assignment of Lease, and that defendants received benefits under those contracts....”). Likewise, applying the doctrine of assignor estoppel will not work a material hardship on Defendants. See *Diamond Scientific Co.*, 848 F.2d at 1224 (finding that assignor estoppel is an “equitable doctrine” where “an assignor should not be permitted to sell something and later assert that what was sold is worthless, all to the detriment of the assignee.”); *Mentor Graphics Corp.*, 150 F. 3d at 1378 (there is a “presumption that an estoppel will apply” on the equities scale).

E. Public interest favors granting the injunction.

Contractual forum selection clauses “are prima facie valid and should be enforced unless enforcement is shown by the resisting party to be ‘unreasonable’ under the circumstances.” *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 10 (1972). Thus, “[e]nforcement of valid forum selection clauses, bargained for by the parties, protects their legitimate expectations and furthers vital interests of the justice system.” *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 33 (1988) (Kennedy, J. concurring). Second, New York has a well-established public policy of enforcing forum selection agreements. *International Fashion Products*, 1995 WL 92321, at * 2; see also *M/S Bremen*, 407 U.S. at 1; *Babcock & Wilcox Co. v. Control Components, Inc.*, 161 Misc. 2d 636, 641, 614 N.Y.S.2d 678, 681 (Sup. Ct. N.Y. Co. 1993); N.Y. Gen. Oblig. Law § 5–1402. The forum selection clause in the agreement underlying this action clearly specifies New York as the only appropriate forum. Likewise, the principles behind assignor estoppel have been firmly rooted in American jurisprudence for well over a century. The warranty Esselte provided as well

demonstrates that the public interest is best served by enforcing the warranty and traditional equitable law to bar defendants further participation in the *inter partes* review proceedings.

CONCLUSION

For the foregoing reasons, Plaintiffs' Motion to Enjoin Defendants' Participation in Inter Partes Review Actions should be granted.

DATED: April 16, 2015

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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SANFORD L.P. (d/b/a DYMO) and DYMO B.V.B.A.

Plaintiffs,

v.

ESSELTE AB, ESSELTE LEITZ GMBH & CO. KG,

and ESSELTE CORPORATION,

Defendants.

14 Civ. 7616

DECLARATION OF JEFFREY FISHER

Pursuant to 28 U.S.C. § 1746, the undersigned, Jeffrey Fisher, does declare as follows:

1. I am over the age of eighteen and have personal knowledge of the facts stated herein. If called as a witness, I could and would competently testify thereto.

2. I have attached as Exhibit A is a true and correct copy of the Glossary from the United States Court of Appeals for the Ninth Circuit (<http://www.ca9.uscourts.gov/content/glossary.php>) which defines a “court” as “a government entity authorized to resolve legal disputes”.

3. I have attached as Exhibit B a true and correct copy of the relevant portion from Black’s Law Dictionary (10th ed. 2014) which defines “court” as “1. [a] tribunal constituted to administer justice; esp., a governmental body consisting of one or more judges who sit to adjudicate disputes.... 4. A place where justice is judicially administered; the locale for legal proceedings”.

4. I have attached as Exhibit C a true and correct copy of the relevant portion from the Merriam-Webster Dictionary at (<http://www.merriam-webster.com/dictionary/court>) which defines “court” as “a formal legal meeting in which evidence about crimes, disagreements, etc.,

is presented to a judge and often a jury so that decisions can be made according to the law” or “a place where legal cases are heard.”

5. I have attached as Exhibit D a true and correct copy of an article entitled “IP Alert America (re)Invents Alternatives to Patent Litigation” dated November 28, 2012 from (<http://www.goodwinprocter.com/Publications/Newsletters/IP-Alert/2012/1128>.)

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 16th day of April 2015.



Jeffrey Fisher

EXHIBIT A



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Glossary

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341 meeting – In a bankruptcy proceeding, a meeting of creditors at which the debtor is questioned under oath by creditors, a trustee, an examiner, or the U.S. Trustee about his or her financial affairs.

Acquittal – A jury verdict that a criminal defendant is not guilty, or the finding of a judge that the evidence is insufficient to support a conviction.

Active Judge – A judge in the full-time service of the court. Compare to senior judge.

Administrative Office of the United States Courts (AO) – The federal agency responsible for collecting court statistics, administering the federal courts' budget, and performing many other administrative and programmatic functions, under the direction and supervision of the Judicial Conference of the United States.

Admissible – A term used to describe evidence that may be considered by a jury or judge in civil and criminal cases.

Adversary proceeding – A lawsuit arising in or related to a bankruptcy case that begins by filing a complaint with the court, that is, a "trial" that takes place within the context of a bankruptcy case

Affidavit – A written or printed statement made under oath.

Affirmed – In the practice of the court of appeals, it means that the court of appeals has concluded that the lower court decision is correct and will stand as rendered by the lower court.

Alternate Juror – A juror selected in the same manner as a regular juror who hears all the evidence but does not help decide the case unless called on to replace a regular juror.

Alternative Dispute Resolution (ADR) – A procedure for settling a dispute outside the courtroom. Most forms of ADR are not binding on the parties, and involve referral of the case to a neutral party such as an arbitrator or mediator.

Amicus Curiae – Latin for "friend of the court." It is advice formally offered to the court in a brief filed by an entity interested in, but not a party to, the case.

Answer – The formal written statement by a defendant in a civil case that responds to a complaint, articulating the grounds for defense.

Appeal – A request made after a trial by a party that has lost on one or more issues that a higher court review the decision to determine if it was correct. To make such a request is "to appeal" or "to take an appeal." One who appeals is called the "appellant;" the other party is the "appellee."

Appellant – The party who appeals a district court's decision, usually seeking reversal of that decision.

Appellate – About appeals; an appellate court has the power to review the judgment of a lower court (trial court) or tribunal. For example, the U.S. circuit courts of appeals review the decisions of the U.S. district courts.

Appellee – The party who opposes an appellant's appeal, and who seeks to persuade the appeals court to affirm the district court's decision.

Arraignment – A proceeding in which a criminal defendant is brought into court, told of the charges in an indictment or information, and asked to plead guilty or not guilty.

Article III Judge – A federal judge who is appointed for life, during "good behavior," under Article III of the Constitution. Article III judges are nominated by the President and confirmed by the Senate.

Assets – Property of all kinds, including real and personal, tangible and intangible.

Assume – An agreement to continue performing duties under a contract or lease.

Automatic stay – An injunction that automatically stops lawsuits, foreclosure, garnishments, and most collection activity against the debtor the moment a bankruptcy petition is filed.

[top](#)

Bail – The release, prior to trial, of a person accused of a crime, under specified conditions designed to assure that person's appearance in court when required. Also can refer to the amount of bond money posted as a financial condition of pretrial release.

Bankruptcy – A legal procedure for dealing with debt problems of individuals and businesses; specifically, a case filed under one of the chapters of title 11 of the United States Code (the Bankruptcy Code).

Bankruptcy administrator – An officer of the Judiciary serving in the judicial districts of Alabama and North Carolina who, like the United States trustee, is responsible for supervising the administration of bankruptcy cases, estates, and trustees; monitoring plans and disclosure statements; monitoring creditors' committees; monitoring fee applications; and performing other statutory duties.

Bankruptcy code – The informal name for title 11 of the United States Code (11 U.S.C. §§ 101-1330), the federal bankruptcy law.

Bankruptcy court – The bankruptcy judges in regular active service in each district; a unit of the district court.

Bankruptcy estate – All interests of the debtor in property at the time of the bankruptcy filing. The estate technically becomes the temporary legal owner of all of the debtor's property.

Bankruptcy judge – A judicial officer of the United States district court who is the court official with decision-making power over federal bankruptcy cases.

Bankruptcy petition – A formal request for the protection of the federal bankruptcy laws. (There is an official form for bankruptcy petitions.)

Bankruptcy trustee – A private individual or corporation appointed in all Chapter 7 and Chapter 13 cases to represent the interests of the bankruptcy estate and the debtor's creditors.

Bench Trial – A trial without a jury, in which the judge serves as the fact-finder.

Brief – A written statement submitted in a trial or appellate proceeding that explains one side's legal and factual arguments.

Burden of Proof – The duty to prove disputed facts. In civil cases, a plaintiff generally has the burden of proving his or her case. In criminal cases, the government has the burden of proving the defendant's guilt. (See [standard of proof](#).)

Business bankruptcy – A bankruptcy case in which the debtor is a business or an individual involved in business and the debts are for business purposes.

[top](#)

Capital offense – A crime punishable by death.

Case File – A complete collection of every document filed in court in a case.

Case Law – The law as established in previous court decisions. A synonym for legal precedent. Akin to common law, which springs from tradition and judicial decisions.

Caseload – The number of cases handled by a judge or a court.

Cause of Action – A legal claim.

Chambers – The offices of a judge and his or her staff.

Chapter 7 – The chapter of the Bankruptcy Code providing for "liquidation," that is, the sale of a debtor's nonexempt property and the distribution of the proceeds to creditors. In order to be eligible for Chapter 7, the debtor must satisfy a "means test." The court will evaluate the debtor's income and expenses to determine if the debtor may proceed under Chapter 7.

Chapter 7 trustee – A person appointed in a Chapter 7 case to represent the interests of the bankruptcy estate and the creditors. The trustee's responsibilities include reviewing the debtor's petition and schedules, liquidating the property of the estate, and making distributions to creditors. The trustee may also bring actions against creditors or the debtor to recover property of the bankruptcy estate.

Chapter 9 – The Chapter of the Bankruptcy Code providing for reorganization of municipalities (which includes cities and towns, as well as villages, counties, taxing districts, municipal utilities, and school districts).

Chapter 11 – A reorganization bankruptcy, usually involving a corporation or partnership. A Chapter 11 debtor usually proposes a plan of reorganization to keep its business alive and pay creditors over time. People in business or individuals can also seek relief in Chapter 11.

Chapter 12 – The chapter of the Bankruptcy Code providing for adjustment of debts of a "family farmer," as that term is defined in the Bankruptcy Code.

Chapter 13 – The chapter of the Bankruptcy Code providing for adjustment of debts of an individual with regular income, often referred to as a "wage-earner" plan. Chapter 13 allows a debtor to keep property and use his or her disposable income to pay debts over time, usually three to five years.

Chapter 13 trustee – A person appointed to administer a Chapter 13 case. A Chapter 13 trustee's responsibilities are similar to those of a Chapter 7 trustee; however, a Chapter 13 trustee has the additional responsibilities of overseeing the debtor's plan, receiving payments from debtors, and disbursing plan payments to creditors.

Chapter 15 – The chapter of the Bankruptcy Code dealing with cases of cross-border insolvency.

Chief judge – The judge who has primary responsibility for the administration of a court; chief judges are determined by seniority.

Claim – A creditor's assertion of a right to payment from a debtor or the debtor's property.

Class Action – A lawsuit in which one or more members of a large group, or class, of individuals or other entities sue on behalf of the entire class. The district court must find that the claims of the class members contain questions of law or fact in common before the lawsuit can proceed as a class action.

Clerk of Court – The court officer who oversees administrative functions, especially managing the flow of cases through the court. The clerk's office is often called a court's central nervous system.

Collateral – Property that is promised as security for the satisfaction of a debt.

Common law – The legal system that originated in England and is now in use in the United States that relies on the articulation of legal principles in a historical succession of judicial decisions. Common law principles can be changed by legislation.

Community service – special condition the court imposes that requires an individual to work—without pay—for a civic or nonprofit organization.

Complaint – A written statement that begins a civil lawsuit, in which the plaintiff details the claims against the defendant.

Concurrent sentence – Prison terms for two or more offenses to be served at the same time, rather than one after the other. Example: Two five-year sentences and one three-year sentence, if served concurrently, result in a maximum of five years behind bars.

Confirmation – Approval of a plan of reorganization by a bankruptcy judge.

Consecutive sentence – Prison terms for two or more offenses to be served one after the other. Example: Two five-year sentences and one three-year sentence, if served consecutively, result in a maximum of 13 years behind bars.

Consumer bankruptcy – A bankruptcy case filed to reduce or eliminate debts that are primarily consumer debts.

Consumer debts – Debts incurred for personal, as opposed to business, needs.

Contingent claim – A claim that may be owed by the debtor under certain circumstances, e.g., where the debtor is a cosigner on another person's loan and that person fails to pay.

Contract – An agreement between two or more persons that creates an obligation to do or not to do a particular thing.

Conviction – A judgment of guilt against a criminal defendant.

Counsel – Legal advice; a term also used to refer to the lawyers in a case.

Court – Government entity authorized to resolve legal disputes. Judges sometimes use "court" to refer to themselves in the third person, as in "the court has read the briefs."

EXHIBIT B

Black's Law Dictionary (10th ed. 2014), court

COURT

Bryan A. Garner, Editor in Chief

[Preface](#) | [Guide](#) | [Legal Abbreviations](#)

court *n.* (12c) **1.** A tribunal constituted to administer justice; esp., a governmental body consisting of one or more judges who sit to adjudicate disputes <a question of law for the court to decide>. **2.** The judge or judges who sit on such a tribunal <the court asked the parties to approach the bench>. **3.** A legislative assembly <in Massachusetts, the General Court is the legislature>. **4.** A place where justice is judicially administered; the locale for legal proceedings <an out-of-court statement>. **5.** The building where the judge or judges convene to adjudicate disputes and administer justice <the lawyers agreed to meet at the court at 8:00 a.m.>. — Also termed (in senses 1 & 2) *law court*; (in sense 5) *courthouse*.

- **admiralty court** See [ADMIRALTY \(1\)](#).

- **Appeal Court** See [COURT OF APPEAL](#).

- **appeals court** See [appellate court](#).

- **appellate court** (18c) A court with jurisdiction to review decisions of lower courts or administrative agencies. — Also termed *appeals court*; *appeal court*; *court of appeals*; *court of appeal*; *court of review*.

“Appellate courts are among the most important institutions of governance in the United States. Through their review of trial court and administrative agency decisions they ensure that those bodies function lawfully and that litigants receive justice under law. Moreover, they provide authoritative interpretations of statutory and constitutional provisions and control the shaping of the common law in response to ever-changing circumstances; they are thus major sources of law.” Daniel John Meador & Jordana Simone Bernstein, *Appellate Courts in the United States* v (1994).

- **Archdeacon's court** See [COURT OF ARCHDEACON](#).

- **Article I Court** See [ARTICLE I COURT](#).

- **Article III Court** See [ARTICLE III COURT](#).

- **Bail Court** See [BAIL COURT](#).

- **Bankruptcy Court** See [BANKRUPTCY COURT](#).

- **baronial court** (18c) *Hist.* A feudal court established by the owner of extensive lands held directly of the king under military tenure.

- **base court** (16c) *Archaic.* An inferior court.

- **basement court** See [BASEMENT COURT](#).

- **bedside court** (1924) *Rare.* A judicial proceeding convened at the bedside of a litigant or witness too sick or physically incapacitated to attend the normal place for such a proceeding.

- **bishop's court** See [BISHOP'S COURT](#).

- **borough court** See [BOROUGH COURT](#).

- **business court** (1914) A court that handles exclusively commercial litigation. • In the late 20th century, business courts emerged as a way to unclog the general dockets and to dispose of commercial cases more efficiently and consistently. — Also termed *commercial court*; *commercial division*.

- **byrlaw court** See [BYRLAW COURT](#).

- **Central Criminal Court** See [CENTRAL CRIMINAL COURT](#).

- **children's court** See [juvenile court \(1\)](#).

- **church court** See [ecclesiastical court](#).

- **circuit court** (17c) **1.** A court usu. having jurisdiction over several counties, districts, or states, and holding sessions in all those areas. See [CIRCUIT](#); [CIRCUIT-RIDING](#). **2.** *English law.* A court that meets in small towns within a particular area whenever a judge visits from a larger town. **3.** [UNITED STATES COURT OF APPEALS](#).

- **city court** See *municipal court*.
- **civil court** (16c) A court with jurisdiction over noncriminal cases. — Abbr. Civ. Ct.
- **claims court** See *court of claims*.
- **closed court** See **CLOSED COURT**.
- **Commerce Court** *Hist.* A federal court that had the power to review and enforce determinations of the Interstate Commerce Commission. • The Commerce Court existed from 1910 to 1913.
- **commercial court** (1831) **1.** See *business court*. **2.** *English law.* A court that hears business disputes under simplified procedures designed to expedite the trials. • This court was created in 1971 as part of the Queen's Bench Division of the High Court of Justice.
- **commissary court** (17c) **1.** A court of general ecclesiastical jurisdiction presided over by four commissioners appointed by the Crown from the Faculty of Advocates. **2.** *Scots law.* A sheriff or county court that appoints and confirms the executors of decedents who have personal property in Scotland. **3.** *Hist. Scots law.* A supreme court in which matters of probate and divorce were decided. • This court was established in Edinburgh in 1563 to hear cases that had previously come under the jurisdiction of the ecclesiastical commissary court. It was absorbed by the Court of Session in 1836.
- **commissioner's court** (1847) In certain states, a court having jurisdiction over county affairs and often functioning more as a managerial group than as a judicial tribunal.
- **common pleas court** See **COURT OF COMMON PLEAS**.
- **commonwealth court** (1885) **1.** In some states, a court of general jurisdiction. **2.** In Pennsylvania, a court that hears suits against the state and reviews decisions of state agencies and officials.
- **competent court** See *court of competent jurisdiction*.
- **conciliation court** See *small-claims court*.
- **consistory court** See **CONSISTORY COURT**.
- **constitutional court** (1823) **1.** A court named or described and expressly protected in a constitution; esp., **ARTICLE III COURT**. **2.** A court whose jurisdiction is solely or primarily over claims that legislation (and sometimes executive action) is inconsistent with a country's constitution. • Germany, for example, has state constitutional courts and a Federal Constitutional Court.
- **consular court** (**kon-s#-l#r**) (18c) A court held by the consul of one country within the territory of another. • Consular courts are created by treaty, and their jurisdiction is usu. limited to civil cases. The last of the U.S. consular courts (Morocco) was abolished in 1956.
- **coroner's court** (17c) *English law.* A common-law court that holds an inquisition if a person died a violent or unnatural death, died in prison, or died suddenly when the cause is not known. • The court also has jurisdiction over treasure trove.
- **corporation court** (1830) In some jurisdictions, a court that serves an incorporated municipality. See *municipal court*.
- **county court** (16c) **1.** A court with powers and jurisdiction dictated by a state constitution or statute. • The county court may govern administrative or judicial matters, depending on state law. — Also termed *parish court*; (in Latin) *curia comitatus*. **2.** See *probate court*.
- **court above** (17c) A court to which a case is appealed. — Also termed *higher court*; *upper court*.
- **court a quo** (ay **kwoh**) (1845) A court from which a case has been removed or appealed.
- **court baron** See **COURT BARON**.
- **court below** (17c) A trial court or intermediate appellate court from which a case is appealed. — Also termed *lower court*.
- **court christian** See *ecclesiastical court*.
- **court de facto** See *de facto court* (1).
- **court merchant** (17c) *Hist.* A court of limited jurisdiction that decided controversies arising between merchants, dealers, shipmasters, supercargoes, and other, usu. transient, people connected with trade. • Cases were usu. tried before a jury of merchants.
- **court not of record** (1829) An inferior court that is not required to routinely make a record of each proceeding and usu. does not.
- **court of appeals** (17c) **1.** An intermediate appellate court. — Also termed (as in California and England) *court of appeal*. See *appellate court*. **2.** In New York and Maryland, the highest appellate court within the jurisdiction. See also **COURT OF APPEAL**.
- **court of chivalry** See **HIGH COURT OF CHIVALRY**.

- **court of claims** (17c) A court with the authority to hear claims made against a state (or its political subdivision) for cases in which the state has waived sovereign immunity. — Also termed *claims court*. See [UNITED STATES COURT OF FEDERAL CLAIMS](#).
- **court of competent jurisdiction** (18c) A court that has the power and authority to do a particular act; one recognized by law as possessing the right to adjudicate a controversy. — Also termed *competent court*.
- **court of domestic relations** See [family court](#).
- **court of equity** (16c) A court that (1) has jurisdiction in equity, (2) administers and decides controversies in accordance with the rules, principles, and precedents of equity, and (3) follows the forms and procedures of chancery. Cf. [court of law](#).
- **court of final appeal** (18c) **1.** See [court of last resort](#). **2.** *Eccles. law. (cap.)* [JUDICIAL COMMITTEE OF THE PRIVY COUNCIL](#).
- **court of first instance** See [trial court](#).
- **court of general jurisdiction** (18c) A court having unlimited or nearly unlimited trial jurisdiction in both civil and criminal cases. — Also termed *general-jurisdiction court*.
- **court of impeachment** See [COURT FOR THE TRIAL OF IMPEACHMENTS](#).
- **court of inquiry** (17c) **1. Hist.** In English law, a court appointed by the monarch to ascertain whether it was proper to use extreme measures against someone who had been court-martialed. **2. Hist.** In American law, an agency created under articles of war and vested with the power to investigate the nature of a transaction or accusation of an officer or soldier. **3.** In some jurisdictions, a court in which a magistrate examines witnesses in relation to any offense that the magistrate has a good-faith reason to believe was committed. **4. English law.** A group of people chosen to discover the facts about some event, such as a serious accident.
- **court of instance** See [trial court](#).
- **court of last resort** (17c) The court having the authority to handle the final appeal of a case, such as the U.S. Supreme Court.
- **court of law** (16c) **1.** Broadly, any judicial tribunal that administers the laws of a state or country. **2.** A court that proceeds according to the course of the common law, and that is governed by its rules and principles. Cf. [court of equity](#).
- **court of limited jurisdiction** (18c) A court with jurisdiction over only certain types of cases, or cases in which the amount in controversy is limited.
- **court of ordinary** See [probate court](#).
- **court of original jurisdiction** (18c) A court where an action is initiated and first heard.
- **court of record** (18c) **1.** A court that is required to keep a record of its proceedings. • The court's records are presumed accurate and cannot be collaterally impeached. See [OF RECORD \(2\)](#).

“The distinction that we still draw between ‘courts of record’ and courts that are ‘not of record’ takes us back to early times when the king asserts that his own word as all that has taken place in his presence is incontestable. This privilege he communicates to his own special court; its testimony as to all that is done before it is conclusive. If any question arises as to what happened on a previous occasion, the justices decide this by recording or bearing record (*recordantur, portant recordum*). Other courts ... may and, upon occasion, must bear record; but their records are not irrefragable ... We easily slip into saying that a court whose record is incontrovertible is a court which has record (*habet recordum*) or is a court of record, while a court whose record may be disputed has no record (*non habet recordum*) and is no court of record.” 2 Frederick Pollock & Frederic W. Maitland, *History of English Law Before the Time of Edward I* 669 (2d ed. 1899).

2. A court that may fine and imprison people for contempt.

“A court of record is, strictly speaking, a court which has power to fine and imprison.” Lancelot Feilding Everest, *Everest and Strode's Law of Estoppel* 13 (1923).

- **court of review** See [appellate court](#).
- **court of special jurisdiction** See [limited court](#).
- **court of special session** (1813) A court that has no stated term and is not continuous, but is organized only for hearing particular cases, esp. criminal cases. — Also termed *court of special sessions*.

“By a recent statute, Courts of Special Sessions of the Peace, shall be held by a single Magistrate now authorized to sit as a member of a Court of Special Sessions; and all offences triable before such Courts, may be tried before such single Magistrate with or without a jury, at the election of the prisoner; and all provisions of law applicable to the powers, duties and proceedings of such Courts, shall apply to such Magistrate and the proceedings before him. A court of Special Sessions may be formed, either by a Judge of the County Courts, or by a Justice of the Peace of the same county.” J. Benedict, *Benedict's Treatise: Containing a Summary of the Jurisdiction, Powers, and Duties of Justices of the Peace in the State of New York* 385 (2d ed. 1847).

- **court of summary jurisdiction** See [magistrate's court](#).
- **criminal court** (17c) A court with jurisdiction over criminal matters.
- **Crown Court** See [CROWN COURT](#).
- **Dean of Guild Court** See [DEAN OF GUILD COURT](#).
- **de facto court** (di fak-toh) (1870) **1.** A court functioning under the authority of a statute that is later adjudged to be invalid. — Also termed *court de facto*. **2.** A court established and acting under the authority of a *de facto* government.
- **dependency court** (1950) A court having jurisdiction over matters involving abused and neglected children, foster care, the termination of parental rights, and (sometimes) adoption.
- **diocesan court** (di-ahs-i-sin) (18c) *Eccles. law*. A court exercising general or limited jurisdiction (as determined by patent, local custom, or legislation) of matters arising within a bishop's diocese. • Diocesan courts include the consistory court, the courts of the commissaries, and the courts of archdeacons.
- **district court** (18c) **1.** A trial court having general jurisdiction within its judicial district. — Abbr. D.C. **2.** *Scots law*. A local court, usu. staffed by lay magistrates, with jurisdiction over petty crimes.
- **divided court** See [DIVIDED COURT](#).
- **divisional court** (18c) An English court made up of two or more judges from the High Court of Justice sitting in special cases that cannot be disposed of by one judge. • Each division of the High Court has a divisional court, e.g., the Divisional Court of the Family Division. With the exception of the Divisional Court of the Chancery Division, which has jurisdiction to review land-registration appeals from the county court, almost all judicial appeals are from decisions of a magistrates' court. The Divisional Court of the Queen's Bench Division hears appeals from the Crown Court or the magistrates' court by way of case stated in criminal prosecutions, which is the most frequent use of a divisional court.
- **domestic court** (1801) **1.** A court having jurisdiction at the place of a party's residence or domicile. **2.** See [family court](#).
- **domestic-relations court** See [family court](#).
- **drug court** (1971) A court that hears cases against nonviolent adults and juveniles, who are often first-time offenders and who are usu. charged with possession of a controlled substance or with committing a minor drug-related crime. • Drug courts focus on treatment rather than on incarceration. Cf. [problem-solving court](#).
- **ecclesiastical court** (i-klee-zee-as-ti-k#l) (16c) **1.** A religious court that hears matters concerning a particular religion. **2.** In England, a court having jurisdiction over matters concerning the Church of England (the established church) as well as the duties and rights of the people serving it, but whose modern jurisdiction is limited to matters of ecclesiastical discipline and church property. — Also termed *church court*; *court christian*; *spiritual court*; (in Latin) *christianitatis curia*; *curia christianitatis*.

“The ecclesiastical courts exercised a jurisdiction which played a part of the development of the English legal system, and their work was not confined to controlling the clergy and doctrines of the Church. The jurisdiction of these courts was of particular significance before the Reformation, but, in certain matters and especially in matrimonial causes and the law of succession to property on death (testate and intestate succession), it remained of importance till the middle of the nineteenth century.” 1 A.K.R. Kiralfy, *Potter's Historical Introduction to English Law and Its Institutions* 211 (4th ed. 1958).
- **en banc court** See [full court](#).
- **examining court** (18c) A lower court (usu. presided over by a magistrate) that determines probable cause and sets bail at a preliminary hearing in a criminal case.

- **family court** (1923) A court having jurisdiction over matters involving divorce, child custody and support, paternity, domestic violence, and other family-law issues. — Also termed *family-law court*; *domestic-relations court*; *court of domestic relations*; *domestic court*.
- **federal circuit court** [UNITED STATES COURT OF APPEALS](#).
- **federal court** (18c) A court having federal jurisdiction, including the U.S. Supreme Court, circuit courts of appeals, district courts, bankruptcy courts, and tax courts. — Also termed *United States court*.
- **foreign court** (16c) **1.** The court of a foreign country. **2.** The court of another state.
- **forty-days court** See [COURT OF ATTACHMENTS](#).
- **franchise court** See [FRANCHISE COURT](#).
- **full court** (16c) A court session that is attended by all the court's judges; an en banc court. — Also termed *full bench*.
- **General Court** See [GENERAL COURT](#).
- **general-jurisdiction court** See *court of general jurisdiction*.
- **High Commission Court** See [COURT OF HIGH COMMISSION](#).
- **High Court** **1.** See [HIGH COURT OF JUSTICE](#). **2.** See [HIGH COURT OF JUSTICIARY](#).
- **High Court of Admiralty** See [HIGH COURT OF ADMIRALTY](#).
- **High Court of Chivalry** See [HIGH COURT OF CHIVALRY](#).
- **High Court of Delegates** See [COURT OF DELEGATES](#).
- **High Court of Errors and Appeals** See [COURT OF ERRORS AND APPEALS](#).
- **High Court of Justice** See [HIGH COURT OF JUSTICE](#).
- **High Court of Justiciary** See [HIGH COURT OF JUSTICIARY](#).
- **higher court** See *court above*.
- **highest court** (16c) The court of last resort in a particular jurisdiction; a court whose decision is final and cannot be appealed because no higher court exists to consider the matter. • The U.S. Supreme Court, for example, is the highest federal court.
- **hot court** (1972) A court, esp. an appellate court, that is familiar with the briefs filed in the case, and therefore with the issues, before oral argument. • Typically, a hot court controls the oral argument with its questioning, as opposed to listening passively to set presentations of counsel.
- **housing court** (1953) A court dealing primarily with landlord-and-tenant matters, including disputes over maintenance, lease terms, and building and fire codes.
- **hundred court** (16c) *Hist. English law*. In England, a larger court baron, held for all inhabitants of a particular hundred rather than a manor, in which the free suitors were the judges (jurors) and the steward the register. • A hundred court was not a court of record, and it resembled a court-baron in all respects except for its larger territorial jurisdiction. The last hundred court was abolished in 1971. — Also termed *hundred moot*. See [COURT BARON](#).
- **immigration court** (*usu. cap.*) An administrative court in the U.S. Department of Justice that hears removal and deportation proceedings. • The Board of Immigration Appeals hears appeals from this court. See [BOARD OF IMMIGRATION APPEALS](#).
- **impeachment court** See [COURT FOR THE TRIAL OF IMPEACHMENTS](#).
- **inferior court** (17c) **1.** Any court that is subordinate to the chief appellate tribunal within a judicial system. **2.** A court of special, limited, or statutory jurisdiction, whose record must show the existence of jurisdiction in any given case to give its ruling presumptive validity. — Also termed *lower court*.
- **inquisitorial court** (18c) A court in which the inquisitorial system prevails.

“We should remember that in the ‘inquisitorial court’ the roles of prosecutor, defender, and judge are combined in one person or group of persons. It is no accident that such a court commonly holds its sessions in secret. The usual explanation for this is that the methods by which it extracts confessions cannot stand public scrutiny. But the reason runs deeper. The methods employed by an inquisitorial court, even if open to the public, could scarcely be a secret of meaningful observation by an outsider. It is only when the roles of prosecutor, defender, and judge are separated that a process of decision can take on an order and coherence that will make it understandable to an outside audience and convince that audience that all sides of the controversy have been considered.” Lon L. Fuller, *Anatomy of the Law* 35–36 (1968).

- **instance court** (1837) **1.** See *trial court*. **2.** *Hist. English law.* The admiralty court in England that exercised original jurisdiction in all cases except those involving prizes.
- **insular court** (1901) A federal court with jurisdiction over U.S. island territories, such as the Virgin Islands.
- **intermediate court** (1834) An appellate court that is below a court of last resort.
- **international court** A body with jurisprudential authority created by treaty or by an international organization to hear and decide cases of international law.
- **International Court of Justice** See [INTERNATIONAL COURT OF JUSTICE](#).
- **International Criminal Court** See [INTERNATIONAL CRIMINAL COURT](#).
- **International Trade Court** See [UNITED STATES COURT OF INTERNATIONAL TRADE](#).
- **J.P. court** See *justice court*.
- **justice court** (16c) A court, presided over by a justice of the peace, that has jurisdiction to hear minor criminal cases, matters involving small amounts of money, or certain specified claims (such as forcible-entry-and-detainer suits). — Also termed *justice-of-the-peace court*; *J.P. court*.
- **juvenile court** (1903) **1.** A court having jurisdiction over cases involving children under a specified age, usu. 18. • Illinois enacted the first statewide juvenile-court act in 1899. Today every state has a specialized juvenile or family court with exclusive original delinquency jurisdiction. — Also termed *children's court*. **2.** A court having special jurisdiction over orphaned, delinquent, dependent, and neglected children. • This type of juvenile court is created by statute and derives its power from the specific wording of the statute, usu. having exclusive original jurisdiction over matters involving abuse and neglect, adoption, status offenses, and delinquency. Generally, juvenile courts are special courts of a paternal nature that have jurisdiction over the care, custody, and control of children (as defined by the statute). The jurisdiction of the juvenile court is exercised as between the state (for the child) and the parents of the child and is not concerned with a custody controversy that does not affect the morale, health, or welfare of the child. A juvenile court is not a criminal court. The primary concern of a juvenile court is the child's immediate welfare. See [UNIFORM JUVENILE COURT ACT](#).
- **kangaroo court** (1849) **1.** A self-appointed tribunal or mock court in which the principles of law and justice are disregarded, perverted, or parodied. • Kangaroo courts may be assembled by various groups, such as prisoners in a jail (to settle disputes between inmates) and players on a baseball team (to “punish” teammates who commit fielding errors). **2.** A court or tribunal characterized by unauthorized or irregular procedures, esp. so as to render a fair proceeding impossible. **3.** A sham legal proceeding. • The term's origin is uncertain, but it appears to be an Americanism. It has been traced to 1853 in the American West. “Kangaroo” might refer to the illogical leaps between “facts” and conclusions, or to the hapless defendant's quick bounce from court to gallows.
- **King's Court** See [CURIA REGIS \(1\)](#).
- **land court** A court having jurisdiction over land-related matters, including (1) exclusive original jurisdiction of applications for registration of land titles and related questions, writs of entry and petitions to clear title to real estate, petitions to determine the validity and extent of municipal zoning ordinances, bylaws, and regulations, and proceedings for foreclosure and redemption from tax titles; (2) original concurrent jurisdiction of declaratory judgment proceedings, shared with the supreme judicial, superior, and probate courts; and (3) original concurrent equity jurisdiction in land-related matters, except for cases of specific performance of land contracts. • Land courts today exist in the United States only in Massachusetts and Hawaii. — Also termed (Fr.) *justice foncière*.
- **landed-estates court** (1858) *Hist. English law.* A statutorily established tribunal to dispose of encumbered real estate more promptly and easily than could be accomplished through the ordinary judicial machinery. • This type of court was first established in Ireland by acts of 11 & 12 Vict., ch. 48 and 12 & 13 Vict., ch. 77. The purpose of the court was to enable the owner, or any lessee of an unexpired term of 63 years or less, of encumbered land to apply to commissioners to direct a sale. The court served as a court of record and was called the Incumbered Estates Court. A later act abolished that court and created a new permanent tribunal called the Landed Estates Court. 21 & 22 Vict., ch. 72.
- **legatine court** (17c) A court held by a papal legate and having ecclesiastical jurisdiction.
- **legislative court** (1828) A court created by a statute, as opposed to one created by a constitution. — Also termed (in federal law) *Article I court*.
- **levy court** (18c) *Hist.* A court in the District of Columbia that exercised many of the functions typical of county commissioners or county supervisors in the states, such as constructing and repairing roads and bridges.

- **limited court** (18c) A court having special jurisdiction conferred by statute, such as a probate court. — Also termed *court of special jurisdiction*.
- **liquidation court** (1947) Any court in which a liquidation proceeding takes place.
- **local court** (18c) A court whose jurisdiction is limited to a particular territory, such as a state, municipal, or county court.
- **lord mayor's court** (17c) *Hist.* A court of law and equity that had jurisdiction in civil cases arising within the city of London and acted as the appellate court from the Chamberlain Court. • It was abolished by the Court Act of 1971.
- **lower court** **1.** See [court below](#). **2.** See [inferior court](#).
- **magistrate's court** (**maj**-i-strays or -strits) (1904) **1.** A court with jurisdiction over minor criminal offenses. • Such a court also has the power to bind over for trial persons accused of more serious offenses. — Also termed *police court*. **2.** A court with limited jurisdiction over minor criminal and civil matters. — Sometimes spelled (esp. in England) *magistrates' court*. — Also termed (in England) *court of petty sessions*; *court of summary jurisdiction*.
- **maritime court** See [ADMIRALTY \(1\)](#).
- **mayor's court** (18c) A municipal court in which the mayor presides as the judge, with jurisdiction over minor criminal (and sometimes civil) matters, traffic offenses, and the like.
- **military court** (17c) A court that has jurisdiction over members of the armed forces and that enforces the Code of Military Justice. See [CODE OF MILITARY JUSTICE](#).
- **military court of inquiry** (1822) A military court that has special and limited jurisdiction and that is convened to investigate specific matters and, traditionally, to determine whether further procedures are warranted. [10 USCA § 935](#).
- **moot court** See [MOOT COURT](#).
- **municipal court** (17c) A court having jurisdiction (usu. civil and criminal) over cases arising within the municipality in which it sits. • A municipal court's civil jurisdiction to issue a judgment is often limited to a small amount, and its criminal jurisdiction is limited to petty offenses. — Also termed *city court*.
- **naturalization court** See [NATURALIZATION COURT](#).
- **nisi prius court** See [NISI PRIUS](#).
- **open court** See [OPEN COURT](#).
- **ordinary's court** See [probate court](#).
- **orphan's court** See [probate court](#).
- **Palace Court** See [PALACE COURT](#).
- **parish court** See [county court \(1\)](#).
- **peacemaker's court** (1909) *American Indian law.* A tribal court that adjudicates, arbitrates, or mediates some disputes, usu. according to traditional and statutory tribal law.
- **people's court** See [PEOPLE'S COURT](#).
- **piepowder court** See [PIEPOWDER COURT](#).
- **police court** See [magistrate's court \(1\)](#).
- **policy court** An appellate court, usu. a court of last resort, that must consider a decision's effects not only on the litigants but also on public policy.
- **practice court** **1.** See [MOOT COURT](#). **2.** (*cap.*) See [BAIL COURT](#).
- **prerogative court** (18c) In New Jersey, a probate court. See [probate court](#).
- **pretorial court** (1841) *Hist.* A 17th-century Maryland court that had jurisdiction over capital and other serious crimes. • It consisted of three judges: the colony's lord proprietor or his lieutenant-general, the Secretary or Register of the Council of State, and one other member of the Council.
- **prize court** (18c) A court having jurisdiction to adjudicate the captures made at sea in time of war. See [PRIZE \(2\)](#). Cf. [COURT OF APPEALS IN CASES OF CAPTURE](#).
- **probate court** (18c) A court with the power to declare wills valid or invalid, to oversee the administration of estates and (in some states) to appoint guardians and approve the adoption of minors. — Also termed *surrogate's court*; *surrogate court*; *court of ordinary*; *ordinary's court*; *county court*; *orphan's court* (o.c.). See [PROBATE](#).
- **problem-solving court** (2000) A specialized court that matches community resources to defendants and litigants whose problems or cases may benefit from those resources. • In criminal cases, a problem-solving court tries to promote solutions to underlying behavioral problems that may lead to misconduct by providing treatment rather than imprisonment. For example,

it may match offenders with resources for drug-abuse, domestic-violence, or mental-health treatment, often with close court supervision. In civil cases, a problem-solving court may help the parties try to resolve disputes through counseling or mediation rather than litigation. — Also termed *boutique court*. See [BOUTIQUE COURT](#). Cf. *drug court*.

- **provisional court** (1856) A federal court with jurisdiction and powers governed by the order granting its authority, such as a temporary court established in a conquered or occupied territory.
- **Quarter Sessions Court** See [COURT OF GENERAL QUARTER SESSIONS OF THE PEACE](#).
- **recorder's court** (1827) A court having jurisdiction over felony cases. • This court exists in only a few jurisdictions, such as Michigan, where the recorder's court hears felony cases arising within the Detroit city limits.
- **register's court** (1810) *Hist.* A probate court in Pennsylvania or Delaware. See *probate court*.
- **rogue court** (1993) A court that fails to apply controlling law in making its decisions.
- **sheriff's court** (17c) *Scots law.* The principal inferior court in Scotland, having both civil and criminal jurisdiction. — Also termed *sheriff court*.
- **small-claims court** (1923) A court that informally and expeditiously adjudicates claims that seek damages below a specified monetary amount, usu. claims to collect small accounts or debts. — Also termed *small-debts court*; *conciliation court*.
- **spiritual court** See *ecclesiastical court*.
- **state court** (18c) A court of the state judicial system, as opposed to a federal court.
- **superior court** (18c) **1.** In some states, a trial court of general jurisdiction. **2.** In Pennsylvania, an intermediate court between the trial court and the chief appellate court.
- **supreme court** See [SUPREME COURT](#).
- **Supreme Court of the United States** See [SUPREME COURT OF THE UNITED STATES](#).
- **Supreme Judicial Court** (18c) The highest appellate court in Maine and Massachusetts.
- **surrogate's court** See *probate court*.
- **tax court** See [TAX COURT](#).
- **teen court** (1968) A group of teenagers who (1) hear cases involving juveniles, usu. first-time offenders, who have acknowledged their guilt or responsibility, and (2) impose sanctions within a fixed range, usu. involving counseling, community service, or restitution. • Some local jurisdictions in more than half the states have provided for this type of tribunal. The juvenile offender consents to the assessment of punishment by this jury of peers. The American Bar Association encourages the formation of these kinds of courts. — Also termed *youth court*.
- **Teind Court** See [TEIND COURT](#).
- **territorial court** (1814) A U.S. court established in a U.S. territory (such as the Virgin Islands) and serving as both a federal and state court. • The Constitution authorizes Congress to create such court. U.S. Const. art. IV, § 3, cl. 2.
- **three-judge court** (1894) A court made up of three judges; esp., a panel of three federal judges convened to hear a trial in which a statute is challenged on constitutional grounds. • Three-judge courts were virtually abolished in 1976 when Congress restricted their jurisdiction to constitutional challenges to congressional reapportionments. Occasionally, Congress creates three-judge courts in special legislation, as with the 2002 campaign-finance law. Appeals from a three-judge court go directly to the Supreme Court. See 28 USCA § 2284.
- **traffic court** (1917) A court with jurisdiction over prosecutions for parking violations and infractions of road law.
- **trial court** (18c) A court of original jurisdiction where the evidence is first received and considered. — Also termed *court of first instance*; *instance court*; *court of instance*.
- **tribal court** See [TRIBAL COURT](#).
- **unified family court** (1931) In some jurisdictions, a court that hears all family matters, including matters of divorce, juvenile delinquency, adoption, abuse and neglect, and criminal abuse. • A unified family court also hears matters typically heard in family court (in jurisdictions that have statutory family courts) or in courts of general jurisdiction, such as divorce, paternity, and emancipation proceedings. Proponents of unified family courts cite the benefits of having all family-related matters heard by one court — for instance, the benefit of having a child testify only once rather than forcing the child to testify in one court in a divorce proceeding, in a different court in criminal proceedings against an abuser, and in yet another in a civil proceeding initiated by Child Protective Services.
- **United States Claims Court** See [UNITED STATES COURT OF FEDERAL CLAIMS](#).
- **United States court** See *federal court*.

- **United States Court of International Trade** See [UNITED STATES COURT OF INTERNATIONAL TRADE](#).
- **United States Customs Court** See [UNITED STATES CUSTOMS COURT](#).
- **United States District Court** See [UNITED STATES DISTRICT COURT](#).
- **United States Supreme Court** See [SUPREME COURT OF THE UNITED STATES](#).
- **United States Tax Court** See [TAX COURT, U.S.](#)
- **upper court** See *court above*.
- **vice-admiralty court** See [VICE-ADMIRALTY COURT](#).
- **Wood-Plea Court** See [WOOD-PLEA COURT](#).
- **World Court** See [INTERNATIONAL COURT OF JUSTICE](#).
- **youth court** See *teen court*.

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: a place where legal cases are heard

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IP ALERT

November 28, 2012

America (re)Invents Alternatives to Patent Litigation

Following the enactment of the America Invents Act ("AIA"), U.S. patent owners and potential patent challengers have no shortage of options for post-issuance patent review. Because the risks and benefits of the available procedures depend on a party's strategic perspective, it is informative to view the procedures from two perspectives – that of a patent challenger, and that of a patent owner. Challengers now have four distinct administrative routes for invalidating issued patents: inter partes review, post-grant review, ex parte reexamination and derivation. A transitional program for covered business method patents is also available. Patent owners have four options for correcting an issued patent or preemptively addressing prior art before enforcement: ex parte reexamination, supplemental examination, reissue and certification of correction. In this article we provide an overview of post-issuance proceedings new and old, and consider the tradeoffs of each procedure to assist challengers and patent owners in making informed strategic decisions.

Tables A and B, links below, provide a summary of the proceedings available to challengers and patent owners.

Table A – Post-Issuance PTO Proceedings Available to Challengers

Table B – Post-Issuance PTO Proceedings Available to Patent Owners

PROCEDURES AVAILABLE TO A PATENT CHALLENGER UNDER THE AIA

As described above, patent challengers now have five options (including a transitional program) for requesting post-issuance review under the AIA. The advantages and disadvantages of these procedures, relative to litigation and to each other are discussed below. Table A provides a summary of review procedures available to challengers.

Inter Partes Review: Revamping Inter Partes Re-examination

Inter partes review ("IPR") is a completely new option available under the AIA. In many ways, IPR is similar to inter partes reexamination, which was available until September 16, 2012. There are, however, certain significant differences, such as the availability of limited discovery in IPR. Unlike inter partes reexamination, IPR is available for any patent whether or not it issued from an application filed on or after November 29, 1999. IPR is also available for patents issuing from applications filed under both the

first-to-invent regime and those filed under the first-inventor-to-file (“FITF”) regime that takes effect on March 16, 2013. This is an advantage compared to the post-grant review procedure, discussed below, which is available only for patents issuing from applications filed under the FITF regime. Other advantages and disadvantages of IPR are summarized in Table 1.

Table 1: Advantages and Disadvantages of IPR

Advantages	Disadvantages
<ul style="list-style-type: none"> • Preserve some defenses for litigation • Good likelihood of complete success (based on inter partes reexamination success rate) • High likelihood of some clarification/file history estoppel • Lower burden of proof than litigation • Speed (1 year from date of acceptance) • Direct appeal to Federal Circuit • Likelihood of litigation stay • Discovery • Adversarial Proceeding • Claim amendments remove past damages or can invoke intervening rights • Decision by patent experts rather than district court judge or jury 	<ul style="list-style-type: none"> • Estoppel • Cost is high, probably akin to interference practice (~\$600,000+ for a complicated case with many claims and many prior art arguments) • Cannot file subsequent requests • Risk of countersuit by patentee (cannot file anonymously) • Risk of “gold plating” the patent • Claims can be amended • Page limits • Only available nine months or more after patent issuance

In IPR, a challenger may seek to invalidate the claims of a patent under 35 U.S.C. §§ 102 or 103, i.e., by showing that one or more prior art references anticipates or renders obvious the challenged claims. The challenger may rely only on issued patents and printed publications, and not on other prior art such as prior sale of a product or public use thereof. After a final, written decision issues with respect to a challenged claim, the challenger is estopped from contending in any civil action or any ITC proceeding under the Tariff Act that the claim is invalid under any ground that was raised or reasonably could have been raised during IPR.

Pre-AIA, a challenger who opted for inter partes reexamination was estopped from challenging validity in a subsequent civil action on any ground that could have been raised before the U.S. Patent & Trademark Office (“PTO”). Now, a challenger who pursues IPR is only barred from raising grounds that “reasonably” could have been raised in the earlier proceeding. Until courts have an opportunity to interpret the new standard, however, it is unclear what practical benefit the new reasonableness limitation offers

challengers. It is not hard to imagine a district court finding “unreasonable” a challenger’s failure to obtain any prior art publication that was available at least somewhere at the time of the IPR. Moreover, the estoppel effect of IPR applies not only to civil actions but also to ITC proceedings and subsequent PTO challenges. To reduce estoppel risk, the challengers must ensure that invalidity contentions based on all applicable prior art references and suitable combinations thereof are presented in the IPR request.

IPR has several other disadvantages – most notably, its high cost. The filing fee is \$27,500 for requesting review of 20 or fewer claims, and \$600 for each additional claim. Based on the typical cost of inter partes reexamination, the overall cost of IPR, including attorney’s fees, may be as much as \$600,000 for a relatively complex patent with numerous claims and several prior art challenges. Another disadvantage is that a challenger cannot file another IPR petition or even an ex parte reexamination request after a decision issues in the first filed IPR. Additionally, any civil action initiated by the challenger is automatically stayed by initiation of an IPR. By contrast, civil actions initiated by the patentee are not stayed automatically – and because a challenger in an IPR proceeding cannot be anonymous, a challenger who chooses IPR over ex parte reexamination (where anonymity is permitted) faces a much higher risk of being targeted in a lawsuit by the patentee. A challenger also runs the risk that IPR will “gold plate” the patent because the patentee may take advantage of the additional time before the PTO to amend claims to avoid the cited art (and, as described above, the challenger may be foreclosed from asserting any additional patents and publications). Furthermore, as the identity of the challenger would be known, the patentee may narrow the claims so as to avoid the cited art but to cover the challenger’s products. Although generally, the PTO must give the claims their broadest reasonable meaning in light of the specification, IPR affords patentees the opportunity to inform claim construction by submitting affidavits from practitioners of the related technology and reports from experts in the field.

A final disadvantage is the page limit – a new restriction that did not apply to inter partes reexamination. A petition for IPR is limited to 60 pages. By comparison, a typical inter partes reexamination request based on three or four primary references and several secondary references often reached 200 pages. As such, it may be virtually impossible to address all permissible grounds for invalidity in the much shorter petition for IPR, which is quite a concern given the strict estoppel. As described above, the challenger may be estopped from contending grounds omitted in the IPR petition during a subsequent proceeding. The challenger may state all grounds exceeding the page limit, and may request a waiver of the page limit. If that request is denied, and if the Patent Trial and Appeal Board (“PTAB”) refuses to consider all grounds for invalidity, according to the language of the statute the challenger may still be estopped from asserting those grounds in a subsequent proceeding. One way to address this issue may be to challenge only some of the independent claims and a few selected dependent claims in the IPR, because estoppel does not apply to the unchallenged claims. If a certain claim is found to be invalid, during a subsequent proceeding issue preclusion (collateral estoppel) may be invoked to assert invalidity of a similar independent claim.

IPR also offers significant benefits, particularly as compared to litigation. Indeed, IPR combines some of the advantages of litigation, such as discovery (including expert reports), with those of inter partes reexamination, such as amendment of claims. From a challenger’s perspective, there is a good likelihood of complete success, i.e., all claims may be invalidated or require amendment due to the adversarial nature of the process. In the case of “substantial” change to the claims, the challenger is not liable for past damages even if the challenger’s products are found to infringe the amended claims (see 35 U.S.C. § 252). Whereas litigation requires demonstration of invalidity by clear and convincing evidence, invalidity can be established at the PTO by a preponderance of the evidence. In addition, IPR is conducted by the PTAB, which not only offers familiarity with patent law but often subject matter expertise as well; this may improve the odds that a challenger will prevail on invalidity. Other benefits include a relatively quick resolution because the PTAB must determine whether to institute a review within six months after the petition for review is filed, and must render a final decision within one year thereafter, if the review is instituted. Only for good cause can the final decision be rendered after an additional six-month period. Claim construction can be informed via the limited discovery that is available to both the patentee and the challenger. Information about design choices, which may be relevant to obviousness of certain claim limitations, can also be sought via discovery. Because IPR is an adversarial process, these issues can be further explored during

cross examination at trial before the PTAB. In addition, the patentee's statements become part of the file history, preventing the patentee from taking inconsistent positions during any subsequent proceedings. Another benefit of IPR is that adverse decisions can be directly appealed to the Federal Circuit.

One final advantage of IPR, as compared with post-grant review (discussed below), is that the grounds for invalidity in the IPR are limited to anticipation and obviousness based on patents and printed publications only. Invalidity cannot be challenged based on §§ 101 and 112 (i.e., non-patentable subject matter, indefiniteness, lack of written description, and lack of enablement). Invalidity cannot be asserted based on prior sale or use of a product either. Therefore, the challenger is not estopped from asserting these grounds for invalidity in a subsequent proceeding.

Post-Grant Review: Powerful but Risky – Use Only as Directed

Procedurally similar to IPR in some respects, post-grant review ("PGR") also has significant differences, both procedural and substantive, that impact the tradeoffs a challenger must make in choosing between proceedings. PGR is available only for patents issuing from applications filed under the FITF regime, which will become effective on the critical date of March 16, 2013. For an application to fall under the FITF regime, at least one claim must not be able to claim priority to a date earlier than the critical date. Typically, many patents that would issue in the months after the critical date may have been filed before the critical date, and many more may claim priority to other applications filed before the critical date. As such, in order to seek PGR of a patent that may issue over the next several months, the challenger may first have to show that at least one issued claim cannot claim priority to a date earlier than the critical date. It is unclear if a challenger is permitted to make this showing in its petition, or whether the PTO will make the determination without external input. Therefore, it may be that PGR will not be widely used until the issuance of patents that clearly fall under the FITF regime. The advantages and disadvantages of PGR are summarized in Table 2. Differences from IPR are emphasized.

Table 2: Advantages and Disadvantages of PGR

Advantages	Disadvantages
-------------------	----------------------

- | | |
|---|--|
| <ul style="list-style-type: none"> • <i>Broad grounds of attack, including indefiniteness and non-statutory subject matter</i> | <ul style="list-style-type: none"> • <i>Broad range of estoppel (including indefiniteness, written description, invalidity based on sale or use or a prior art product, etc.)</i> |
| <ul style="list-style-type: none"> • <i>Can be filed immediately after patent grant</i> | <ul style="list-style-type: none"> • <i>May cost even more than IPR</i> |
| <ul style="list-style-type: none"> • High likelihood of some clarification/file history estoppel | <ul style="list-style-type: none"> • Cannot file subsequent requests |
| <ul style="list-style-type: none"> • Lower burden of proof than litigation Speed (1 year from date of acceptance) | <ul style="list-style-type: none"> • Risk of countersuit by patentee (cannot file anonymously) |
| <ul style="list-style-type: none"> • Direct appeal to Federal Circuit | <ul style="list-style-type: none"> • Risk of “gold plating” the patent |
| <ul style="list-style-type: none"> • Likelihood of litigation stay | <ul style="list-style-type: none"> • Claims can be amended |
| <ul style="list-style-type: none"> • Discovery | <ul style="list-style-type: none"> • Page limits |
| <ul style="list-style-type: none"> • Adversarial Proceeding | <ul style="list-style-type: none"> • Must be filed within nine months after patent issuance |
| <ul style="list-style-type: none"> • Substantial claim amendments remove past damages | |
| <ul style="list-style-type: none"> • Decision by patent experts rather than district court judge or jury | |

One major feature that distinguishes PRG from IPR is that PGR can be requested immediately after a patent issues. Because the Federal Circuit has significantly raised the bar for establishing willful infringement in recent years, a challenger now has an incentive to monitor competitor patent portfolios with relatively lower risk of incurring treble damages in court. A challenger can more safely consider the claimed subject matter and disclosures in a competitor’s patent to improve its own pending applications. Alternatively, if the challenger determines with a high degree of confidence that at least some of the claims of an issued patent are invalid, particularly in light of what was known by the public at the time of the alleged invention by way of use or sale of a product, the challenger may seek to invalidate that patent immediately using PGR.

PGR also offers more grounds for invalidating a patent than either IPR or ex parte reexamination. PGR allows a challenger to show invalidity under § 101, for claiming abstract, non-patentable subject matter, or under § 112 for indefiniteness, lack of written description, and lack of enablement. PGR even allows a challenger to submit evidence of prior sale or use under §§ 102 and 103.

These additional grounds to show invalidity are highly useful, for example, if a prior art patent or publication is not as strong a reference as a prior art product. Limited discovery similar to that available under IPR is available under PGR. If the prior art is a product or a method sold or used, discovery and cross-examination can be used by a challenger to obtain technical documentation and information about dates of sale and use.

Discovery and cross-examination are particularly beneficial if the prior art is a product that is sold or used or a method that is practiced, because the challenger can obtain documentation about such products and depose witnesses on issues such as product features and dates of sale and use. Moreover, in order to overcome a challenge under §§ 101 and 112, the patentee may have to present arguments and explain the claim terms, and alternatively or in addition, amend certain claim terms. These statements would become part of the intrinsic record for the patent, preventing the patentee from making inconsistent arguments during a subsequent proceeding.

However, the additional grounds of invalidity that are available under PGR present a double-edged sword: the challenger risks estoppel as to any claim for which a final written decision issued in any subsequent civil action or ITC proceeding on any ground the challenger raised or “reasonably could have raised.” If the PTO finds a claim to be valid, there are very few options left for a challenger to pursue in court, unless the challenger can come up with a new invalidity theory that it can show it could not have reasonably raised during PGR. Therefore, before seeking PGR, the challenger must know with a very high degree of confidence that it has discovered and applied the applicable prior art references, including patents, publications and products. Discovery is available for only three months, which may impose a practical limit on how much product information can be obtained from documents and witnesses. Even when all applicable art and related information has been found, proving invalidity based on that art may be difficult because the page limit – 80 pages – will restrict the ability of petitioners to adequately address every possible ground.

Transitional Program for Covered Business Method Patents – a New and Useful Tool for Been There, Done That Naysayers

The patents covered under the transitional program for covered business method (“CBM”) patents must claim a method or apparatus for performing data processing or other operations used in the practice, administration or management of a financial product or service, and those patents must not include technological inventions. Procedurally, the transitional program for CBM patents is very similar to PGR. Unlike PGR, however, review of CBM patents can be sought for patents issuing under the first-to-invent regime, and as such, the transitional program is already available. Another distinction with respect to PGR is that to seek review under the transitional program, the challenger must have been accused of infringement. Another important difference is that the estoppel provision in CBM is much less severe than in PGR. The advantages and disadvantages of the transitional program are summarized in Table 3. Differences from IPR and PGR are emphasized.

Table 3: Advantages and Disadvantages of the Transitional Program for CBM Patents

Advantages	Disadvantages
-------------------	----------------------

- | | |
|--|--|
| <ul style="list-style-type: none"> • Broad grounds of attack, including indefiniteness • <i>Broad grounds may be particularly advantageous, if not necessary, to challenge business method patents</i> • <i>As a matter of fact, can be filed immediately after patent grant</i> • High likelihood of some clarification/file history estoppel • Lower burden of proof than litigation • Speed (1 year from date of acceptance) • Direct appeal to Federal Circuit • Likelihood of litigation stay • Discovery • Adversarial proceeding • Claim amendments remove past damages • Decision by patent experts rather than district court judge or jury | <ul style="list-style-type: none"> • <i>Broad range of estoppel (including indefiniteness, written description, invalidity based on sale or use or a prior art product, etc.), however, estoppel is limited only to issues actually raised and does not extend to all issues that could have reasonably been raised as in IPR and PGR.</i> • <i>Challenger must have been accused of infringement</i> • Cost can be higher than even that of IPR • Cannot file subsequent requests • Risk of countersuit by patentee (cannot file anonymously) • Risk of “gold plating” the patent • Claims can be amended • Page limits • Unclear exactly how “covered business method” will be interpreted by PTAB • After 3/16/13, only available nine months or more after patent issuance |
|--|--|

Because the transitional program is substantially the same as PGR, the advantages and disadvantages of PGR discussed above also apply to the transitional program. In particular, a main disadvantage of the transitional program, similar to that of the PGR, is that more grounds for invalidity are available under the transitional program, and, as a consequence, the estoppel effect can be harsher than that resulting from IPR or ex parte reexamination.

PGR is likely to be more attractive to challengers of business method patents than other kinds of inventions. Showing invalidity through IPR or ex parte reexamination is often not feasible with respect to CBM patents, because business methods were not widely pursued in the past, and businesses typically chose to keep their methods secret rather than publish them. But evidence of prior sale or past use, known by industry practitioners, is often easier to track down – and can be relied upon to invalidate CBM patents through the transitional program.

Ex Parte Reexamination: An Old Procedure Offering New Leverage For Third-Party Requesters – Without the Estoppel

Risk

In most respects unchanged in the wake of the AIA, ex parte reexamination remains a viable option for asking the PTO to take a closer look at an issued patent without the risk of estoppel. Under this procedure, anyone can submit references for consideration by the Central Reexamination Unit. Available any time during the enforceability of a patent, ex parte reexamination is granted upon a finding that the submitted references raise a “substantial new question of patentability.” Notably, ex parte reexamination is not available to a third-party requestor if the PTO has already reached a final decision in a PGR or IPR that was requested by the same party (or its privies) on the same patent.

As in the past, prior art references remain limited to patents and printed publications. Post-AIA, however, third party requestors have a new tool in their arsenal – the explicit ability to submit statements that the patent owner made to a federal court or to the PTO concerning claim scope. This will help force patent owners to take consistent positions in each forum, and increase the odds that claims will be narrowed or invalidated in reexamination.

Table 4: Advantages and Disadvantages of Ex Parte Reexamination (Challenger’s Perspective)

Advantages	Disadvantages
<ul style="list-style-type: none"> • Relatively low cost 	<ul style="list-style-type: none"> • Slow turnaround time (2+ years)
<ul style="list-style-type: none"> • Anonymity for requester 	<ul style="list-style-type: none"> • Low likelihood of complete success
<ul style="list-style-type: none"> • Good likelihood of file history clarification, and file history estoppel 	<ul style="list-style-type: none"> • Third-party requester cannot participate in or control proceedings after submitting references
<ul style="list-style-type: none"> • No restriction on filing multiple requests or subsequent IPR 	<ul style="list-style-type: none"> • Patent owner can add narrower claims to more specifically cover alleged infringers while avoiding prior art
<ul style="list-style-type: none"> • No estoppel risk in litigation 	<ul style="list-style-type: none"> • Risk that patent owner will convince examiner of post-issuance, litigation-inspired claim construction arguments
<ul style="list-style-type: none"> • Potential stay of litigation 	<ul style="list-style-type: none"> • Risk of “gold-plating” patent, especially if patentee makes available all prior art
	<ul style="list-style-type: none"> • No discovery

Ex parte reexamination offers several significant advantages compared to other procedures. Significantly, a third-party requestor can remain anonymous, and faces no risk of estoppel in litigation based on references submitted. Initiating ex parte reexamination is often an effective strategy for staying litigation. The cost for an ex parte reexamination is relatively low (generally between \$60,000 and \$100,000). Moreover, there is no restriction on filing multiple subsequent ex parte reexamination requests. If an ex parte reexamination request is granted, it will likely yield some clarification of claim scope and create file history that will estop the

patent owner from taking inconsistent positions in other venues. Recent PTO statistics show that 67% of ex parte reexamination proceedings result in claim changes (which is broadly defined to include the addition of new claims). This is nearly comparable to the 89% claim change rate for inter partes reexamination – the pre-AIA equivalent of inter partes review – at much lower cost.

The disadvantages of ex parte reexamination spring directly from its virtues. A third-party requestor may enjoy anonymity and the lack of estoppel, but cannot participate in and has no control over the proceedings once initiated. The tradeoff of lower cost is slower turnaround time (over two years) and no opportunity for discovery. Another disadvantage from the point of view of patent challengers is that interviews may be “off the record,” limiting the potential file history estoppel effect. A third-party requester runs the risk that reexamination will “gold plate” the patent – especially if the patent owner makes available all prior art – thereby giving the patent a stronger stamp of approval from the PTO that will be harder to challenge in court. Even worse for a would-be challenger, a patent owner can use reexamination as an opportunity to add narrower claims that will more specifically cover an allegedly infringing target while avoiding the prior art, or convince the examiner of post-issuance litigation-inspired claim constructions.

Derivation: A Limited Replacement for Interference Proceedings

Like IPR, PGR and the transitional program, derivation is available solely to a challenger, but unlike those review procedures and ex parte reexamination, the purpose of derivation is not merely to demonstrate the invalidity of the challenged claims. Instead, in a derivation proceeding, a challenger attempts to show that the patented invention was derived from the challenger’s own invention, which may or may not have been patented. This new procedure is necessary because, after the implementation of the FITF regime, first inventors will no longer be able to assert their rights through interference proceedings. Starting on March 16, 2013, and applicable to patent claims filed on or after that date, the only option a first inventor will have is a derivation proceeding – if a patent application has been filed on the purported first invention, and if the derivation petition is made within one year of the date of the first publication of the petitioner’s patent application. The petitioner in a derivation must show that the challenged application has a claim that is “the same or substantially the same” as at least one claim in its own application, that the challenged invention was derived from an inventor named in the petitioner’s application and that the inventor did not authorize the earlier filing.

Table 5: Advantages and Disadvantages of Derivation

Advantages	Disadvantages
<ul style="list-style-type: none"> • Less expensive than court proceedings • Tribunal with specialized expertise in inventorship • Discovery available • Issues may be resolved through binding arbitration; proceedings may be terminated altogether by agreement on inventorship 	<ul style="list-style-type: none"> • Examiner could reject previously allowed claims based on prior art • May still have to litigate infringement • PTO will likely wait to take any action until challenger’s claims are otherwise in condition for allowance

Due to the adversarial nature of the proceeding, the \$400 fee charged by the PTO will pale in comparison to the attorney’s fees that will be incurred through motion practice, interim hearings and discovery. Nonetheless, derivation proceedings are likely to prove less expensive than litigation. By analogy to the costs of interference proceedings reported in AIPLA’s 2011 survey, the total median cost for pursuing derivation, exclusive of appeals, may be around \$340,000, depending on the number of claims involved, the

technical complexity of the subject matter and the scope of discovery. Because derivations will be conducted by the PTAB, discovery will be governed by the general rules of that body. Thus, there will be mandatory initial disclosures, routine discovery (related to documents cited, or information inconsistent with positions advanced during the proceeding) and additional discovery by agreement of the parties or on motion if it meets the “interests of justice” standard. Parties will be able to resolve any issue by binding arbitration and may terminate the proceedings altogether upon reaching a settlement agreement as to correct inventorship.

It is likely that derivation proceedings will not be resolved quickly. By statute the PTO may defer action until three months after a patent is granted. The PTO has stated that it will generally wait to take action on a petition until the petitioner’s claim is otherwise in condition for allowance. Other disadvantages include the risk that, if not all claims covering a petitioner’s product are found to have been derived, the petitioner may still have to litigate infringement. In addition, claims of the petitioner could be invalidated in the course of the proceeding. The implementing rules provide that the PTAB will for good cause be able to authorize or direct the parties to address patentability issues that arise in the course of a derivation proceeding.

Recommendations for Patent Challengers

IPR can be a meaningful alternative to litigation if patents and publications available as prior art references clearly disclose the features of claims for which IPR is sought. The challenger preserves some grounds to show invalidity of the asserted claims in a subsequent proceeding, and by seeking to invalidate only some and not all claims in the patent all grounds may be preserved with respect to those unasserted claims. A finding of invalidity of some of the claims is beneficial in proving the invalidity of the unasserted claims in a later proceeding and if the patentee is forced to amend claims, the challenger can avoid past damages and may have a stronger non-infringement position.

As described above, as a practical matter PGR may not be available immediately after March 16, 2013, the date on which the FITF regime becomes effective. In seeking PGR (including review of CBM patents under the transitional program) it is beneficial to refrain from asserting invalidity of every claim so that grounds for invalidity are preserved with respect to at least the unasserted claims.

Ex parte reexamination is recommended for patent challengers who want to force patentees to take a position on a particular issue (e.g. claim construction) or prior art reference without running the risk of estoppel. It is also beneficial for third parties on a limited budget.

Derivation is recommended for third parties who have a strong case for prior invention and evidence that the challenged patent was derived from their own work without authorization.

PROCEDURES FOR PATENT OWNERS

The AIA also gives patent owners more options for putting their patents and file histories in better condition in preparation for enforcement. Between ex parte reexamination, supplemental examination and reissue, patent owners have the ability to address almost any omission, misrepresentation or other defect in an issued patent – without the risk of being thwarted by questions of subjective intent. Important features of these proceedings are summarized in Table B, and the advantages and disadvantages of each procedure are discussed below.

Ex Parte Reexamination: A Cost-Effective Option for Patent Owners to Preemptively Distinguish Prior Art

Ex parte reexamination is not just for patent challengers. Patent owners also frequently invoke this procedure to preemptively address specific prior art references that might be problematic in litigation. A patent that survives reexamination is more likely to withstand a validity challenge in court – as litigators are fond of reminding juries, a patent that has been reexamined has withstood the expert scrutiny of the PTO not once but twice.

Table 6: Advantages and Disadvantages of Ex Parte Reexamination (Patentee’s Perspective)

Advantages	Disadvantages
<ul style="list-style-type: none"> • Relatively low cost 	<ul style="list-style-type: none"> • Slow turnaround time (2+ years)
<ul style="list-style-type: none"> • Can preemptively address problematic prior art in preparation for litigation 	<ul style="list-style-type: none"> • Risk that PTO will narrow or reject claims
<ul style="list-style-type: none"> • Ability to file formal statement and to schedule “off the record” interviews with examiner 	<ul style="list-style-type: none"> • Patent owner cannot terminate proceedings at will
<ul style="list-style-type: none"> • Right of appeal 	

Patent owners have certain rights in ex parte reexamination proceedings that are not granted to third-party requestors. For example, patent owners have the power to influence the PTO’s views of the submitted references, by filing a statement setting forth the patent owner’s perspective on the references or arranging interviews with an examiner which may not be completely documented on the record. Patent owners, but not third parties, also have the ability to appeal an unfavorable decision.

The major risk for patent owners is that the PTO could find that a referenced patent or printed publication is prior art that necessitates amending or rejecting one or more claims of the patent. Moreover, despite the active role a patent owner can play in the proceedings, the patent owner cannot make the PTO terminate proceedings once initiated.

Supplemental Examination: A New Procedure to Immunize Patent Owners from Inequitable Conduct And Other Litigation Defenses

Patent owners interested in correcting information in an issued patent should consider requesting supplemental examination, a new procedure available exclusively to patent owners that applies to any enforceable patent, regardless of when it was issued. The request is judged according to the same “substantial new question of patentability” standard as ex parte reexamination, and will result in an ex parte reexamination if the PTO finds that any of the information presented raises a substantial new question of patentability. Under the AIA, the PTO is required to make its determination within three months after a request is filed. A supplemental examination is essentially conducted according to the same procedures as ex parte reexamination, except that the patent owner does not have the right to file a statement explaining its position.

Table 7: Advantages and Disadvantages of Supplemental Examination

Advantages	Disadvantages
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- | | |
|---|---|
| <ul style="list-style-type: none"> • No limit to the type of information that can be considered • Can change not only patents, but also other written information in the file history including declarations and Office Action responses • Inoculate against invalidity or unenforceability challenges in litigation • Not required to admit defect in patent • Submitted information remains in file history even if ex parte reexamination not granted | <ul style="list-style-type: none"> • Risk that examiner will reject previously allowed claims based on prior art • Must pay full fee for both supplemental examination and ex parte reexamination up front • Unlike ex parte reexamination, patent owner cannot file a statement • Only 12 items of information may be submitted • No amendments |
|---|---|

Supplemental examination offers many advantages for a patent owner. Notably, there is no limit to the type of information that can be corrected – the AIA merely specifies that the information must be in writing and must be “believed to be relevant to the patent.” Patent owners will therefore be able to use this procedure to make a wide variety of changes to their patent or file history, including to cure false statements or misrepresentations in the specification, declarations or responses to Office Actions. Unlike reissue, the patent owner is not required to admit the existence of a specific defect in the patent. Supplemental examination is expected to become a popular strategy for overcoming defects prior to enforcement. It can be used to inoculate against both invalidity and enforceability challenges – so long as unenforceability has not already been raised either as a defense in a lawsuit or in a Paragraph IV certification to the Food and Drug Administration. The AIA provides that a patent cannot be found unenforceable based on information “considered, reconsidered or corrected during a supplemental examination.” Supplemental examination can thus cure not only inequitable conduct, but also issues related to enablement, written description and patentable subject matter. Almost the only issue that cannot be cured is material fraud (a much narrower standard than inequitable conduct) – which, if found, may still result in cancellation of claims or a confidential referral to the U.S. Attorney General. Interestingly, the patent owner stands to benefit from this procedure even if the PTO does not order subsequent ex parte reexamination – because the submitted information will remain in the file history.

Among the disadvantages of supplemental examination is the risk that an examiner could reject previously issued claims based on prior art once the action has been opened. Another disadvantage is that the patent owner must pay both the supplemental examination fee of \$5,140 and the ex parte reexamination fee of \$16,120 up front, although the ex parte portion will be refunded if a substantial new question of patentability is not found. Patent owners are also forced to be judicious in their selection of references, in that only 12 items of information may be submitted with a request. Further, patent owners cannot file any amendments with their request.

Reissue: A Cost Effective Alternative to Supplemental Examination, Now Free of Subjective Restrictions

Reissue is another pre-AIA procedure that remains essentially the same, with one significant exception: a patent owner who seeks to correct defects in an issued patent is no longer limited to correcting defects that were made “without deceptive intent.” Similar to the addition of inequitable conduct immunity through supplemental examination, the aim of this change is to avoid the cost of adjudicating subjective questions. Through reissue, patent owners can address a range of defects relating to § 102 prior art, subject matter eligibility, utility, written description, enablement or clarity of the claims.

Table 8: Advantages and Disadvantages of Reissue

Advantages	Disadvantages
<ul style="list-style-type: none"> • Cheaper than supplemental examination • Can narrow claims at any time, or broaden claims if filed within 2 years of original patent grant • No longer limited to fixing defects that arose without deceptive intent 	<ul style="list-style-type: none"> • Patent owner must admit defect in patent • Slower than supplemental examination (average pendency just under 5 years)

Reissue is cheaper than supplemental examination (even without an attendant ex parte reexamination) and gives the patentee the ability to change claim scope. Narrower claims can be added to reissues filed at any time. The scope of any claim can be broadened if a reissue request with at least one broadened claim is filed within two years of the original patent grant. In addition, if the reissue process is abandoned, the patent will retain its original claims (although the file history of the abandoned reissue application will remain publicly accessible). The main disadvantage of reissue is that – unlike with supplemental examination – a patent owner must admit the existence of a defect in its patent. Reissue is also slower than supplemental examination.

Recommendations for Patent Owners

Ex parte reexamination is recommended for patent owners who need to distinguish particular prior art prior to enforcement. Supplemental examination is recommended for patent owners seeking to immunize themselves against popular litigation defenses such as inequitable conduct prior to taking enforcement actions. Reissue is recommended for patent owners who wish to broaden claims, or who are seeking a cost-effective alternative to supplemental examination.

Certificate of Correction: The Cheapest Remedy for “Minor” Mistakes (Including Inventorship)

Patent owners may request a certificate of correction to fix three categories of mistakes: (i) mistakes by the applicant, (ii) mistakes by the PTO and (iii) mistakes concerning inventorship. For mistakes by the applicant, correctable errors are restricted to clerical or typographical mistakes, or mistakes “of minor character.” Mistakes are considered “minor” if they do not materially affect the scope of meaning of the patent. Accordingly, most mistakes affecting claim scope must be corrected by reissue rather than by a certificate of correction. Proposed corrections also cannot involve changes that would constitute new matter or require reexamination. In contrast to the AIA’s elimination of the subjective aspect of reissue proceedings, the AIA does not alter the restriction that only mistakes made in “good faith” may be corrected.

Patent owners may save time and money in litigation by preemptively addressing even errors that seem immediately apparent (such as obvious misspellings, or failure to perfect a claim for priority where other applications in the same family satisfy the statutory requirements). Requesting a certificate of correction is even more important where the existence or nature of an error is unclear (for example, “osmolality” mis-typed as “osmolarity”) because errors that are not evident from the face of the patent cannot be corrected in court and therefore may jeopardize patent validity in litigation.

Mistakes by the PTO can be addressed through a certificate of correction where such mistakes are “clearly disclosed” in the PTO’s records. The PTO has discretion in determining whether to issue a certificate of correction or a corrected patent, or to merely place the request in the file history. Although this procedure is not restricted to patent owners, the PTO has no obligation to act on or respond to submissions of information about mistakes in issued patents that are sent by third parties. Moreover, the PTO will not issue a certificate of correction without first affording a patent owner an opportunity to be heard.

Perhaps the most strategically significant correction that may be achieved through this procedure is correction of inventorship, which may either be requested through an application submitted to the Director of the Patent Office or sought through court action. Applications to the Director must be made by “all the parties and assignees” and must include “proof of the facts.” As with reissue, here too the AIA eliminates the requirement that errors have been made “without deceptive intent” on the part of the inventor to be added or removed. Errors in inventorship cannot invalidate a patent that has been corrected under this provision.

Table 9: Advantages and Disadvantages of a Certificate of Correction

Advantages	Disadvantages
<ul style="list-style-type: none"> • Cheapest option for correcting mistakes made by the applicant (\$130 for errors in inventorship; \$100 for other errors) • Correction of inventorship no longer limited to errors that arose without deceptive intent • Mistakes incurred through the fault of the PTO may be corrected for free 	<ul style="list-style-type: none"> • Correction of mistakes by a patent owner are strictly limited to clerical or typographical mistakes, or mistakes of “minor character” • Cannot add new matter or make changes that would require reexamination • Only mistakes that the patent owner made in “good faith” may be corrected • The PTO retains discretion in determining whether and how to correct mistakes incurred through the fault of the PTO • Effect of corrections for mistakes other than inventorship is limited to later-arising causes of action and will not aid pending lawsuits

Regardless of whether the mistake was made by the patent owner or by the PTO, a certificate of correction for mistakes other than inventorship becomes legally effective only for causes of action that arise after the certificate issues. Thus, the Federal Circuit has found that a certificate of correction issued while a lawsuit is pending cannot be given effect in that lawsuit.

Recommendations for Patent Owners

A certificate of correction is the most appropriate remedy for minor mistakes or mistakes that have clearly been incurred through the fault of the PTO. Where the desired change does not concern inventorship but nonetheless might have strategic significance, patent owners are advised to wait until a certificate of correction issues before filing suit.

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EXHIBIT 2

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SANFORD L.P. (d/b/a DYMO),
DYMO B.V.B.A. and
NEWELL RUBBERMAID, INC.

Plaintiffs,

v.

ESSELTE AB,
ESSELTE LEITZ GMBH & CO. KG,
ESSELTE CORPORATION
and
DAVID BLOCK,

Defendants.

14 Civ.07616-VSB

DECLARATION OF CHARLES M. CURLEY

1. Pursuant to 28 U.S.C. § 1746, the undersigned, CHARLES M. CURLEY, hereby declares as follows:

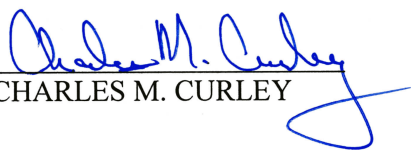
2. I was retained by DYMO as an expert for the preliminary injunction motion and hearing in this case. My description of my qualifications and C.V. were previously filed with the court in connection with the referenced hearing. My rate was \$250 an hour. I spent 182 hours on work related to the preliminary injunction and my total bill, including costs, was \$52,517.

3. I understand that defendants have initiated *inter partes* review actions against the patents addressed at the hearing. I am familiar with the subject matter of the actions and I have acted as an expert in the past in connection with inter partes reviews. I would estimate that, if retained to address those actions, I would need to review the materials filed by defendants,

including the additional expert testimony and prior art. I would prepare, to the extent applicable, any appropriate testimony responding to those materials and make myself available for any deposition. I would estimate that such tasks would engage approximately 100 hours of time for each patent for the duration of each *inter partes* review. Depending on the precise nature of the discovery, I would estimate that the costs involved for the tasks outlined above would be somewhere in the range of approximately \$110,000 for four *inter partes* review actions.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 16th day of April, 2015.


CHARLES M. CURLEY