

**UNITED STATES DISTRICT COURT  
FOR THE 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.

**Civil Action No. 1:14-cv-07616-VSB**

**ESSELTE'S OPPOSITION TO PLAINTIFFS'  
SECOND MOTION FOR A PRELIMINARY INJUNCTION**

## TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES .....	iii
<b>I. INTRODUCTION.....</b>	<b>1</b>
<b>II. FACTUAL BACKGROUND.....</b>	<b>3</b>
<b>A. The Stock Purchase Agreement (“SPA”) .....</b>	<b>3</b>
1. The Venue Provision of the SPA Prohibits Filing an Action Relating to the SPA in a Court Outside of New York .....	3
2. Esselte AB Represented that it Owned, or Had Sufficient Valid Right to Use, Intellectual Property.....	4
3. Esselte AB’s Intellectual Property Warranties Expired After Three Years.....	4
4. Esselte Did Not Need to Assign the Patents Because They Were Already Owned by the “Companies”.....	5
<b>B. Esselte’s <i>Inter Partes</i> Review Petitions Filed at the PTO .....</b>	<b>5</b>
<b>III. APPLICABLE LEGAL STANDARDS.....</b>	<b>6</b>
<b>IV. PLAINTIFFS ARE UNLIKELY TO SUCCEED ON THE MERITS .....</b>	<b>7</b>
<b>A. Esselte’s Filing IPR Petitions Did Not Breach the Forum Selection Clause ...</b>	<b>7</b>
1. Esselte’s IPR Petitions Do Not Arise Out of the SPA .....	7
2. Esselte’s IPR Petitions Do Not Relate to the SPA.....	8
3. An IPR Proceeding is Not an “Action” and the PTO is Not a “Court” ....	12
<b>B. Under Plaintiffs’ Interpretation, the Forum Selection Clause Is        Unenforceable Because it Contravenes Public Policy.....</b>	<b>16</b>
<b>C. Neither Esselte AB’s Intellectual Property Warranty Nor        Assignor Estoppel Provides a Basis for Enjoining Esselte’s        Participation in IPR Proceedings .....</b>	<b>18</b>
1. Esselte Did Not Warrant Patent Validity and the Claim is Time-Barred .....	18
2. Assignor Estoppel Provides No Basis for Injunctive Relief.....	18

- V. PLAINTIFFS HAVE FAILED TO SHOW IMMINENT IRREPARABLE HARM..... 20**
  - A. An Alleged Breach of a Forum Selection Clause Does Not Abrogate Plaintiffs’ Burden to Show Irreparable Harm..... 20**
  - B. Plaintiffs Have Failed to Establish that Newell Would Experience Irreparable Harm Absent an Injunction ..... 23**
- VI. THE BALANCE OF HARDSHIPS FAVORS ESSELTE ..... 24**
- VII. THE PUBLIC INTEREST WOULD BE DISSERVED BY GRANTING AN INJUNCTION ..... 25**

## TABLE OF AUTHORITIES

	<b>Page(s)</b>
<b>Cases</b>	
<i>ACE Secs. Corp. v. DB Structured Prods., Inc.</i> , 112 A.D.3d 522, 977 N.Y.S.2d 229 (1st Dep't 2013) .....	18
<i>Advanced Global Tech., LLC v. XM Satellite Radio, Inc.</i> , 2007 WL 3196208 (S.D.N.Y. Oct. 29, 2007) .....	18
<i>Altwater Gessler-J.A. Baczewski Int'l (USA) Inc. v. Sobieski Destylarnia S.A.</i> , 572 F.3d 86 (2d Cir. 2009).....	8
<i>Anselmo v. Univision Station Grp., Inc.</i> , 1993 WL 17173 (S.D.N.Y. Jan. 15, 1993) .....	8, 9
<i>Armco Inc. v. N. Atl. Ins. Co.</i> , 68 F. Supp. 2d 330 (S.D.N.Y. 1999).....	12
<i>In re Assicurazioni Generali S.p.A. Holocaust Ins. Litigation</i> , 228 F. Supp. 2d 348 (S.D.N.Y. 2002).....	17
<i>AVCO Fin. Corp. v. Commodity Future Trading Comm'n</i> , 929 F. Supp. 714 (S.D.N.Y. 1996).....	21
<i>B&amp;B Hardware, Inc. v. Hargis Indus., Inc.</i> , 135 S.Ct. 1293 (2015).....	13
<i>Boehringer Ingelheim Vetmedica, Inc. v. Merial, Ltd.</i> , 2010 WL 174078 (D. Conn. Jan. 14, 2010).....	10, 11
<i>Callaway Golf Co. v. Kappos</i> , 802 F. Supp. 2d 678 (E.D. Va. 2011) .....	13, 16, 25
<i>Cfirstclass Corp. v. Silverjet PLC</i> , 560 F. Supp. 2d 324 (S.D.N.Y. 2008).....	9, 10
<i>In re Convertible Rowing Exerciser Patent Litigation</i> , 616 F. Supp. 1134 (D. Del. 1985).....	21
<i>Corcovado Music Corp. v. Hollis Music, Inc.</i> , 981 F.2d 679 (2d Cir. 1993).....	8
<i>Coregis Ins. Co. v. Am. Health Found., Inc.</i> , 241 F.3d 123 (2d Cir. 2001).....	11

*Cruden v. Bank of New York*,  
957 F.2d 961 (2d Cir. 1992).....6

*Cuno, Inc. v. Hayward Indus. Prods, Inc.*,  
2005 WL 1123877 (S.D.N.Y. May 10, 2005) .....11

*Diamond Scientific Co. v. Ambico, Inc.*,  
848 F.2d 1220 (Fed. Cir. 1988).....20

*Diesel Props S.r.L. v. Greystone Bus. Credit II LLC*,  
2008 WL 4833001 (S.D.N.Y. Nov. 5, 2008).....11

*Dole Food Co. v. Patrickson*,  
538 U.S. 468 (2003).....20

*In re EMC Corp.*,  
677 F.3d 1351 (Fed. Cir. 2012).....9

*Matter of Fontana D’Oro Foods (Agosta)*,  
65 N.Y.2d 886 (N.Y. 1985) .....20

*Galli v. Metz*,  
973 F.2d 145 (2d Cir. 1992).....15

*Gen. Protecht Grp., Inc. v. Leviton Mfg. Co., Inc.*,  
651 F.3d 1355 (Fed. Cir. 2011).....10

*Gross v. New York City Health & Hosps. Corp.*,  
505 N.Y.S.2d 678 (2d Dep’t 1986).....18

*Hockeyline, Inc. v. STATS LLC*,  
No. 1:13-CV-01446, Dkt. No. 45 (S.D.N.Y. Oct. 20, 2014) .....25

*Idaho Potato Comm’n v. M&M Produce Farm & Sales*,  
335 F.3d 130 (2d Cir. 2003).....16

*John Wyeth & Bro. Ltd. v. CIGNA Int’l Corp.*,  
119 F.3d 1070 (3d Cir. 1997).....9

*Joy Mfg. Co v. Nat’l Mine Servs. Co., Inc.*,  
810 F.2d 1127 (Fed. Cir. 1987).....13, 14

*LaSalle Bank Nat’l Ass’n v. Nomura Asset Capital Corp.*,  
424 F.3d 195 (2d Cir. 2005).....6

*Lear, Inc. v. Adkins*,  
395 U.S. 653 (1969).....16, 19, 20

*M/S Bremen v. Zapata Off-Shore Co.*,  
407 U.S. 1 (1972).....7, 16

*Martinez v. Bloomberg LP*,  
740 F.3d 211 (2d Cir. 2012).....6

*McGraw-Hill Cos., Inc. v. Vanguard Index Trust*,  
139 F. Supp. 2d 544 (S.D.N.Y. 2001).....10

*McLaughlin Gormley King Co. v. Terminix Int’l Co.*,  
105 F.3d 1192 (8th Cir. 1997) .....22

*MONY Secs. Corp. v. Vasquez*,  
238 F. Supp. 2d 1304 (M.D. Fla. 2002).....22

*Nigh v. Koons Buick Pontiac GMC, Inc.*,  
478 F.3d 183 (4th Cir. 2007) .....14

*PaineWebber v. Hartmann*,  
921 F.2d 507 (3d Cir. 1990).....21, 22

*Pan American Petroleum & Transp. Co. v. U.S.*,  
273 U.S. 456 (1927).....19

*Patlex Corp. v. Mossinghoff*,  
758 F.2d 594 (Fed. Cir 1985).....25

*Phoenix Surgicals, LLC v. Blackstone Med., Inc.*,  
2011 WL 63992 (D. Conn. 2011).....17

*Production Resource Group, L.L.C. v. Martin Professional, A/S*,  
907 F. Supp. 2d 401 (S.D.N.Y. 2012).....10

*Rates Tech., Inc. v. Speakeasy, Inc.*,  
437 Fed. App’x 940 (Fed. Cir. 2011) (unpublished) .....16

*Rates Tech., Inc. v. Speakeasy, Inc.*,  
685 F.3d 163 (2d Cir. 2012).....17

*Red Bull Assocs. v. Best Western Int’l, Inc.*,  
686 F. Supp. 447 (S.D.N.Y. 1988).....17

*Renegotiation Bd. v. Bannerkraft Clothing Co.*,  
415 U.S. 1 (1974).....21

*Ross v. Bernhard*,  
396 U.S. 531 (1970).....14

*Semiconductor Energy Lab. Co. v. Nagata*,  
706 F.3d 1365 (Fed. Cir. 2013).....19

*Senju Pharm. Co. v. Metrics, Inc.*,  
\_\_\_ F. Supp. 3d \_\_\_, 2015 WL 1472123 (D.N.J. Mar. 31, 2015) .....14

*Singer Co. v. P.R. Mallory & Co., Inc.*,  
671 F.2d 232 (7th Cir. 1982) .....23

*Sola Electric Co. v. Jefferson Electric Co.*,  
317 U.S. 173 (1942).....19, 20

*Sussman v. Crawford*,  
488 F.3d 136 (2d Cir. 2007).....6

*Texas Instruments, Inc. v. Tessera, Inc.*,  
231 F.3d 1325 (Fed. Cir. 2000).....10, 11, 14, 23

*Winter v. Natural Res. Def. Council, Inc.*,  
555 U.S. 7 (2008).....6

**Statutes**

35 U.S.C. § 271(a) .....10

35 U.S.C. § 311.....7, 8

Leahy-Smith America Invents Act, Pub. L. No. 112-29  
§ 6(a), 125 Stat. 284 (2011) .....8

**Other Authorities**

77 Fed. Reg. 48 (Aug. 14, 2012).....14

BLACK’S LAW DICTIONARY (9th ed. 2009).....14

Brian J. Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. CHI. L. REV. DIALOGUE 93 (2014) .....25

In re Callaway Golf Co. *Inter Partes* Reexamination Proceeding, Decision on  
Petition to Vacate Order Granting Reexamination, Control No. 95/000,123  
(Office of Patent Legal Admin. June 7, 2006).....17

S. Rep. No. 111-18 (2009).....17, 19

## I. INTRODUCTION

This is Plaintiffs' second motion for a preliminary injunction. Plaintiffs' first motion asked the Court to enjoin Esselte from selling its innovative Leitz Icon printer. The Court denied that motion because Plaintiffs failed to show that Esselte, which the Court characterized as the true innovator, threatened irreparable harm to Plaintiffs' dominant market position. Plaintiffs now come back a second time, asking the Court to enjoin Esselte from pursuing *inter partes* review ("IPR") of the patents Plaintiffs have accused Esselte of infringing. Esselte filed IPR petitions, as is Esselte's statutory right, in response to the sweeping manner that Plaintiffs have argued those patents should be construed. If the patents are as broad as Plaintiffs assert, they cover old technology, and the Patent Office should declare them invalid. The Court should deny Plaintiffs' extraordinary and unprecedented request to deny Esselte its right to pursue this relief.

Plaintiffs are unlikely to succeed in their effort to be the first patent owner ever to obtain an injunction against a party's participation in IPR proceedings at the U.S. Patent and Trademark Office ("PTO"). Plaintiffs primarily rely on the forum selection clause in the Stock Purchase Agreement ("SPA"), but that clause says nothing about administrative proceedings such as IPR. It merely confines any "action" "relating to" the SPA to a "court" in New York. Of course, the PTO is not a court, and IPR is not an action. In addition, Esselte's IPR petitions do not "relate to" the SPA. Therefore, Esselte did not breach the forum selection clause. Furthermore, even if Esselte's filing IPR petitions were a breach (which it is not), the clause could not be enforced to prevent Esselte's participation in IPR proceedings due to the strong public policy favoring removal of invalid patents, which drove Congress's creation of these proceedings.

Plaintiffs also briefly argue that Esselte's representations regarding "Intellectual Property" in the SPA and assignor estoppel can support enjoining Esselte's participation in IPR proceedings. These arguments are even more meritless. Esselte did not warrant patent validity.



In any event, any claim for breach is time barred because the warranty in dispute expired long ago and the statute of limitations has run. Plaintiffs' attempt to use assignor estoppel offensively to seek an injunction is contrary to controlling law. This equitable doctrine is only a shield available to defend against invalidity in court, not a sword that can support affirmative relief. Indeed, although there have been many IPR proceedings where the PTO has held assignor estoppel inapplicable, Plaintiffs ask this Court to be the first to ignore Federal Circuit precedent and apply assignor estoppel as a sword to bar a petitioner's participation in IPR proceedings.

Besides failing to show a likelihood of success, Plaintiffs also have failed to meet their burden on the other factors required to obtain preliminary relief. The only evidence that Plaintiffs present of alleged irreparable harm resulting from Esselte's participation in IPR proceedings is that Plaintiffs would incur outside counsel and expert costs to defend the patents. Plaintiffs have estimated the cost of this harm. The alleged harm therefore is plainly calculable and could be compensated by damages.

Finally, both the private and public interest factors weigh heavily against injunctive relief. Plaintiffs seek to avoid having to face an invalidity challenge as a check on the overbroad claim interpretations they have advocated here to assert infringement. Esselte would suffer far greater harm from being denied its right to seek IPR of the asserted patents than Plaintiffs would face from being forced to limit their patent claims to novel and non-obvious improvements over the prior art. There is also a strong public interest in removing invalid patents which otherwise might block legitimate competition. This public interest has particular force here, where Plaintiffs elected to forego innovation due to their dominant market position, and Esselte now seeks to offer its innovative Leitz Icon printer to consumers.

## II. FACTUAL BACKGROUND

### A. The Stock Purchase Agreement (“SPA”)

On July 28, 2005, Esselte AB and Newell Rubbermaid, Inc. (“Newell”) entered into the SPA. At the time, Esselte AB owned three subsidiaries that operated the DYMO label-maker and label-printing business: DYMO AB, Esselte Holdings, Inc., and Esselte BVBA (defined in the SPA as the “Companies”). SPA at 1.<sup>1</sup> Pursuant to the SPA, Esselte AB transferred all outstanding shares of the Companies to Newell. *Id.* § 1.1. Esselte AB and Newell were the only parties to the SPA. *Id.* at 1. The SPA was “not intended to confer upon any Person other than the parties hereto any rights or remedies” under the SPA. *Id.* § 10.5.

#### 1. The Venue Provision of the SPA Prohibits Filing an Action Relating to the SPA in a Court Outside of New York

The first two parts of the “Venue” provision in the SPA related to personal jurisdiction. *Id.* § 10.8. Specifically, each of Esselte AB and Newell “(a) consent[ed] 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” and “(b) agree[d] that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court.” *Id.* § 10.8(a)-(b). The third part of the “Venue” provision was a forum selection clause, which provided that each of Newell and Esselte AB “agree[d] 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.” *Id.* § 10.8(c).

---

<sup>1</sup> The SPA was Exhibit 1 to the Declaration of Douglas J. Kline In Support of Defendants’ Motion to Dismiss Counts 6-8 and 10 of Plaintiffs’ First Amended Complaint and to Dismiss Esselte AB and Esselte Leitz GmbH & Co. KG, filed on March 26, 2015. (Dkt. No. 101.)

2. Esselte AB Represented that it Owned, or Had Sufficient Valid Right to Use, Intellectual Property

Article III of the SPA set forth Esselte AB's representations and warranties. *Id.* at 8. Esselte AB did not make any other representations or warranties, express or implied, other than those in Article III. *Id.* § 3.33. Section 3.23 contained Esselte AB's representations regarding "Intellectual Property," which was defined generally to include (i) patents, (ii) trademarks, (iii) copyrights, (iv) computer programs and software, (v) trade secrets, (vi) all rights in the foregoing, and (vii) all applications and registrations in the foregoing. *Id.* § 9.1(jj). Esselte AB represented that a Company or Subsidiary "own[ed], or has sufficient valid right to use, free and clear of all Encumbrances other than Permitted Liens, all Intellectual Property necessary to the conduct of the Business." *Id.* § 3.23(b)(i). The "Business" was defined as "the business of designing, developing, manufacturing, distributing, servicing, selling, marketing and supplying labeling printers ..., label makers, label embossers and related consumables...." *Id.* § 9.1(e).

3. Esselte AB's Intellectual Property Warranties Expired After Three Years

Section 8.1 set forth the terms for expiration of representations and warranties, and for survival beyond expiration. *Id.* § 8.1. The representations and warranties in Section 3.23 regarding Intellectual Property would "survive until three (3) years after the Closing Date" and at that time would "terminate and expire," absent compliance with the requirements for survival beyond this three-year period. *Id.* To survive beyond this three-year period "with respect to any inaccuracy therein or breach thereof," the SPA required "notice of [the inaccuracy or breach] shall have been duly given within such applicable period in accordance with Section 8.3 hereof." *Id.* The SPA closed on November 23, 2005 (Damiano Decl. ¶ 9),<sup>2</sup> and therefore all Esselte AB's representations and warranties regarding Intellectual Property terminated and expired on

---

<sup>2</sup> Damiano Decl. refers to the Declaration of Philip Damiano in Support of Defendants' Motion to Dismiss Esselte AB and Esselte Leitz GmbH & Co. KG, filed on March 26, 2015. (Dkt. No. 102.)

November 23, 2008. It is undisputed that Newell never provided any notice of any alleged breach during the three-year window.

4. Esselte Did Not Need to Assign the Patents Because They Were Already Owned by the “Companies”

The SPA contained detailed plans setting forth how the affected entities had to be reorganized for the closing. Prior to the closing all “Outside Business Assets,” which included “Intellectual Property, used or held for use primarily in the conduct of the Business” not already owned by the Companies, were to be transferred to the Companies. SPA § 5.22(a). If necessary, the Esselte entities had to deliver any assignments for any patents not already owned by the Companies. *Id.* § 5.22(f)(i)(5). Under those circumstances, the SPA again made clear that the Esselte entities “d[id] not and will not make any representation or warranty, express or implied, to [Newell] ... with respect to the Outside Business Assets, including any representation or warranty as to title, ownership, ... fitness for a particular purpose, quantity, value, condition, ... except ... those representations and warranties set forth in Article III.” *Id.* § 5.22(g)(ii).

In any event, the Esselte entities did not need to, and therefore did not, assign any of the asserted patents to Newell. Instead, after the closing, Plaintiffs simply recorded a document with the PTO explaining that the same DYMO entity had multiple names over the years. From 1995 through 2003, the name of the company was Esselte N.V. (Ex. 1.) In 2003, the company became Esselte BVBA, and, “[t]he company finally ... adopted its current name ‘DYMO’ on the 28<sup>th</sup> of October 2005.” (*Id.*) Thus, the same entity owned the patents, or applications that led to the patents, asserted here before and after the closing of the SPA in 2005.

**B. Esselte’s *Inter Partes* Review Petitions Filed at the PTO**

On February 19, 2015, Esselte filed IPR petitions with the Patent Trial and Appeal Board (“PTAB”) at the PTO, challenging the validity of the patent claims Plaintiffs had asserted in their

first preliminary injunction motion. At the first preliminary injunction hearing on February 23-24, Plaintiffs objected to the admission of the IPR petitions into evidence, but did not raise any issue about seeking to enjoin Esselte from pursuing them. (2/23 Tr. at 3:19-20.) On March 6, a few days before the Court denied Plaintiffs' first preliminary injunction motion, Plaintiffs filed a First Amended Complaint asserting breach of the SPA. (Dkt. No. 62.) On April 16, 2015, nearly two months after Esselte filed the IPR petitions, Plaintiffs filed a second preliminary injunction motion, seeking to enjoin Esselte from participating in any IPR proceedings.

### III. APPLICABLE LEGAL STANDARDS

“A preliminary injunction is ‘an extraordinary and drastic remedy, one that should not be granted unless the movant, by a clear showing, carries the burden of persuasion.’” *Sussman v. Crawford*, 488 F.3d 136, 139-40 (2d Cir. 2007) (quoting *Mazurek v. Armstrong*, 520 U.S. 968, 972 (1997)). “A plaintiff seeking a preliminary injunction must establish [1] that he is likely to succeed on the merits, [2] that he is likely to suffer irreparable harm in the absence of preliminary relief, [3] that the balance of equities tips in his favor, and [4] that an injunction is in the public interest.” *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008).

New York law governs interpretation of the SPA. SPA § 10.7. “Under New York law, a written contract is to be interpreted so as to give effect to the intention of the parties as expressed in the unequivocal language they have employed.” *Cruden v. Bank of New York*, 957 F.2d 961, 976 (2d Cir. 1992). Interpretation of a contract is a question of law for the court. *Id.* “[W]ords and phrases ... should be given their plain meaning, and the contract should be construed so as to give full meaning and effect to all of its provisions.” *LaSalle Bank Nat’l Ass’n v. Nomura Asset Capital Corp.*, 424 F.3d 195, 206 (2d Cir. 2005) (quotations omitted). “The entire contract must be considered, and all parts of it reconciled, if possible, in order to avoid an inconsistency.” *Cruden*, 957 F.2d at 976. The enforceability of a forum selection clause, however, is governed

by federal law. *Martinez v. Bloomberg LP*, 740 F.3d 211, 224 (2d Cir. 2012). Even where the language of a forum selection clause reflects intent that it should apply, “[a] contractual choice-of-forum clause should be held unenforceable if enforcement would contravene a strong public policy of the forum in which suit is brought, whether declared by statute or by judicial decision.” *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 15 (1972).

#### **IV. PLAINTIFFS ARE UNLIKELY TO SUCCEED ON THE MERITS**

Plaintiffs request that this Court enjoin Esselte’s participation in IPR proceedings on three grounds. First, Plaintiffs argue that Esselte’s filing IPR petitions violated the forum selection clause, but that clause is inapplicable to Esselte’s IPR petitions. The clause also is unenforceable if extended to apply to IPR proceedings. Second, Plaintiffs contend that Esselte violated the Intellectual Property warranty in the SPA, but—not only was there no warranty of patent invalidity to be breached—that warranty expired long ago and the statute of limitations has run on any claim for breach. Third, Plaintiffs erroneously argue that the equitable doctrine of assignor estoppel can be used as a sword to stop Esselte from participating in IPR proceedings. Esselte addresses each of these grounds in further detail below.

##### **A. Esselte’s Filing IPR Petitions Did Not Breach the Forum Selection Clause**

###### **1. Esselte’s IPR Petitions Do Not Arise Out of the SPA**

Plaintiffs first argue that the IPR petitions “arise out of” the SPA. This argument is misplaced for two reasons. First, as Plaintiffs admit, “To ‘arise out of’ an agreement, the source of the right asserted must ‘originate from’ the agreement.” (Dkt. No. 110 at 6) (quoting *Allianz Global Corporate & Specialty v. Chiswick Bridge*, 2014 WL 4674644, at \*5 (S.D.N.Y. Sept. 19, 2014)). The source of Esselte’s right to file the IPR petitions is the statute that created IPR—35 U.S.C. § 311—not the SPA. Plaintiffs contend that the petitions arise out of the SPA because, but for the sale of the DYMO business to Newell, Esselte still would own the patents and

therefore lack standing to challenge their validity. (*Id.* at 7.) To be sure, if Esselte had kept the DYMO business, then this lawsuit and Esselte’s IPR petitions would not exist, but that does not mean that they arise out of the SPA. Indeed, after the SPA closed in 2005, Esselte was unable to file IPR petitions until 35 U.S.C. § 311 was enacted in 2011. *See Leahy-Smith America Invents Act*, Pub. L. No. 112-29, § 6(a), 125 Stat. 284, 299-305 (2011).

There is nothing about the terms of the SPA that makes Esselte’s IPR petitions “arise out of” it; Esselte could have transferred the patents to *anyone* under essentially any terms and then filed the petitions. As the Second Circuit has recognized in cases involving other forms of intellectual property, forum selection clauses do not apply because the contracts are not the source of the claims. *Altvater Gessler-J.A. Baczewski Int’l (USA) Inc. v. Sobieski Destylarnia S.A.*, 572 F.3d 86, 91 (2d Cir. 2009) (holding that a forum selection clause does not apply to a trademark claim because it “may begin in court without any reference to the contract”) (citations omitted); *Corcovado Music Corp. v. Hollis Music, Inc.*, 981 F.2d 679, 682 (2d Cir. 1993) (“[W]here a plaintiff sues for copyright infringement and asserts no rights under a contract with the defendant containing a forum-selection clause, the forum-selection clause has no effect.”).

Second, the “arises out of” language only appears in a clause where the parties consented to personal jurisdiction in New York, but that clause does not mandate using a particular forum. SPA § 10.8(a) (each of Esselte AB and Newell “(a) consent[ed] 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”).

## 2. Esselte’s IPR Petitions Do Not Relate to the SPA

The only clause in the SPA that imposes a forum-related restriction is Section 10.8(c), which states that each of Newell and Esselte AB “agree[d] 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(c). Although, the term “relating to” “is broad enough to encompass claims not explicitly grounded in [an agreement],” *Anselmo v. Univision Station Grp., Inc.*, 1993 WL 17173, at \*2 (S.D.N.Y. Jan. 15, 1993), the claim must have “some ‘logical or causal connection’” to the agreement. *See John Wyeth & Bro. Ltd. v. CIGNA Int’l Corp.*, 119 F.3d 1070, 1074 (3d Cir. 1997) (citing Webster’s Third New International Dictionary (1971)). Accordingly, courts have recognized that a forum selection clause can reach non-contract claims “if those claims grow out of the contractual relationship, or if ‘the gist’ of those claims is a breach of that relationship.” *Anselmo*, 1993 WL 17173 at \*2. Here, Esselte’s IPR petitions did not “grow out of” the SPA, and the “gist” of the petitions is not that Plaintiffs breached the SPA. Instead, the petitions “grow out” of a statutory right, and their “gist” is that the asserted patent claims are invalid under Plaintiffs’ overbroad interpretations.

Plaintiffs’ logic for arguing that Esselte’s IPR petitions relate to the SPA is flawed. Plaintiffs first posit, “Esselte cannot deny that the present action ... ‘arises out of’ and ‘relates to’ the SPA,” but this is incorrect. (*See* Dkt. No. 110 at 6.) Esselte does dispute that Plaintiffs’ patent claims arise out of or relate to the SPA because Plaintiffs’ patent infringement claims are tort claims that are independent of the SPA.<sup>3</sup> *Cfirstclass Corp. v. Silverjet PLC*, 560 F. Supp. 2d 324, 329 (S.D.N.Y. 2008) (“[A] contractually-based forum selection clause will also encompass tort claims if the tort claims ultimately depend on the existence of a contractual relationship between the parties, or if resolution of the claims relates to interpretation of the contract, or if the tort claims involve the same operative facts as a parallel claim for breach of contract.”) (quotations omitted). Plaintiffs continue, “[t]he patents-in-suit were transferred to DYMO pursuant to the SPA.” (Dkt. No. 110 at 6.) Again, this is incorrect. DYMO always owned the patents-in-suit or applications that led to them; DYMO itself was transferred under the SPA.

---

<sup>3</sup> *See In re EMC Corp.*, 677 F.3d 1351, 1357 n.1 (Fed. Cir. 2012) (“Patent infringement is a tort.”).



Finally, Plaintiffs are wrong in concluding based on these incorrect premises that “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.” (*Id.* (emphasis added).) “[C]ourts are admonished to interpret contracts, not to rewrite them.” *McGraw-Hill Cos., Inc. v. Vanguard Index Trust*, 139 F. Supp. 2d 544, 555 (S.D.N.Y. 2001). The plain language of the SPA only forbids bringing “any action *relating to this Agreement or any of the Transactions* in any court” outside New York. SPA § 10.8(c) (emphasis added). As explained above, Esselte’s IPR petitions do not relate to the SPA, and there was no transaction involving the patents under the SPA beyond Newell’s purchase of the stock in the entire DYMO business.

Unlike the facts at issue here, where *Esselte’s IPR petitions will not require any consideration of the SPA whatsoever*, every case cited by Plaintiffs involved a claim or a defense that turned on, or required interpretation of, an underlying agreement. Plaintiffs principally rely on *Production Resource Group, L.L.C. v. Martin Professional, A/S*, 907 F. Supp. 2d 401 (S.D.N.Y. 2012). (Dkt. No. 110 at 7-8.) In that case, the court found that patent infringement claims were “related to” an underlying license agreement where the patent owner alleged that infringement occurred after termination of the agreement, and the accused infringer argued that no termination had occurred. *Prod. Res. Grp.*, 907 F. Supp. 2d at 414-15. It makes sense that an infringement claim that requires determining whether a license was terminated “relates to” the agreement because a viable infringement claim requires that an accused party lack “authority” to perform the allegedly infringing activity. *See* 35 U.S.C. § 271(a).

The other cases cited by Plaintiffs merely stand for the same principle that (unlike here) where a claim or a defense turns on or requires interpretation of an agreement, then the suit relates to the agreement. In *General Protecht Group, Texas Instruments*, and *Boehringer*, the

patent infringement claims depended on the scope and terms of an underlying license agreement. *See Gen. Protecht Grp., Inc. v. Leviton Mfg. Co., Inc.*, 651 F.3d 1355, 1359 (Fed. Cir. 2011); *Texas Instruments, Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1327 (Fed. Cir. 2000); *Boehringer Ingelheim Vetmedica, Inc. v. Merial, Ltd.*, 2010 WL 174078, at \*12 (D. Conn. Jan. 14, 2010). Plaintiffs recognize that each of these cases involved an underlying license agreement. (Dkt. No. 110 at 7.) The cases cited by Plaintiffs where patent licenses were not at issue involved other agreements that imposed duties, created rights, or needed to be interpreted for another reason to adjudicate tort claims. *Coregis Ins. Co. v. Am. Health Found., Inc.*, 241 F.3d 123, 129 (2d Cir. 2001) (finding a fraudulent misrepresentation lawsuit “related to” the insolvency of the defendant under an insurance policy, where interpretation of the policy was required to determine if defendant had a right to be indemnified); *Cuno, Inc. v. Hayward Indus. Prods, Inc.*, 2005 WL 1123877, at \*4 (S.D.N.Y. May 10, 2005) (finding plaintiffs’ reliance on language from a non-disclosure agreement as the “source of retained rights in disputed patents” triggered the forum selection clause); *Diesel Props S.r.L. v. Greystone Bus. Credit II LLC*, 2008 WL 4833001, at \*8-\*12 (S.D.N.Y. Nov. 5, 2008) (finding that claims either arose from or related to a distribution agreement or sourcing agreement because those agreements either imposed a duty or created a right underlying the claims).

Plaintiffs try to fit within the rule of these cases by arguing that they have “invoked the SPA – including [the] warranty of the validity of the patents and the forum selection clause – as ‘defenses.’”<sup>4</sup> (Dkt. No. 110 at 8.) Plaintiffs are bootstrapping. Their first so-called “defense,” which even Plaintiffs put in quotation marks, is based on their misreading of the SPA to contend that that Esselte AB warranted the validity of the asserted patents. Their second so-called defense is based on the forum-selection clause at issue, which is circular; contending that it

---

<sup>4</sup> Plaintiffs reverse Defendants and Plaintiffs in this statement.

applies does not assure that outcome. Moreover, Plaintiffs concede that these are *not defenses in the IPR proceedings*, which are the relevant proceedings: “The PTAB has ... declined to recognize and apply assignor estoppel or contractual restrictions in considering whether to bar *inter partes* review proceedings.” (Dkt. No. 110 at 15.)

In stark contrast to all these cases, Esselte’s IPR petitions only require the PTAB to consider whether Plaintiffs’ patent claims are invalid in view of prior art—not to consider any aspect of the SPA. This district found tort claims not to trigger a forum selection clause where the tort claims did not require consideration of an underlying sale agreement, even where the tort claims related to the circumstances of the sale. *See Armco Inc. v. N. Atl. Ins. Co.*, 68 F. Supp. 2d 330, 338-39 (S.D.N.Y. 1999). In *Armco*, the plaintiff argued that a forum selection clause in an agreement for the sale of a subsidiary governed tort claims brought against defendants, who were former executives of plaintiff, for fraud committed in connection with the sale. The court disagreed, holding the claim did not trigger the forum selection clause because the claim was not “in connection with” (which the court analogized to “relating to”) the underlying agreement. *Id.* Esselte’s IPR petitions are even more remote from the SPA than the tort claims at issue in *Armco* were from the underlying sale agreement because the IPR petitions have nothing to do with the circumstances of the sale under the SPA.

### 3. An IPR Proceeding is Not an “Action” and the PTO is Not a “Court”

Plaintiffs are also unlikely to succeed on the merits for the independent reason that the forum selection clause only prohibits bringing an “action ... in any court other than” a New York court. SPA § 10.8(c). An IPR proceeding is not an “action” in the context of the SPA, and it is before the PTAB at the PTO—not “any court.” Consequently, Esselte’s filing the IPR petitions did not constitute a breach of the forum selection clause.

The Supreme Court has recognized that a decision of the Trademark Trial and Appeal Board (TTAB)—the trademark analog of the PTAB—at the PTO constitutes an “agency decision” in considering its preclusive impact in the courts. *B&B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S.Ct. 1293, 1302 (2015). The Federal Circuit similarly has recognized that the PTO is not a court. *Joy Mfg. Co v. Nat’l Mine Servs. Co., Inc.*, 810 F.2d 1127, 1129-30 (Fed. Cir. 1987). In *Joy*, the defendant agreed that it “w[ould] 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....” *Id.* at 1129 (original emphasis). Later, the defendant filed a request to reexamine the patentability of a Licensed Patent with the PTO. *Id.* The patent owner sought to enjoin the defendant “from further proceeding in the reexamination procedures in the PTO” and to force the defendant “to withdraw its reexamination request.” *Id.* (internal quotations omitted). The Federal Circuit held that the defendant did not breach the agreement, explaining “[t]he settlement agreement by its literal terms does not proscribe the conduct of which Joy complains” because “National’s filing of a request for reexamination in the PTO is not a suit in any United States court.” *Id.*; *see also Callaway Golf Co. v. Kappos*, 802 F. Supp. 2d 678, 687 (E.D. Va. 2011) (“Callaway’s argument rests largely on the unsupported assumption that the *inter partes* reexamination is a judicial proceeding.”).

Plaintiffs fail to distinguish *Joy*. Plaintiffs argue that “[t]he 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.” (Dkt. No. 110 at 9 n.2.) This attempted distinction is inaccurate. While the court *also* noted that the plaintiff could not stop the reexamination, that was not the basis of its holding. *Joy*, 810 F.2d at 1130 (“[W]e also note that the principal relief which Joy seeks — namely, stopping the

reexamination of its patent — is not available in these proceedings”). Before making this additional note, the Federal Circuit approved the district court’s refusal to equate an administrative proceeding in the PTO with a suit in court. *Id.* (“[T]he district court correctly refused to equate ‘a request for administrative reexamination ... with filing a suit in a United States Court.’”).<sup>5</sup>

Furthermore, there is no difference in meaning between the term “suit” in *Joy* and the term “action” at issue here. Black’s Law Dictionary points to a definition of “action” in defining “suit”: “[a]ny proceeding by a party or parties against another in a court of law; CASE (1) – Also termed lawsuit; suit at law. SEE ACTION (4).” BLACK’S LAW DICTIONARY 1572 (9th ed. 2009). This definition of “action” is “[a] civil or criminal judicial proceeding. – Also termed *action at law*.” *Id.* at 32. And, “action at law” is defined as “[a] civil suit stating a legal cause of action and seeking only a legal remedy.” *Id.* The terms “suit” and “action” are synonymous in the present context. *Nigh v. Koons Buick Pontiac GMC, Inc.*, 478 F.3d 183, 185-86 (4th Cir. 2007) (“action is synonymous with a suit brought in a court.”) (internal quotation marks omitted); *Senju Pharm. Co. v. Metrics, Inc.*, \_\_\_ F. Supp. 3d \_\_\_, 2015 WL 1472123, at \*12-\*13 (D.N.J. Mar. 31, 2015) (recognizing that an “action” has been defined as a “judicial proceeding,” citing cases that cite various dictionary definitions).<sup>6</sup>

An IPR proceeding is an administrative proceeding in the PTO, not an “action” in a “court” under the SPA. Plaintiffs cite the PTO’s Trial Practice Guide for IPR proceedings, but it similarly distinguishes between “actions involving the patent in federal court” and IPR “proceedings.” 77 Fed. Reg. 48,756, 48,756, 48,760 (Aug. 14, 2012). The Federal Circuit

<sup>5</sup> Plaintiffs principally rely on *Texas Instruments*, where the forum selection clause used the broader term “litigation,” unlike here where the clause only refers to an “action” brought in a “court.” 213 F.3d at 1327.

<sup>6</sup> Historically, “actions” were “at law” and “suits” were “in equity.” This distinction has largely been eliminated in modern times. See *Ross v. Bernhard*, 396 U.S. 531, 539 (1970) (“Actions are no longer brought as actions at law or suits in equity.”).

admonished nearly twenty years ago in *Joy* that, if parties wished to address such administrative proceedings, they would be well-advised to draft their agreements accordingly. *Joy*, 810 F.2d at 1130 (“In view of the new reexamination procedure, parties would be well advised to draft agreements, where appropriate, to encompass this new facet of patent law.”)

Here, the parties recognized the distinction between civil actions before courts and proceedings before administrative agencies, and knew how to include both of them. For example, the parties included both in the representations regarding “Litigation.” SPA § 3.18(a). In that provision, Esselte warranted, among other things, that “[t]here is ... (ii) no **action**, suit, inquiry, **proceeding**, **hearing**, or investigation by or before **any court** or **Governmental Entity** or arbitration panel pending....” *Id.* § 3.18(a) (emphasis added); *see also id.* § 3.18(b) (similar). The parties also distinguished between “order[s] or injunction[s] of a **court** of competent jurisdiction” and a “**proceeding** by a **Governmental Entity**” in setting forth the conditions regarding the closing. *Id.* § 6.1(a) (emphasis added). “Governmental Entity” was defined to mean “a **court**, arbitral tribunal, legislative, executive or **administrative** authority or **agency** or commission or other governmental, regulatory authority or **agency**, federal, state, local or foreign.” *Id.* at 81 (emphasis added).

Accordingly, when the parties wanted to refer to something broader than “action,” they did so by using the terms such as “inquiry, proceeding, hearing, or investigation” and when they wanted to refer to something broader than a “court,” they used the term “Governmental Entity.”<sup>7</sup> The absence of these broader terms from the forum selection clause confirms that the clause is limited to prohibiting the filing of a suit in a court outside of New York, and does not bar administrative proceedings before the PTO. *See Galli v. Metz*, 973 F.2d 145, 149 (2d Cir. 1992)

---

<sup>7</sup> The term “Governmental Entity” appears throughout the SPA (e.g., §§ 3.5, 3.19, 3.20, 3.21(d), 3.24(b), 4.3, 5.3, 5.6(d), 7.1(c), 8.2(b)) including the Litigation warranty by Newell (§ 4.6).

(“[A]n interpretation that gives a reasonable and effective meaning to all terms of a contract is generally preferred to one that leaves a part . . . of no effect.”) (quotations omitted).

**B. Under Plaintiffs’ Interpretation, the Forum Selection Clause Is Unenforceable Because it Contravenes Public Policy**

Even assuming *arguendo* that Esselte’s filing IPR petitions breached the forum selection clause (which is incorrect), it should not be enforced against those petitions because that would contravene the strong public policy against allowing invalid patents to restrain competition. *M/S Bremen*, 407 U.S. at 15 (“A contractual choice-of-forum clause should be held unenforceable if enforcement would contravene a strong public policy of the forum in which suit is brought, whether declared by statute or by judicial decision.”). In the context of patent law, the Supreme Court has held contractual provisions unenforceable when they “undermine the strong federal policy favoring the full and free use of ideas in the public domain.” *Lear, Inc. v. Adkins*, 395 U.S. 653, 674 (1969); *see also id.* at 670 (“Surely the equities of the licensor do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain.”). The Second Circuit has applied this policy to override contractual provisions:<sup>8</sup> “*Lear* makes clear that courts should weigh the federal policy embodied in the law of intellectual property against even explicit contractual provisions and render unenforceable those provisions that would undermine the public interest.” *Idaho Potato Comm’n v. M&M Produce Farm & Sales*, 335 F.3d 130, 135-37 (2d Cir. 2003) (recognizing “the public interest in discovering invalid patents”).

Enforcing the forum selection clause to preclude Esselte from pursuing IPR proceedings would contravene the strong public policy that motivated Congress’s creation of IPR to improve

---

<sup>8</sup> Second Circuit law controls whether a contractual provision is void for violating public policy. *Rates Tech., Inc. v. Speakeasy, Inc.*, 437 Fed. App’x 940, 941 (Fed. Cir. 2011) (unpublished) (dismissing appeal of whether no-challenge clause in a license agreement was invalid and unenforceable for lack of jurisdiction).

upon its predecessor, *inter partes* reexamination, as a tool for removing invalid patents. *See Callaway Golf Co.*, 802 F. Supp. 2d at 685 (“Because the purpose of reexaminations ‘is to correct errors made by the government ... and if need be to remove patents that never should have been granted,’ ***a private contract that prevents reexamination is void as a matter of public policy.***”) (emphasis added); S. Rep. No. 111-18 at 16 (2009) (“The [AIA] ... improves upon the current *inter partes* reexamination process ... to provide a more efficient mechanism to challenge patents that should not have issued and are, therefore, not promoting the purpose of the patents laws.”); *In re Callaway Golf Co. Inter Partes Reexamination Proceeding*, Decision on Petition to Vacate Order Granting Reexamination, Control No. 95/000,123, at 5 (Office of Patent Legal Admin. June 7, 2006) (The PTO stated that “a contractual provision preventing a party from seeking reexamination would be void as being contrary to public policy”) (attached as Ex. 2).

Courts in the Second Circuit have routinely refused to enforce forum selection clauses when doing so would contravene public policy. For example, the Second Circuit declared a contract provision that barred a licensee from later challenging a patent’s validity void as contrary to the strong public policy favoring challenges to patent validity. *Rates Tech., Inc. v. Speakeasy, Inc.*, 685 F.3d 163, 164 (2d Cir. 2012). Courts have also declined to enforce forum selection clauses where enforcement would violate public policies outside the domain of patent law. *See, e.g., Phoenix Surgical, LLC v. Blackstone Med., Inc.*, 2011 WL 63992 (D. Conn. 2011) (enforcing a forum selection clause would have contravened a strong public policy that franchisees not be able to waive rights); *In re Assicurazioni Generali S.p.A. Holocaust Ins. Litigation*, 228 F. Supp. 2d 348 (S.D.N.Y. 2002) (enforcing a forum selection clause would have contravened a public policy that Holocaust related insurance claims be heard in the forum in which the suit was brought); *Red Bull Assocs. v. Best Western Int’l, Inc.*, 686 F. Supp. 447



(S.D.N.Y. 1988) (enforcing a forum selection clause would have contravened a public policy evidenced by the federal Fair Housing Law that a local jury should hear the complaint).

**C. Neither Esselte AB's Intellectual Property Warranty Nor Assignor Estoppel Provides a Basis for Enjoining Esselte's Participation in IPR Proceedings**

1. Esselte Did Not Warrant Patent Validity and the Claim is Time-Barred

Plaintiffs barely devote a paragraph to arguing that Esselte's representations regarding Intellectual Property in the SPA provide a basis to enjoin Esselte's participation in IPR proceedings. (*See* Dkt. No. 110 at 12.) For the reasons set forth in Esselte's opening and reply briefs on its motion to dismiss, which will not be repeated in full here, Plaintiffs' claim that Esselte breached those representations is specious. (*See* Dkt. No. 100 at 11-14; Dkt. No. 118 at 1-6.) Esselte AB did not warrant the validity of any patent. The word "valid" modifies "right to use," not "Intellectual Property" and not "patents." In any event, the warranty long since expired. Plaintiffs assert that both the express contractual expiration and the statute of limitations should be equitably tolled, but provide this Court with no basis whatsoever to conclude that this case presents the "exceptional circumstances" required for that doctrine to apply. *Gross v. New York City Health & Hosps. Corp.*, 505 N.Y.S.2d 678, 678 (2d Dep't 1986).<sup>9</sup>

2. Assignor Estoppel Provides No Basis for Injunctive Relief

Plaintiffs make the unprecedented argument that the doctrine of assignor estoppel—an equitable doctrine that effectively serves as a defense to invalidity—can be invoked to enjoin Esselte's participation in IPR proceedings. Plaintiffs' novel attempt to transform an equitable

---

<sup>9</sup> Even if Plaintiffs' breach of contract claim were viable (which it is not), Plaintiffs provide no basis for the assertion that an alleged *past* breach can support enjoining Esselte's future conduct. Any breach would have occurred ten years ago when the SPA was signed and closed. *See* SPA at 8 (preamble to Article III); *see also ACE Secs. Corp. v. DB Structured Prods., Inc.*, 112 A.D.3d 522, 523, 977 N.Y.S.2d 229 (1st Dep't 2013) ("[T]he claims accrued on the closing date ... when any breach of the representations and warranties contained therein occurred."). Plaintiffs' claim for alleged past breach can be adequately compensated through damages. *Advanced Global Tech., LLC v. XM Satellite Radio, Inc.*, 2007 WL 3196208, at \*2 (S.D.N.Y. Oct. 29, 2007) ("With respect to past breaches, however, AGT has an adequate remedy at law, viz., damages, the traditional remedy for breach of contract.").

defense into an offensive weapon fails for multiple, independent reasons.<sup>10</sup>

First, “assignor estoppel is a form of estoppel, and with rare exception, estoppel is a shield; it is an affirmative defense, not a claim for relief on its own.” *Semiconductor Energy Lab. Co. v. Nagata*, 706 F.3d 1365, 1370 (Fed. Cir. 2013). The Federal Circuit expressly declined “to transform the shield into the sword.” *Id.* Plaintiffs thus cannot seek any relief against Esselte in this Court for any claim premised on assignor estoppel. Simply put, Plaintiffs can raise assignor estoppel to defend their patents against invalidity in this Court, but cannot pursue any injunction against Esselte based on that doctrine.

Second, even if assignor estoppel could be transformed into an offensive weapon (and it cannot), courts should not use their equitable powers to frustrate federal laws or policy. *Pan American Petroleum & Transp. Co. v. U.S.*, 273 U.S. 456, 506 (1927) (“The general principles of equity ... will not be applied to frustrate the purpose of [federal] laws or to thwart public policy.”). Here, Congress created IPR proceedings to further the strong public policy of removing invalid patents.<sup>11</sup> *See* S. Rep. No. 111-18, at 16 (2009) (“The [AIA] . . . improves upon the current inter partes reexamination process . . . to provide a more efficient mechanism to challenge patents that should not have issued and are, therefore, not promoting the purpose of the patent laws.”). The Supreme Court’s decision in *Sola Electric Co. v. Jefferson Electric Co.*, 317 U.S. 173 (1942), is instructive. In *Sola*, the patent holder sued for unpaid royalties under a license agreement, and the defendant counterclaimed that a price-fixing provision in the agreement violated the Sherman Act because the underlying patents were invalid. *Id.* at 174.

---

<sup>10</sup> Although assignor estoppel has been raised in the PTAB many times (and, in all instances, application of the doctrine was rejected), no district court in any parallel litigation applied the doctrine of assignor estoppel to bar “participation” by the assignor in the IPR proceedings. (*See* Ex. 3.)

<sup>11</sup> As the new entrant into the labeling device marketplace, Esselte is “the only [entity] with enough economic incentive to challenge the patentability of [Plaintiffs’] discovery.” *Lear*, 395 U.S. at 670. As the Supreme Court put it, “[i]f [Esselte] [is] muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification.” *Id.*

The lower courts held that the defendant was estopped from challenging patent validity and dismissed the antitrust counterclaims. *Id.* at 175. The Supreme Court reversed, holding “[t]he federal courts have been consistent in holding that local rules of estoppel will not be permitted to thwart the purposes of statutes of the United States.” *Id.* at 176. This Court similarly should decline to apply assignor estoppel to frustrate the federal statutes governing IPR proceedings.

Third, Plaintiffs have failed to identify any **assignment** which could support an assertion of assignor estoppel. Plaintiffs rely on the SPA, but that agreement only involved transfer of **stock**. “The well-settled rule is that ‘ownership of capital stock is by no means identical with or equivalent to ownership of corporate property.’” *Matter of Fontana D’Oro Foods (Agosta)*, 65 N.Y.2d 886, 888 (N.Y. 1985) (quoting *Brock v. Poor*, 216 N.Y. 387, 401 (N.Y. 1915)).<sup>12</sup>

Further, the transaction between Esselte AB and Newell Rubbermaid involved the sale of the entire DYMO label printing business. In the context of such a large commercial agreement, it would be inequitable to prevent Esselte from challenging the validity of all patent claims, regardless of how broadly Plaintiffs attempt to cast them.<sup>13</sup>

## **V. PLAINTIFFS HAVE FAILED TO SHOW IMMINENT IRREPARABLE HARM**

### **A. An Alleged Breach of a Forum Selection Clause Does Not Abrogate Plaintiffs’ Burden to Show Irreparable Harm**

Plaintiffs wrongly suggest that simply being “depriv[ed] of their bargained-for forum” constitutes irreparable harm. (Dkt. No. 110 at 14.) That is not the law. As this Court stated in

---

<sup>12</sup> “A basic tenet of American corporate law is that the corporation and its shareholders are distinct entities. An individual shareholder, by virtue of his ownership of shares, does not own the corporation’s assets.... A corporate parent which owns the shares of a subsidiary does not, for that reason alone, own or have legal title to the assets of the subsidiary.” *Dole Food Co. v. Patrickson*, 538 U.S. 468, 474-75 (2003) (citations omitted).

<sup>13</sup> The Federal Circuit recognized that the doctrine of assignor estoppel has lost its vitality. *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 1223 (Fed. Cir. 1988) (“Although *Lear* involved the licensing, rather than the assignment, of a patent, the opinion reviewed the history of ‘patent estoppel’ in general, and indicated that the Court’s previous decisions had sapped much of the vitality, if not logic, from the assignment estoppel doctrine as well.”). Although the Federal Circuit stopped short of abolishing the doctrine, applying the doctrine to the facts here would improperly extend a doctrine lacking a modern foundation beyond the circumstances which led to its creation.

denying Plaintiffs' first preliminary injunction motion, "in order to establish entitlement to preliminary relief, Plaintiffs must affirmatively 'show[] a likelihood of *substantial and immediate* irreparable injury.'" (Dkt. No. 66 at 9-10) (quoting *Apple, Inc. v. Samsung Elecs. Co.*, 695 F.3d 1370, 1374 (Fed. Cir. 2012)). Plaintiffs must also "demonstrate that 'remedies available at law, such as monetary damages, are inadequate to compensate' it." *Id.* at 10 (quoting *Apple Inc. v. Samsung Elecs. Co.*, 737 F.3d 1352, 1368 (Fed. Cir. 2013)). Plaintiffs again have fallen well short of making this required showing.

Plaintiffs' *only* evidence of irreparable harm is that "[i]nter partes review actions have been estimated to cost \$600,000 and the cost for an expert alone may surpass \$100,000." (Dkt. No. 110 at 15.) Such harm is not irreparable, but rather already has been shown to be quantifiable and therefore is compensable by money damages.<sup>14</sup> Moreover, it is well established that "[m]ere litigation expense, even substantial and unrecoverable cost, does not constitute irreparable injury." *Renegotiation Bd. v. Bannerkraft Clothing Co.*, 415 U.S. 1, 24 (1974); *see also AVCO Fin. Corp. v. Commodity Future Trading Comm'n*, 929 F. Supp. 714, 719 (S.D.N.Y. 1996) ("Similarly insufficient is AVCO's argument that it faces irreparable harm stemming from the cost associated with being investigated, namely producing subpoenaed records, shepherding witnesses through depositions, and possibly defending itself in an enforcement proceeding."); *In re Convertible Rowing Exerciser Patent Litigation*, 616 F. Supp. 1134, 1144 (D. Del. 1985) (finding duplicative ITC proceedings not to be irreparable harm because "[t]he additional burden on a corporation's counsel, or the need to obtain additional counsel, does not constitute irreparable injury which would compel the grant of an injunction").

---

<sup>14</sup> Esselte AB and Esselte Leitz GmbH & Co. KG have already consented to an order requiring them to satisfy any judgment against Esselte Corporation. (Dkt. No. 72 at 24 n.12.)

Plaintiffs cite cases to suggest that being deprived its “bargained-for forum” constitutes *per se* irreparable harm, but the cases do not support that proposition. *PaineWebber*, for example, did not find that it was “‘*per se* irreparable’ to force a party to resolve disputes in a manner inconsistent with agreement” as Plaintiffs contend. (Dkt. No. 110 at 14 n.7.) That case turned on arbitration law, which is not the issue here. *PaineWebber v. Hartmann*, 921 F.2d 507, 514 (3d Cir. 1990). In view of that law, the court held “it [is] obvious that the harm to a party would be *per se* irreparable if a court were to abdicate its responsibility to determine the scope of an arbitrator’s jurisdiction and, instead, were to compel the party, who has not agreed to do so, to submit to an arbitrator’s own determination of his authority.” *Id.* at 515; *see McLaughlin Gormley King Co. v. Terminix Int’l Co.*, 105 F.3d 1192, 1194 (8th Cir. 1997) (“[T]he party urging arbitration may be enjoined from pursuing what would now be a futile arbitration....”); *MONY Secs. Corp. v. Vasquez*, 238 F. Supp. 2d 1304, 1308-09 (M.D. Fla. 2002) (same).

The other cases cited by Plaintiffs all involved disruptive, full-fledged litigation, and there was a showing of irreparable harm beyond the extra cost of multiple proceedings. For example, in *Int’l Fashion Prods., B.V. v. Calvin Klein, Inc.*, the court found that the defendant would be irreparably harmed because (1) the plaintiff was seeking an injunction to block the defendant from selling its product, and (2) the foreign proceeding was pending on another continent and might subject the defendant to inconsistent rulings. 1995 WL 92321, at \*2 (S.D.N.Y. Mar. 7, 1995). Similarly, in *Ciena Corp. v. Nortel Networks Inc.*, the district court found that “Nortel’s key employees will be required to testify not once, but twice, in hearings and trial. ***This disruption, as well as other disruptions established by Nortel***, will cause irreparable harm, as they cannot be compensated with money damages.” 2005 WL 1189881, at \*7 (E.D. Tex. May. 19, 2005) (emphasis added). Plaintiffs have provided no evidence of any

disruption beyond the expense it will occur by having its outside lawyers and expert participate in the IPRs. As Plaintiffs tacitly recognize, that is the typical extent of work required to participate in IPR proceedings.

Plaintiffs misleadingly cite *Texas Instruments* to argue, “Courts have consistently found that forcing a party to litigate on two fronts in derogation of a forum selection clause constitutes irreparable harm.” (Dkt. No. 110 at 14.) This is incorrect because the Federal Circuit did not reach the issue of irreparable harm in that case. *See Texas Instruments*, 231 F.3d at 1332 (“[T]his court does not have any record on which to review the irreparable harm and public policy factors.”).

**B. Plaintiffs Have Failed to Establish that Newell Would Experience Irreparable Harm Absent an Injunction**

Plaintiffs’ claim of irreparable harm fails for the independent reason that the only party that has any rights under the SPA—Newell—is not the party that is allegedly being harmed by the IPRs. While Newell is the only party to the SPA, Newell is not the owner or exclusive licensee of the challenged patents and therefore will not be a participant in the IPRs. In Plaintiffs’ mandatory filings in the IPR proceedings, Plaintiffs identified only DYMO B.V.B.A. and Sanford L.P. (d/b/a DYMO) as the real parties-in-interest. Exs. 4-7. Plaintiffs offer absolutely no explanation for how Newell, the only party arguably having a right to enforce the forum selection clause, would be irreparably harmed.

Tellingly, Plaintiffs also have not argued that the *outcome* of the IPRs would constitute potential irreparable harm, i.e., that potential invalidation of the asserted patents would constitute irreparable harm. First, to the extent Plaintiffs claim of irreparable harm rests on its assumption that the PTAB will offer an adverse determination, such a ruling is entirely speculative. *See Singer Co. v. P.R. Mallory & Co., Inc.*, 671 F.2d 232, 235 (7th Cir. 1982) (rejecting a claim of

irreparable harm that rests on “the assumption that the decision of the Patent Office on the reissue application will be contrary to Mallory’s interests”). The PTAB has not yet decided whether to institute Esselte’s petitions, and certainly Plaintiffs have not conceded the invalidity of their patents. Moreover, to the extent Esselte’s IPRs are successful, the only potential harm to *Newell* would be that Esselte Corporation would be permitted to engage the same activities with the Leitz Icon printer resulting in the same economic harm that this Court held was not irreparable in deciding Plaintiffs’ first preliminary injunction. (Dkt. No. 66 at 11-12.) Plaintiffs have not appealed that decision, and there is no basis for this Court to revisit that conclusion.

## **VI. THE BALANCE OF HARDSHIPS FAVORS ESSELTE**

Plaintiffs are using the forum selection clause as part of their strategy to try to avoid any check on their overbroad interpretation of the asserted patents by preventing Esselte from challenging patent validity *anywhere*. Plaintiffs’ argument that “[e]ntry of injunctive relief will not work a material hardship on defendants” because “[a] party can obtain the same relief in a district court as it could obtain from the PTAB” is disingenuous at best. (Dkt. No. 110 at 16.) Plaintiffs’ position is that Esselte cannot obtain the same relief in this Court due to assignor estoppel. Moreover, Plaintiffs’ argument that they “do not seek to enjoin the petitions for *inter partes* review” is illusory. (Dkt. No. 110 at 16). The fact is that the injunction Plaintiffs request would kill Esselte’s IPR petitions.<sup>15</sup>

Esselte would suffer far more harm from being unable to challenge patent validity in the PTO than Plaintiffs would face by having their patents confined to novel and non-obvious advancements over the prior art. Indeed, the purported hardship faced by Plaintiffs is nothing

---

<sup>15</sup> A decision barring Esselte’s participation in IPR proceedings would enable DYMO and Sanford to seek unopposed termination of the IPR proceedings prior to institution, and pre-institution termination is routinely granted where no party opposes it. *See, e.g., Good Tech. Software, Inc. v. Airwatch, LLC*, IPR2015-00875, Paper 7 (May 6, 2015) (attached as Ex. 8).

more than the same “hardship” faced by the hundreds of litigants who have simultaneously pending district court and PTAB proceedings.<sup>16</sup> *See AIA Progress*, USPTO (May 7, 2015), (noting that 2,861 IPR petitions were filed between September 2012 and May 7, 2015) (attached as Ex. 9); Brian J. Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. CHI. L. REV. DIALOGUE 93, 103 (2014) (“Overall, in 80 percent of IPRs, the challenged patent was also asserted in litigation between the petitioner and respondent.”) (attached as Ex. 10).

## **VII. THE PUBLIC INTEREST WOULD BE DISSERVED BY GRANTING AN INJUNCTION**

If Esselte’s participation in the IPR proceedings were enjoined, then Plaintiffs would be able to advance their overbroad interpretations of their patents without the threat of invalidity to prevent them from withdrawing prior art technology from the public domain. This would be contrary to the public interest. *Callaway Golf Co.* 802 F. Supp. 2d at 686 (“[T]here is a strong public interest in ensuring that patents are valid.”). IPR proceedings at the PTO perform an important public function “to correct errors made by the government, to remedy defective governmental (not private) action, and if need be to remove patents that should never have been granted.” *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 604 (Fed. Cir 1985). Granting Plaintiffs’ requested injunction would be contrary to the public interest because it would further Plaintiffs’ overreaching to insulate their dominant market position against competition from Esselte’s innovative Leitz Icon printer.

---

<sup>16</sup> Furthermore, if Plaintiffs wish to avoid litigating on two fronts, then they can consent to stay this litigation pending the outcome of the IPRs, which is common. *See, e.g., Hockeyline, Inc. v. STATS LLC*, Case No. 2:13-cv-01446, Dkt. No. 45 (S.D.N.Y. Oct. 21, 2014) (granting joint motion to stay pending the outcome of IPR).



Dated: May 13, 2015

Respectfully submitted,

GOODWIN PROCTER LLP

/s/ Douglas J. Kline

---

Douglas J. Kline (*Pro Hac Vice*)

Charles H. Sanders, N.Y. State Bar No.: 3939733

Robert Frederickson III (*Pro Hac Vice*)

Martin Gomez (*Pro Hac Vice*)

GOODWIN PROCTER LLP

53 State Street

Boston, Massachusetts 02109

Tel.: 617.570.1000

Fax.: 617.523.1231

E-mail: [dkline@goodwinprocter.com](mailto:dkline@goodwinprocter.com)

[csanders@goodwinprocter.com](mailto:csanders@goodwinprocter.com)

[rfrederickson@goodwinprocter.com](mailto:rfrederickson@goodwinprocter.com)

[mgomez@goodwinprocter.com](mailto:mgomez@goodwinprocter.com)

*Attorneys for Esselte Corporation*

**CERTIFICATE OF SERVICE**

I hereby certify that this document filed through the CM/ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non-registered participants.

/s/ Douglas J. Kline

UNITED STATES DISTRICT COURT  
FOR THE 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.

1:14-cv-07616-VSB

**DECLARATION OF ROBERT FREDERICKSON III IN  
SUPPORT OF ESSELTE'S OPPOSITION TO PLAINTIFFS'  
SECOND MOTION FOR A PRELIMINARY INJUNCTION**

I, Robert Frederickson III, state and declare that the following is true and correct to the best of my knowledge:

1. I am an attorney at Goodwin Procter LLP, Exchange Place, Boston, MA 02109, and am one of the attorneys representing defendants Esselte AB, Esselte Leitz GmbH & Co. KG., and Esselte Corporation in this Action. I submit this Declaration in support of Esselte's Opposition to Plaintiffs' Second Motion for a Preliminary Injunction.

2. Attached hereto as Exhibit 1 is a true and accurate copy of documents found at Reel 017706, Frames 0326-0327 of the U.S. Patent and Trademark Office's assignment database.

3. Attached hereto as Exhibit 2 is a true and accurate copy of a decision by the U.S. Patent and Trademark Office having the citation: In re Callaway Golf Company *Inter Partes* Reexamination Proceeding, Decision on Petition to Vacate Order Granting Reexamination, Control No. 95/000,123 (Office of Patent Legal Administration June 7, 2006).

4. Attached hereto as Exhibit 3 is a true and accurate copy of a chart showing the docket numbers of Patent Trial and Appeal Board proceedings in which assignor estoppel has been raised and the captions of the corresponding district court litigations.

5. Attached hereto as Exhibits 4 to 7 are true and accurate copies of Patent Owner's Mandatory Disclosures filed in *Inter Partes* Review Proceedings Nos. IPR2015-00781, IPR2015-00779, IPR2015-00771, IPR2015-00766.

6. Attached hereto as Exhibit 8 is a true and accurate copy of a decision of the Patent Trial and Appeal Board having the citation: *Good Tech. Software, Inc. v. Airwatch, LLC*, IPR2015-00875, Paper 7 (May 6, 2015).

7. Attached hereto as Exhibit 9 is a true and accurate copy of a printout from the U.S. Patent and Trademark Office's website having the following URL:  
[http://www.uspto.gov/sites/default/files/documents/050715\\_aia\\_stat\\_graph.pdf](http://www.uspto.gov/sites/default/files/documents/050715_aia_stat_graph.pdf).

8. Attached hereto as Exhibit 10 is a true and accurate copy of a law review article having the following citation: Brian J. Love & Shawn Ambwani, *Inter Partes Review: An Early Look at the Numbers*, 81 U. CHI. L. REV. DIALOGUE 93, 103 (2014).

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

Executed this 13th day of May 2015, at Boston, Massachusetts.

/s/ Robert Frederickson III

Robert Frederickson III

**CERTIFICATE OF SERVICE**

I hereby certify that this document filed through the CM/ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non-registered participants.

/s/ Douglas J. Kline

# EXHIBIT 1

# CELIS, CELIS & LIESSE

geassocieerde notarissen



Erk Celis  
Frank Celis  
Frank Liesse

Kandidaat-notaris  
Mireille Franckx

Opvolgers van:  
Richard Celis  
Desiré De Weert  
Hélène Casman

### To whom it may concern

Liecoloren  
Pakize Turna  
Jessien Verheirstraeten  
Frank Rokinson  
Sofie Vanhove  
Pietra Smith  
Martine Cleere  
Kathy Franckx  
Eva Brachmans  
Jeroen De Schatwer  
Heike Blarynag  
Gunter Scheuk  
Heldi Vandennooze

Kasteelpleinstraat 59  
(over het gerechtshofgebouw)  
2000 Antwerpen

Juridische medewerkers  
John De Fyn  
Yves De Baer  
Jef Valenberghs  
Wendy Beriels  
Imke Appels  
Lieve Van Oosten  
Veerle Heirbant  
Melissa Neefs  
Cindy De Smet  
Paul Van Laere

DOSSIER BEHANDELD DOOR:

M.REF.: PT/  
U.REF.:

ANTWERP, 8th of November 2005

I, Frank Liesse, associated Notary Public in Antwerp (Belgium), practising in that city, and duly empowered to authorise documents and public deeds to have effect in foreign countries, do hereby certify:

That "DYMO", hereafter referred to as "the company", with registered office in Belgium at 9100 Sint-Niklaas (Belgium), Industriepark-Noord 30 and with registration number 0405.025.280 at the crossroads database for enterprises, is a "besloten vennootschap met beperkte aansprakelijkheid" (private limited liability company) duly incorporated and existing under Belgian Law.

That the company has been incorporated under the corporate form of a "naamloze vennootschap" (limited liability company) under the name "DYMO BELGIUM" on the 12<sup>th</sup> of December 1963 by deed executed before notary Jean-Claude Stallaerts at Sint-Joost-ten-Node (Belgium), made public in the annexes of the Belgian Official Journal (Belgisch Staatsblad/Moniteur belge) on the 26<sup>th</sup>, 27<sup>th</sup>, 28<sup>th</sup> of December 1963 under number 33.625.

That the name of the company and the corporate form have been changed several times:

1. The original name of the company was changed into "DYMO" on the 29<sup>th</sup> of November 1973 by deed executed before notary Jean-Claude Stallaerts at Sint-Joost-ten-Node (Belgium), made public in the annexes of the Belgian Official Journal (Belgisch Staatsblad/Moniteur belge) on the 22<sup>th</sup> of December 1973 under number 3726-16.

2. The name of the company was changed again into "ESSELTE-DYMO" on the 30<sup>th</sup> of March 1979 by deed executed before notary Jean-Claude Stallaerts at Sint-Joost-ten-Node (Belgium), made public in the annexes of the Belgian Official Journal (Belgisch Staatsblad/Moniteur belge) on the 27<sup>th</sup> of April 1979 under number 696-15.

3. The name of the company was changed again into "ESSELTE N.V." on the 20<sup>th</sup> of December 1995 by deed executed before notary Denis Deckers at Brussels (Belgium), made public in the annexes of the Belgian Official Journal (Belgisch Staatsblad/Moniteur belge) on the 20<sup>th</sup> of January 1996 under number 960120-409

Het is de notaris zowel volgens K.B. 9 maart 2003, als volgens de deontologische code van de Nationale Kamer van Notarissen strikt verboden akten te verrichten zonder geprovisioneerd te zijn. Alle betalingen dienen aldus hotzij bij de akte te gebeuren door middel van bankcheques of gecertificeerde cheques, hotzij voorafgaandelijk via overrekening, zodanig dat de gelden, vrij van transactiekosten, op de datum van de akte beschikbaar zijn op de rekening van de notaris.

Welyaartstraat 72-74  
(schuin over kantoort)

tel.: 03 213 86 00  
fax: 03 213 86 19  
e-mail: info@notaris-celis.be

KBC 419-8095001-88  
BIC KREDBEBB  
IBAN BE56 4198 0950 0138

FORTIS 001-0650334-40  
BIC GEBLBE33  
IBAN BE68 0650 3340

PATENT

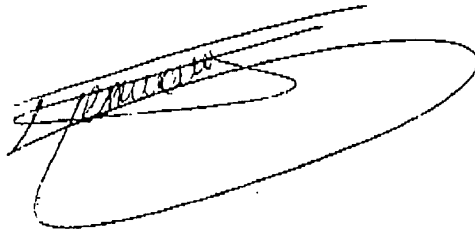
KANTOORUREN: alle werkdagen van 9 tot 12.30 u. en van 13.30 tot 17.30 u. of op AFSPRAAK op zaterdag van 10 tot 12.30 u. REEL: 017706 FRAME: 0326



4. The company adopted its current corporate form of a "besloten vennootschap met beperkte aansprakelijkheid", abbreviated as "BVBA", (private limited liability company) and the name "ESSELTE" on the 12<sup>th</sup> of September 2003 by deed executed before notary Philippe Verlinden at Sint-Niklaas (Belgium), made public in the annexes of the Belgian Official Journal (Belgisch Staatsblad/Moniteur belge) on the 3<sup>rd</sup> of October 2003 under number 20031003-102288.

5. The company finally has adopted its current name "DYMO" on the 28<sup>th</sup> of October 2005 by decision of the extraordinary general meeting of shareholders, held before me, Frank Liesse, Notary Public; an extract of the minutes of the aforesaid meeting drawn up before me, has been filed for deposit at the clerk's office of the Commercial Court of Dendermonde to make this decision public in the annexes of the Belgian Official Journal (Belgisch Staatsblad/Moniteur belge).

Signature Frank Liesse (Notary Public)

A handwritten signature in black ink, appearing to read 'Frank Liesse', is written over a large, loopy, oval-shaped scribble or flourish.

Frank LIESSE  
geassocieerd Notaris  
Kasteelpleinstraat 59  
2000 ANTWERPEN  
Tel. : (03) 213 86 00  
Fax : (03) 213 86 19

## EXHIBIT 2

mas



UNITED STATES PATENT AND TRADEMARK OFFICE

COMMISSIONER FOR PATENTS  
UNITED STATES PATENT AND TRADEMARK OFFICE  
P.O. Box 1450  
ALEXANDRIA, VA 22313-1450  
www.uspto.gov

Dorothy P. Whelan  
Fish & Richardson P.C.  
P.O. Box 1022  
Minneapolis, MN 55440-1022

(For Patent Owner)

Alan M. Grimaldi  
Howrey LLP  
1299 Pennsylvania Avenue NW  
Washington, DC 20004

(For Third Party Requester)

MAILED  
JUN 07 2006

In re Callaway Golf Company  
Inter Partes Reexamination Proceeding  
Control No.: 95/000,123  
Filed: January 17, 2006  
For: U.S. Patent No. 6,595,873

: REEXAM UNIT  
: DECISION ON PETITION  
: TO VACATE ORDER GRANTING  
: REEXAMINATION  
:

This is a decision on the April 13, 2006 patent owner petition entitled "PETITION TO VACATE REEXAMINATION ORDERS AS ULTRA VIRES" under 37 CFR 1.181. On April 27, 2006, the third party requester filed an opposition to the present petition entitled "ACUSHNET'S OPPOSITION TO PATENT OWNER'S PETITION TO VACATE REEXAMINATION ORDERS AS ULTRA VIRES."

Both the petition and the opposition are before the Office of Patent Legal Administration for consideration.

The patent owner's petition is dismissed for the reasons set forth below.

### REVIEW OF SALIENT FACTS

1. U.S. Patent No. 6,595,873 (the '873 patent) issued to Michael J. Sullivan on July 22, 2003, and is currently assigned to Callaway Golf Company.
2. A request for *inter partes* reexamination of the '873 patent was filed by a third party requester, Acushnet Company (hereinafter "Acushnet"), on January 17, 2006. The request was assigned Control No. 95/000,123 (the '123 *inter partes* reexamination proceeding).
3. On January 23, 2006, the third party requester filed a paper that was taken as a petition under 37 CFR 1.182 to suspend the '123 *inter partes* reexamination proceeding.
4. On February 9, 2006, the patent owner filed suit against requester Acushnet in the United States District court for the District of Delaware. *Callaway Golf Company v Acushnet Company*, C.A. No. 06-91 (SLR) (February 9, 2006).

5. On February 9, 2006, the third party requester filed a paper withdrawing the January 23, 2006 petition.
6. On February 16, 2006, the Office recognized the February 9, 2006 paper, and accepted the withdrawal of the January 23, 2006 petition without rendering a decision on the petition.
7. On March 21, 2006, the patent owner filed a petition, requesting that the '123 *inter partes* reexamination proceeding be suspended.
8. On March 24, 2006, the third party requester filed an opposition to the March 21, 2006 patent owner petition.
9. On March 31, 2006, the Office issued a decision discarding the March, 2006 petition and opposition papers as improper because reexamination had not yet been ordered.
10. Reexamination was ordered for the '123 *inter partes* reexamination proceeding on April 6, 2006.
11. On April 13, 2006 the patent owner filed the present petition under 37 CFR 1.181 to vacate the reexamination orders as *ultra vires*.
12. On April 27, 2006 the third party requester filed an opposition to the April 13, 2006 patent owner petition pursuant to MPEP 2646 (I).

#### RELEVANT STATUTORY AND REGULATORY LAW AND PROCEDURE

35 U.S.C. § 311(a) provides:

"IN GENERAL. — Any third-party requester at any time may file a request for *inter partes* reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301." [Emphasis supplied.]

35 U.S.C. § 312(a) provides in pertinent part:

"Not later than 3 months after the filing of a request for *inter partes* reexamination under section 311, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. ... " [Emphasis supplied.]

35 U.S.C. § 313 provides:

"If, in a determination made under section 312(a), the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for *inter partes* reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the *inter partes* reexamination conducted in accordance with section 314." [Emphasis supplied.]

35 U.S.C. 314(c) provides:

c) SPECIAL DISPATCH.- Unless otherwise provided by the Director for good cause, all *inter partes* reexamination proceedings under this section ... shall be conducted with special dispatch within the Office.

35 U.S.C. § 317 provides:

"a) ORDER FOR REEXAMINATION.- Notwithstanding any provision of this chapter, once an order for *inter partes* reexamination of a patent has been issued under section 313, neither the third-party requester nor its privies may file a subsequent request for *inter partes* reexamination of the patent until an *inter partes* reexamination certificate is issued and published under section 316, unless authorized by the Director.

(b) FINAL DECISION.- Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28, that the party has not sustained its burden of proving the invalidity of any patent claim in suit ..., then neither that party nor its privies may thereafter request an *inter partes* reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action..., and an *inter partes* reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the *inter partes* reexamination proceedings."

37 CFR 1.907 provides in pertinent part:

" (b) Once a final decision has been entered against a party in a civil action arising in whole or in part under 28 U.S.C. 1338 that the party has not sustained its burden of proving invalidity of any patent claim-in-suit, then neither that party nor its privies may thereafter request *inter partes* reexamination of any such patent claim on the basis of issues which that party, or its privies, raised or could have raised in such civil action, and an *inter partes* reexamination requested by that party, or its privies, on the basis of such issues may not thereafter be maintained by the Office."

MPEP § 2646 (I) provides in pertinent part:

"A petition under 37 CFR 1.181 may... be filed to vacate an *ultra vires* reexamination order, such as where the order for reexamination is not based on prior art patents and printed publications. In cases where no discretion to grant a request for reexamination exists, a petition to vacate the decision to grant, or a request for reconsideration, will be entertained. "Appropriate circumstances" under 37 CFR 1.181(a)(3) exist to vacate the order granting reexamination where, for example:

- (A) the reexamination order is not based on prior art patents or printed publications;
- (B) reexamination is prohibited under 37 CFR 1.907;
- (C) all claims of the patent were held to be invalid by a final decision of a Federal Court after all appeals;
- (D) reexamination was ordered for the wrong patent;
- (E) reexamination was ordered based on a duplicate copy of the request; or
- (F) the reexamination order was based wholly on the same question of patentability raised by the prior art previously considered in an earlier concluded examination of the patent by the Office (e.g., the application which matured into the patent, a prior reexamination, an interference proceeding)."

## DECISION

Patent owner argues that the order granting reexamination is an *ultra vires* action on the part of the Office because the third party requester, Acushnet, lacked standing to file the *inter partes* request. Patent owner bases this argument on allegations that:

- (1) Certain Stipulations of Dismissal resulted in a settlement agreement between patent owner's predecessor in interest, and requester Acushnet entered into a Settlement Agreement on November 10, 1990, for a term of ten years;
- (2) The same parties executed a Settlement Agreement in 1996 that superseded the 1990 agreement, and the 1996 Settlement agreement provides, *inter alia*, that the exclusive forum for the third present party requester to resolve patent validity issues with the patent owner is the United States District Court for the District of Delaware; and
- (3) The same (present) parties participated in the dispute resolution process pursuant to the 1996 Settlement Agreement, and while the mediation process was underway, Acushnet requester filed a request for the present *inter partes* reexamination proceeding.<sup>1</sup>

It is patent owner's position that filing of the present *inter partes* by requester Acushnet violates the aforementioned Settlement Agreement, and that Acushnet therefore does not have standing to file and maintain the present request for *inter partes* reexamination.<sup>2</sup> However, taking the facts as given by patent owner are accurate, and that there is a valid Settlement Agreement between patent owner and requester Acushnet,<sup>3</sup> patent owner has simply not established that the order granting the present *inter partes* reexamination proceeding is an *ultra vires* action on the part of the Office.

First, the reexamination statute governing *inter partes* reexamination permits the filing of a request for *inter partes* reexamination of a qualifying patent by **any party at any time**;<sup>4</sup> and it further requires the USPTO Director to (1) determine, within three months of the filing of the request, whether the request raises a substantial new question of patentability affecting any claim of the patent,<sup>5</sup> (2) order and conduct *inter partes* reexamination when such substantial new question is found,<sup>6</sup> and (3) conduct the *inter partes* reexamination proceeding with special dispatch.<sup>7</sup> Patent owner has not cited authority that holds that an agreement by parties in any way relieves the Office from the duty to faithfully follow the mandatory requirements of the *inter partes* reexamination statute, when a party files a request for *inter partes* reexamination. Neither has patent owner cited authority for the proposition that private parties, by agreement, may abrogate the statutory jurisdiction conferred upon the Office to decide the merits of a

---

<sup>1</sup> See patent owner's Petition, pages 2-3.

<sup>2</sup> *Id.*, at pages 4-6

<sup>3</sup> Patent owner has not established the Office has jurisdiction to make a determination regarding the validity and applicability of the Settlement Agreement, or to make any findings regarding the facts alleged in patent owner's petition or the third party requester's opposition to patent owner's petition. No such determination has been, or will be, undertaken by the Office.

<sup>4</sup> 35 U.S.C. §311(a)

<sup>5</sup> 35 U.S.C. § 312(a)

<sup>6</sup> 35 U.S.C. § 313

<sup>7</sup> 35 U.S.C. § 314(c)

request for *inter partes* reexamination and to thereafter conduct an *inter partes* reexamination within the framework provided by the statutes and regulations.

Second, a contractual provision preventing a party from seeking reexamination would be void as being contrary to public policy<sup>8</sup>. In *Lear v. Adkins*, 395 U.S. 653, (1969), the United States Supreme Court determined that prohibiting licensees from challenging the validity of a patent that they had licensed runs afoul of public policy "in permitting full and free competition in the use of ideas which are in reality part of the public domain." *id.* at 670. By analogy, preventing a third party requester (and a potential licensee of the subject patent) from requesting reexamination of a patent would be contrary to the public policy embodied in the *Lear v. Adkins* decision. It should also be noted that the settlement agreements entered into in 1990 and 1996 are prior to the enactment in 1999 of the statute authorizing *inter partes* reexamination. Thus it was not even possible for these settlement agreements to address preventing a party to the agreement from filing such a request for reexamination.

Third, MPEP § 2646 (I) sets forth examples of appropriate circumstances that would require the Office to vacate an order for *inter partes* reexamination after granting the order. These circumstances include (1) orders in which a substantial new question of patentability was found based on evidence other than prior art patents or printed publications, (2) circumstances in which estoppels established by 35 U.S.C. § 317(b) as implemented by 37 CFR 1.907 arise out of litigation between the parties **on the patent for which reexamination has been ordered** or the existence of a pending *inter partes* reexamination proceeding on a patent for which *inter partes* reexamination has again been requested by the same party or a party in privity with the requester, (3) the existence of a final, non-appealable Federal Court decision holding all claims of a patent for which *inter partes* reexamination has been ordered invalid, (4) an *inter partes* reexamination order for the wrong patent, or on duplicate copies of the same request for *inter partes* reexamination, and (5) an *inter partes* reexamination ordered based entirely upon the same question of patentability previously considered in an early concluded examination of the patent by the Office. These circumstances address either the issue of a statutory prohibition barring the grant of a request for *inter partes* reexamination, or the grant of an order for reexamination based upon a clear error of a clerical nature. Patent owner has not established that the present *inter partes* reexamination proceeding was ordered contrary to a statutory prohibition barring the order, or due to a clerical error.

Finally, while Congress did establish statutory estoppels requiring either the denial of a request for *inter partes* reexamination,<sup>9</sup> or the conclusion of a pending *inter partes* reexamination proceeding,<sup>10</sup> patent owner has not demonstrated the existence of 35 U.S.C. § 317 estoppel. If Congress had intended for any other basis for an estoppel to apply, it would have included such other basis in the statute. Congress did not provide for an "estoppel" arising out of a settlement agreement or other contractual agreement between parties.

---

<sup>8</sup> *Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1 (1972)(concluding that a forum selection clause, while generally enforceable, will not be enforced where it violates the strong public policy of the forum in which suit is brought); *Newton v. Rumery*, 480 U.S. 386,392 (1987) ("The relevant principle is well established: a promise is unenforceable if the interest in its enforcement is outweighed in the circumstances by a public policy harmed by enforcement of the agreement."); *Suter v. Munich Reinsurance*, 223 F.3d 150 (3d Cir. 2000) (citing *Bremen* for the proposition that federal forum selection clauses should not be enforced where they are contrary to public policy).

<sup>9</sup> 35 U.S.C. § 317(a)

<sup>10</sup> 35 U.S.C. § 317(b)

It is additionally noted that petitioner patent owner requests that the Office return jurisdiction to the District Court conducting the litigation.<sup>11</sup> It is to be observed, however, that Congress provided in 35 U.S.C. § 317(b) that a court validity challenge and *inter partes* reexamination of a patent may occur simultaneously. It is only when one proceeding finally ends, that the issues raised (or that could have been raised) with respect to the validity of a claim in that one proceeding can have estoppel effect on the same issues in the other proceeding. Such is not the case in the present instance. The Office is thus obligated to move forward in the instant *inter partes* reexamination with "special dispatch" despite the presence of the litigation. The present request to vacate/withdraw the instant *inter partes* reexamination request cannot be granted in view of the legislation and implementing rules which require that (1) once an *inter partes* reexamination request is filed, it will be decided, and (2) once the request is determined to raise a substantial new question of patentability of a claim of the patent, the request *will* result in an order for reexamination to resolve the substantial new question, which in turn *will* be followed by reexamination in accordance with 35 U.S.C. §§ 311-314. The statutory language is based on the **public interest** in resolving any reexamination proceeding that is filed.

Withdrawal of a requested and granted *inter partes* reexamination proceeding would leave both the public and the patent owner with an unresolved request for reexamination and unresolved substantial new question of patentability (found to be present via the decision ordering reexamination). The public has a right to such a resolution. Vacating, withdrawing, or otherwise abandoning or terminating the instant reexamination proceeding would abrogate this public right. Rather, the proceeding must continue according to the procedure mandated by the *inter partes* reexamination statute.

In *Heinl v. Godici*, 143 F. Supp. 2d 593, 601 (E.D. Va. 2001), the court stated, in a decision seeking termination of reexamination based on the absence of a new question of patentability:

"Under the well established *ultra vires* doctrine, the exhaustion and final agency requirements are excused 'only if plaintiff is able to show that the PTO clearly exceeded its statutory authority', quoting from *Philip Morris, Inc. v. Block*, 755 F.2d 368, 370 (4<sup>th</sup> Cir 1985 (quoting *Mayor and City Council of Baltimore v. Mathews*, 562 F.2d 914, 920 (4<sup>th</sup> Cir. 1977), vacated on other grounds, 571 F.2d 1273 (4<sup>th</sup> Cir. 1978).

The court went on to state:

"Put differently, when an agency acts in 'brazen defiance' of its statutory authorization, courts need not await the conclusions of underlying proceedings."

After a review of the record, and based upon the above discussion, it is found that patent owner has not established that the Office "clearly exceeded its statutory authority," nor acted "in brazen defiance of its statutory authorization," in the Office's determination that the January 17, 2006 reexamination request properly raised a substantial new question of patentability and should go forward.

---

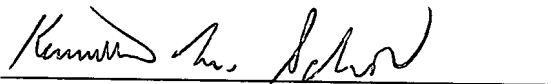
<sup>11</sup> Presumably *Callaway Golf Company v Acushnet Company*, C.A. No. 06-91 (SLR) (February 9, 2006), discussed briefly above.



For the forgoing reasons, the order granting reexamination remains intact and the *inter partes* reexamination proceeding will continue in accordance with the procedure mandated by the *inter partes* reexamination statute.

### CONCLUSION

1. The patent owner petition filed on April 13, 2006, is dismissed.
2. A copy of this decision will be made of record in the IFW of the '123 *inter partes* reexamination proceeding.
3. Jurisdiction over the '123 *inter partes* reexamination proceeding is returned to the Central Reexamination Unit.
4. Telephone inquiries related to the present decision should be directed to Stephen Marcus, Legal Advisor, at 571-272-7743, or, in his absence, to Karen Hastings, Legal Advisor, at 571-272-7717.



Kenneth M. Schor  
Senior Legal Advisor  
Office of Patent Legal Administration

kmh  
June 1, 2006

6-6-06  
C:\Kiva\Kenpet6\UV\95\_123-UV\_settlement agreement.doc  
C:\Kiva\Kenpet6\IP\95\_123-UV\_settlement agreement.doc

# Exhibit 3

**INTER PARTES REVIEW WHERE ASSIGNOR ESTOPPEL HAS BEEN RAISED**

<b>PTAB docket number(s)</b>	<b>Petitioner</b>	<b>Status</b>	<b>Corresponding District Court Litigation</b>
IPR2015-01050	Arista Networks, Inc.	Petition pending	<i>Cisco Systems, Inc. v. Arista Networks, Inc.</i> , Case No. 4:14-cv-5343-JSW (N.D. Cal.)
IPR2015-01049	Arista Networks, Inc.	Petition pending	<i>Cisco Systems, Inc. v. Arista Networks, Inc.</i> , Case No. 4:14-cv-5343-JSW (N.D. Cal.)
IPR2015-01038	Boston Scientific Corp.	Petition pending	<i>The Board of Trustees of the University of Alabama at Birmingham et al. v. Boston Scientific Corp. et al.</i> , Case No. 2:14-cv-01800 (N.D. Ala.)
IPR2015-00976	Arista Networks, Inc.	Petition pending	<i>Cisco Systems, Inc. v. Arista Networks, Inc.</i> , Case No. 4:14-cv-5343-JSW (N.D. Cal.)
IPR2015-00973	Arista Networks, Inc.	Petition pending	<i>Cisco Systems, Inc. v. Arista Networks, Inc.</i> , Case No. 4:14-cv-5343-JSW (N.D. Cal.)
IPR2015-00918	Boston Scientific Corp.	Petition pending	<i>The Board of Trustees of the University of Alabama at Birmingham et al. v. Boston Scientific Corp. et al.</i> , Case No. 2:14-cv-01800 (N.D. Ala.)
IPR2015-00255	Cepheid	Petition pending	<i>Roche Molecular Sys., Inc. v. Cepheid</i> , Case No. 3:14-cv-03228-EDL (N.D. Cal.)
IPR2014-01513	B/E Aerospace, Inc.	Instituted	<i>MAG Aerospace Indus. Inc. v. B/E Aerospace Inc.</i> , Case No. 2:13-cv-06089-SJO-FFM (C.D. Cal.)
IPR2014-01511	B/E Aerospace, Inc.	Instituted	<i>MAG Aerospace Indus. Inc. v. B/E Aerospace Inc.</i> , Case No. 2:13-cv-06089-SJO-FFM (C.D. Cal.)

<b>PTAB docket number(s)</b>	<b>Petitioner</b>	<b>Status</b>	<b>Corresponding District Court Litigation</b>
IPR2014-01510	B/E Aerospace, Inc	Instituted	<i>MAG Aerospace Indus. Inc. v. B/E Aerospace Inc.</i> , Case No. 2:13-cv-06089-SJO-FFM (C.D. Cal.)
IPR2014-01093	Ariosa Diagnostics, Inc.	Instituted	<i>Illumina, Inc. v. Ariosa Diagnostics, Inc.</i> , Case No. 3:14-cv-01921 (N. D. Cal.)
IPR2013-00466	Palo Alto Networks, Inc.	Instituted, Settled	<i>Juniper Networks, Inc. v. Palo Alto Networks, Inc.</i> , Case No. 11-1258-SLR (D. Del.)
IPR2013-00369	Palo Alto Networks, Inc.	Instituted, Settled	<i>Juniper Networks, Inc. v. Palo Alto Networks, Inc.</i> , No. 11-1258-SLR (D. Del.)
IPR2013-00290	Athena Automation Ltd.	Final Written Decision	N/A
IPR2013-00169	Athena Automation Ltd.	Final Written Decision	N/A
IPR2013-00167	Athena Automation Ltd.	Final Written Decision	N/A
IPR2013-00106	Redline Detection, LLC	Final Written Decision	<i>Star EnviroTech, Inc. v. Redline Detection, LLC et al.</i> , Case No. 8:12-cv-01861-JGB-DFM (C.D. Cal.)
IPR2012-00042	Synopsys, Inc.	Final Written Decision	<i>Synopsys, Inc. et al. v. Mentor Graphics Corp.</i> , Case No. 3:12-cv-06467-MMC (N.D. Cal.)

## EXHIBIT 4

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

ESSELTE CORPORATION ET AL.  
Petitioner

v.

DYMO,  
Patent Owner

---

Case No. IPR2015-00781

Patent No. 6,890,113

---

**PATENT OWNER'S MANDATORY DISCLOSURES  
UNDER 37 C.F.R. § 42.8**

U.S. Pat. No. 6,890,113  
 IPR2015-00781  
 Patent Owner’s Mandatory Disclosures

**I. 37 C.F.R. § 42.8(b)(1) - NOTICE OF REAL PARTY IN INTEREST**

The real party in interest is DYMO B.V.B.A.

**II. 37 C.F.R. § 42.8(b)(2) – RELATED MATTERS**

U.S. Patent No. 6,890,113 has been asserted against Petitioner in the Southern District of New York in the litigation styled as: *Sanford L.P. (d/b/a DYMO), and DYMO B.V.B.A. v. Esselte AB, Esselte Leitz GMBH & Co. KG, and Esselte Corp.*, No. 1:14-cv-07616-VSB (S.D.N.Y.). Petitioner filed petitions to institute *inter partes* reviews of three other patents asserted in the litigation: IPR2015-00771 (U.S. 7,140,791), IPR2015-00779 (U.S. 6,152,623), and IPR2015-00766 (U.S. 7,990,567).

**III. 37 C.F.R. § 42.8(b)(3) - LEAD AND BACKUP COUNSEL**

Patent Owner hereby identifies the following lead and backup counsel:

Lead Counsel	Back-Up Counsel
Mitchell G. Stockwell Registration No. 39,389 mstockwell@kilpatricktownsend.com	Wab P. Kadaba Reg. No. 45,865 wkadaba@kilpatricktownsend.com
<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-815-6214 Fax: 404-541-3403	<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-532-6959 Fax: 404-541-3258

U.S. Pat. No. 6,890,113  
IPR2015-00781  
Patent Owner's Mandatory Disclosures

A Power of Attorney naming the above lead and backup counsel as attorneys of record is filed concurrently with this paper. Patent Owner hereby consents to service via email to its lead and backup counsel.

#### **IV. PRELIMINARY RESPONSE**

Patent Owner reserves the right to file a preliminary response at a later date.

Dated: April 6, 2015

By: s/Mitchell G. Stockwell  
Mitchell G. Stockwell  
Reg. No. 39,389  
Lead Counsel for Petitioner



U.S. Pat. No. 6,890,113  
 IPR2015-00781  
 Patent Owner's Mandatory Disclosures

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of these Mandatory Disclosures was served via email on the date below, upon the following:

<b>LEAD COUNSEL</b>	<b>BACK-UP COUNSEL</b>
Douglas J. Kline (Reg. No. 35,574) (dkline@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1209; (F): 617.649.1466	Charles H. Sanders (Reg. No. 47,053) (csanders@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1315; (F): 617. 801.8804  Jay C. Chiu (Reg. No. 47,308) (jchiu@goodwinprocter.com) Goodwin Procter LLP 601 South Figueroa St., 41st Floor Los Angeles, CA 90017 (T): 213. 426.2576; (F): 213. 623.1673  Sumedha Ahuja (Reg. No. 73,038) (sahuja@goodwinprocter.com) Goodwin Procter LLP 901 New York Ave., NW Washington, D.C. 22201 (T): 202.346.4035; (F): 202.346.4444

Dated: April 6, 2015

By: s/Mitchell G. Stockwell

Mitchell G. Stockwell  
 Reg. No. 39,389  
 Lead Counsel for Petitioner

## EXHIBIT 5

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

ESSELTE CORPORATION ET AL.  
Petitioner

v.

DYMO,  
Patent Owner

---

Case No. IPR2015-00779

Patent No. 6,152,623

---

**PATENT OWNER'S MANDATORY DISCLOSURES  
UNDER 37 C.F.R. § 42.8**

U.S. Pat. No. 6,152,623  
 IPR2015-00779  
 Patent Owner’s Mandatory Disclosures

**I. 37 C.F.R. § 42.8(b)(1) - NOTICE OF REAL PARTY IN INTEREST**

The real party in interest is DYMO B.V.B.A.

**II. 37 C.F.R. § 42.8(b)(2) – RELATED MATTERS**

U.S. Patent No. 6,152,623 has been asserted against Petitioner in the Southern District of New York in the litigation styled as: *Sanford L.P. (d/b/a DYMO), and DYMO B.V.B.A. v. Esselte AB, Esselte Leitz GMBH & Co. KG, and Esselte Corp.*, No. 1:14-cv-07616-VSB (S.D.N.Y.). Petitioner filed petitions to institute *inter partes* reviews of three other patents asserted in the litigation: IPR2015-00771 (U.S. 7,140,791), IPR2015-00781 (U.S. 6,890,113), and IPR2015-00766 (U.S. 7,990,567).

**III. 37 C.F.R. § 42.8(b)(3) - LEAD AND BACKUP COUNSEL**

Patent Owner hereby identifies the following lead and backup counsel:

Lead Counsel	Back-Up Counsel
Mitchell G. Stockwell Registration No. 39,389 mstockwell@kilpatricktownsend.com	Wab P. Kadaba Reg. No. 45,865 wkadaba@kilpatricktownsend.com
<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-815-6214 Fax: 404-541-3403	<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-532-6959 Fax: 404-541-3258

U.S. Pat. No. 6,152,623  
IPR2015-00779  
Patent Owner's Mandatory Disclosures

A Power of Attorney naming the above lead and backup counsel as attorneys of record is filed concurrently with this paper. Patent Owner hereby consents to service via email to its lead and backup counsel.

#### **IV. PRELIMINARY RESPONSE**

Patent Owner reserves the right to file a preliminary response at a later date.

Dated: April 6, 2015

By: s/Mitchell G. Stockwell  
Mitchell G. Stockwell  
Reg. No. 39,389  
Lead Counsel for Petitioner

U.S. Pat. No. 6,152,623  
 IPR2015-00779  
 Patent Owner’s Mandatory Disclosures

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of these Mandatory Disclosures was served via email on the date below, upon the following:

<b>LEAD COUNSEL</b>	<b>BACK-UP COUNSEL</b>
Douglas J. Kline (Reg. No. 35,574) (dkline@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1209; (F): 617.649.1466	Charles H. Sanders (Reg. No. 47,053) (csanders@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1315; (F): 617. 801.8804  Jay C. Chiu (Reg. No. 47,308) (jchiu@goodwinprocter.com) Goodwin Procter LLP 601 South Figueroa St., 41st Floor Los Angeles, CA 90017 (T): 213. 426.2576; (F): 213. 623.1673  Sumedha Ahuja (Reg. No. 73,038) (sahuja@goodwinprocter.com) Goodwin Procter LLP 901 New York Ave., NW Washington, D.C. 22201 (T): 202.346.4035; (F): 202.346.4444

Dated: April 6, 2015

By: s/Mitchell G. Stockwell

Mitchell G. Stockwell  
 Reg. No. 39,389  
 Lead Counsel for Petitioner

## EXHIBIT 6

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

ESSELTE CORPORATION ET AL.  
Petitioner

v.

DYMO,  
Patent Owner

---

Case No. IPR2015-00771

Patent No. 7,140,791

---

**PATENT OWNER'S MANDATORY DISCLOSURES  
UNDER 37 C.F.R. § 42.8**



U.S. Pat. No. 7,140,791  
 IPR2015-00771  
 Patent Owner’s Mandatory Disclosures

**I. 37 C.F.R. § 42.8(b)(1) - NOTICE OF REAL PARTY IN INTEREST**

The real party in interest is Sanford L.P. (d/b/a DYMO).

**II. 37 C.F.R. § 42.8(b)(2) – RELATED MATTERS**

U.S. Patent No. 7,140,791 has been asserted against Petitioner in the Southern District of New York in the litigation styled as: *Sanford L.P. (d/b/a DYMO), and DYMO B.V.B.A. v. Esselte AB, Esselte Leitz GMBH & Co. KG, and Esselte Corp.*, No. 1:14-cv-07616-VSB (S.D.N.Y.). Petitioner filed petitions to institute *inter partes* reviews of three other patents asserted in the litigation: IPR2015-00781 (U.S. 6,890,113), IPR2015-00779 (U.S. 6,152,623), and IPR2015-00766 (U.S. 7,990,567).

**III. 37 C.F.R. § 42.8(b)(3) - LEAD AND BACKUP COUNSEL**

Patent Owner hereby identifies the following lead and backup counsel:

Lead Counsel	Back-Up Counsel
Mitchell G. Stockwell Registration No. 39,389 mstockwell@kilpatricktownsend.com	Wab P. Kadaba Reg. No. 45,865 wkadaba@kilpatricktownsend.com
<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-815-6214 Fax: 404-541-3403	<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-532-6959 Fax: 404-541-3258

U.S. Pat. No. 7,140,791  
IPR2015-00771  
Patent Owner's Mandatory Disclosures

A Power of Attorney naming the above lead and backup counsel as attorneys of record is filed concurrently with this paper. Patent Owner hereby consents to service via email to its lead and backup counsel.

#### **IV. PRELIMINARY RESPONSE**

Patent Owner reserves the right to file a preliminary response at a later date.

Dated: April 6, 2015

By: s/Mitchell G. Stockwell  
Mitchell G. Stockwell  
Reg. No. 39,389  
Lead Counsel for Petitioner

U.S. Pat. No. 7,140,791  
 IPR2015-00771  
 Patent Owner's Mandatory Disclosures

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of these Mandatory Disclosures was served via email on the date below, upon the following:

<b>LEAD COUNSEL</b>	<b>BACK-UP COUNSEL</b>
Douglas J. Kline (Reg. No. 35,574) (dkline@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1209; (F): 617.649.1466	Charles H. Sanders (Reg. No. 47,053) (csanders@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1315; (F): 617. 801.8804  Jay C. Chiu (Reg. No. 47,308) (jchiu@goodwinprocter.com) Goodwin Procter LLP 601 South Figueroa St., 41st Floor Los Angeles, CA 90017 (T): 213. 426.2576; (F): 213. 623.1673  Sumedha Ahuja (Reg. No. 73,038) (sahuja@goodwinprocter.com) Goodwin Procter LLP 901 New York Ave., NW Washington, D.C. 22201 (T): 202.346.4035; (F): 202.346.4444

Dated: April 6, 2015

By: s/Mitchell G. Stockwell

Mitchell G. Stockwell  
 Reg. No. 39,389  
 Lead Counsel for Petitioner

## EXHIBIT 7

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

ESSELTE CORPORATION ET AL.  
Petitioner

v.

DYMO,  
Patent Owner

---

Case No. IPR2015-00766

Patent No. 7,990,567

---

**PATENT OWNER'S MANDATORY DISCLOSURES  
UNDER 37 C.F.R. § 42.8**

U.S. Pat. No. 7,990,567  
 IPR2015-00766  
 Patent Owner’s Mandatory Disclosures

**I. 37 C.F.R. § 42.8(b)(1) - NOTICE OF REAL PARTY IN INTEREST**

The real party in interest is DYMO B.V.B.A.

**II. 37 C.F.R. § 42.8(b)(2) – RELATED MATTERS**

U.S. Patent No. 7,990,567 has been asserted against Petitioner in the Southern District of New York in the litigation styled as: *Sanford L.P. (d/b/a DYMO), and DYMO B.V.B.A. v. Esselte AB, Esselte Leitz GMBH & Co. KG, and Esselte Corp.*, No. 1:14-cv-07616-VSB (S.D.N.Y.). Petitioner filed petitions to institute *inter partes* reviews of three other patents asserted in the litigation: IPR2015-00781 (U.S. 6,890,113), IPR2015-00779 (U.S. 6,152,623), and IPR2015-00771 (U.S. 7,140,791).

**III. 37 C.F.R. § 42.8(b)(3) - LEAD AND BACKUP COUNSEL**

Patent Owner hereby identifies the following lead and backup counsel:

Lead Counsel	Back-Up Counsel
Mitchell G. Stockwell Registration No. 39,389 mstockwell@kilpatricktownsend.com	Wab P. Kadaba Reg. No. 45,865 wkadaba@kilpatricktownsend.com
<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-815-6214 Fax: 404-541-3403	<u>Postal and Hand-Delivery Address:</u> Kilpatrick Townsend & Stockton LLP 1100 Peachtree Street NE, Suite 2800 Atlanta, GA 30309-4528 Telephone: 404-532-6959 Fax: 404-541-3258

U.S. Pat. No. 7,990,567  
IPR2015-00766  
Patent Owner's Mandatory Disclosures

A Power of Attorney naming the above lead and backup counsel as attorneys of record is filed concurrently with this paper. Patent Owner hereby consents to service via email to its lead and backup counsel.

#### **IV. PRELIMINARY RESPONSE**

Patent Owner reserves the right to file a preliminary response at a later date.

Dated: April 6, 2015

By: s/Mitchell G. Stockwell  
Mitchell G. Stockwell  
Reg. No. 39,389  
Lead Counsel for Petitioner

U.S. Pat. No. 7,990,567  
 IPR2015-00766  
 Patent Owner's Mandatory Disclosures

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of these Mandatory Disclosures was served via email on the date below, upon the following:

<b>LEAD COUNSEL</b>	<b>BACK-UP COUNSEL</b>
Douglas J. Kline (Reg. No. 35,574) (dkline@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1209; (F): 617.649.1466	Charles H. Sanders (Reg. No. 47,053) (csanders@goodwinprocter.com) Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109 (T): 617.570.1315; (F): 617. 801.8804  Jay C. Chiu (Reg. No. 47,308) (jchiu@goodwinprocter.com) Goodwin Procter LLP 601 South Figueroa St., 41st Floor Los Angeles, CA 90017 (T): 213. 426.2576; (F): 213. 623.1673  Sumedha Ahuja (Reg. No. 73,038) (sahuja@goodwinprocter.com) Goodwin Procter LLP 901 New York Ave., NW Washington, D.C. 22201 (T): 202.346.4035; (F): 202.346.4444

Dated: April 6, 2015

By: s/Mitchell G. Stockwell

Mitchell G. Stockwell  
 Reg. No. 39,389  
 Lead Counsel for Petitioner



## EXHIBIT 8

Trials@uspto.gov  
571-272-7822

Paper 7  
Entered: May 6, 2015

UNITED STATES PATENT AND TRADEMARK OFFICE

---

BEFORE THE PATENT TRIAL AND APPEAL BOARD

---

GOOD TECHNOLOGY SOFTWARE, INC.,  
Petitioner,

v.

AIRWATCH, LLC,  
Patent Owner.

---

Case IPR2015-00875  
Patent 8,826,432 B2

---

Before BRYAN F. MOORE, PETER P. CHEN, and  
ROBERT J. WEINSCHENK, *Administrative Patent Judges*.

WEINSCHENK, *Administrative Patent Judge*.

ORDER  
Termination of the Proceeding  
*37 C.F.R. § 42.74*

IPR2015-00875  
Patent 8,826,432 B2

## I. INTRODUCTION

On May 1, 2015, the parties filed a Joint Motion to Terminate with Request to Keep Separate pursuant to 42 C.F.R. §§ 42.5(a), 42.71(a), and 42.74. Paper 6 (“Joint Mot.”). In addition, pursuant to 35 U.S.C. § 317(b) and 37 C.F.R. § 42.74(c), the parties filed a true copy of a Patent License and Settlement Agreement. Ex. 1007. The Joint Motion to Terminate with Request to Keep Separate identifies the Patent License and Settlement Agreement as business confidential information and requests that the agreement be kept separate from the patent file. Joint Mot. 4.

## II. ANALYSIS

This case is in the preliminary proceeding<sup>1</sup> stage; no decision whether to institute a trial has been made. The parties identify various related U.S. and non-U.S. lawsuits and various related proceedings before the U.S. Patent and Trademark Office (“USPTO”) involving the parties. Joint Mot. 2–3. The parties represent that the filed agreement settles all disputes between the parties with respect to the above-captioned proceeding. *Id.* at 1. Further, the parties represent that, pursuant to the filed agreement, all related lawsuits involving the parties have been dismissed (*id.* at 2), and that the parties are filing appropriate motions requesting termination of the related proceedings before the USPTO (*id.* at 2–3). Under these circumstances, we determine that good cause exists to terminate the above-captioned proceeding at this preliminary proceeding stage and without rendering a final written decision.

---

<sup>1</sup> A preliminary proceeding begins with the filing of a petition for instituting a trial and ends with a written decision as to whether trial will be instituted. 37 C.F.R. § 42.2.

IPR2015-00875  
Patent 8,826,432 B2

### III. ORDER

In consideration of the foregoing, it is hereby:

ORDERED that the Joint Motion to Terminate with Request to Keep Separate is *granted*;

FURTHER ORDERED that the parties' request that the Patent License and Settlement Agreement (Ex. 1007) be treated as business confidential information, to be kept separate from the patent file, is *granted*; and

FURTHER ORDERED that the above-captioned proceeding is *terminated*.

IPR2015-00875  
Patent 8,826,432 B2

PETITIONER:

Phillip Bennett  
Ankur Garg  
EIP US LLP  
pbennett@eip.com  
agarg@eip.com

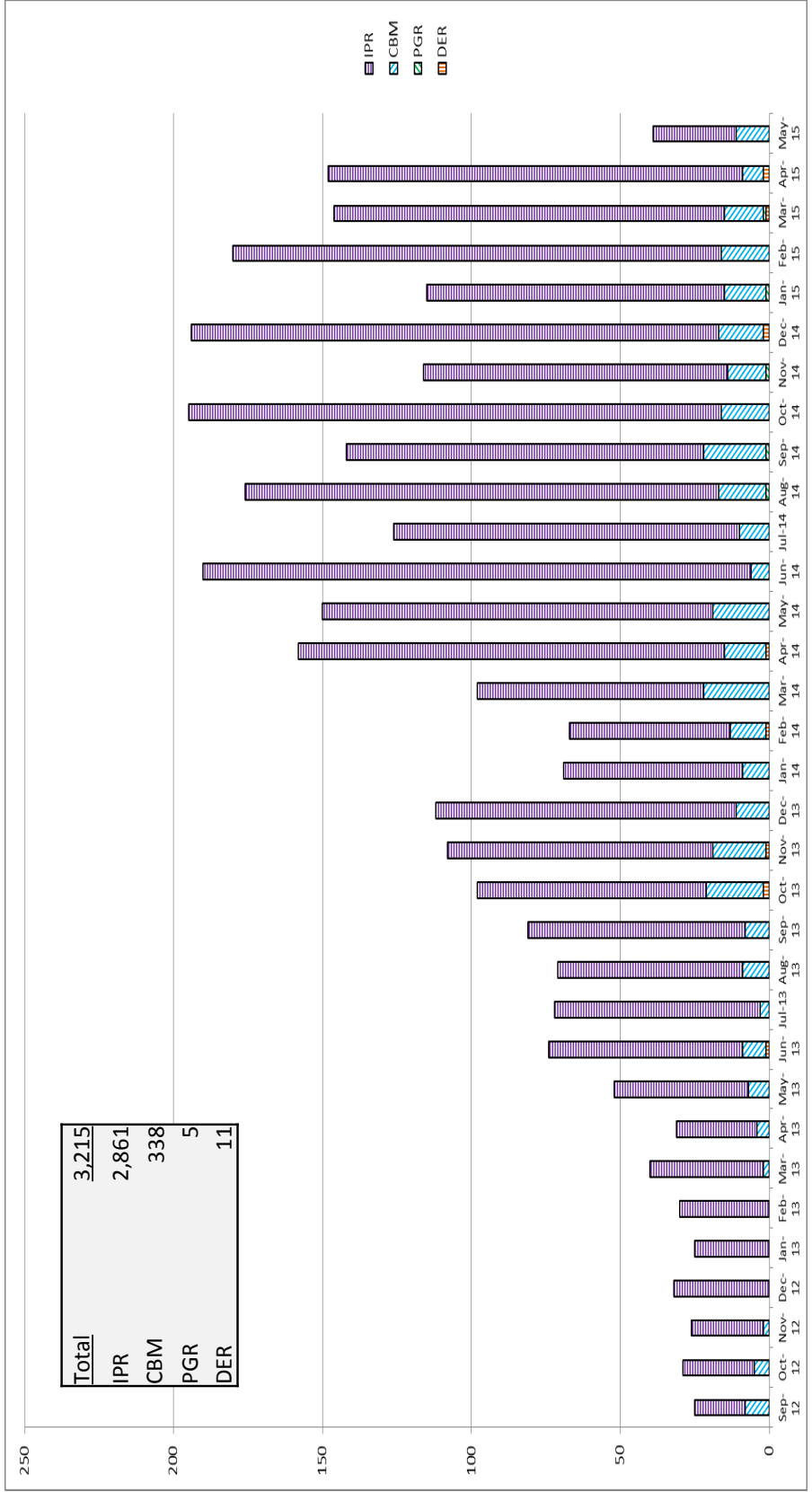
PATENT OWNER:

Matthew Kreeger  
Diek Van Nort  
MORRISON & FOERSTER LLP  
MKreeger@mof.com  
DVannort@mof.com

## EXHIBIT 9

# AIA Progress (as of May 7, 2015)

## • AIA Monthly Filings



# Exhibit 10



## ***Inter Partes* Review: An Early Look at the Numbers**

*Brian J. Love*†  
*Shawn Ambwani*††

In the roughly two years since *inter partes* review (IPR) replaced *inter partes* reexamination,<sup>1</sup> petitioners have filed almost two thousand requests for the Patent Trial and Appeal Board (PTAB) to review the validity of issued US patents.<sup>2</sup> As partial data on IPR has trickled out via the blogosphere,<sup>3</sup> interest from patent practitioners and judges has grown to a fever (and sometimes fevered) pitch.<sup>4</sup> To date, however, no commentator has collected a

---

† Assistant Professor of Law and Co-director of the High Tech Law Institute, Santa Clara University School of Law.

†† Chief Operating Officer, Unified Patents, Inc. and Chairman, Licensing Executives Society, Inc, High Tech Sector.

We thank participants at the 2014 Intellectual Property Scholars Conference at University of California, Berkeley School of Law. Jacob Vigil and Alexander Shei provided excellent research assistance.

<sup>1</sup> The Patent Trial and Appeal Board began accepting petitions for IPR on September 16, 2012. See Leahy-Smith America Invents Act § 319(c)(2)(A) (“AIA”), Pub L No 112-29, 125 Stat 284, 304 (2011), codified in various sections of Title 35 (stating that the sections pertaining to IPR “shall take effect upon the expiration of the 1-year period beginning on the date of the enactment”).

<sup>2</sup> See generally *Patent Trial and Appeal Board AIA Progress Statistics (as of 9/25/14)* (US Patent and Trademark Office), online at [http://www.uspto.gov/ip/boards/bpai/stats/aia\\_statistics\\_09\\_25\\_2014.pdf](http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_09_25_2014.pdf) (visited Nov 17, 2014).

<sup>3</sup> See, for example, Scott A. McKeown, *PTAB Institution Rate Dips into 60% Range*, Patents Post-Grant Blog (Oblon, Spivak, McClelland, Maier & Neustadt, LLP July 21, 2014), online at <http://www.patentspostgrant.com/ptab-institution-rate-dips-into-60-range> (visited Nov 13, 2014); Michelle Carniaux and Michael E. Sander, *Instituted Patent Claims Survive in About One Third of All IPR Trials*, IPR Blog (Kenyon & Kenyon LLP Aug 13, 2014), online at <http://interpartesreviewblog.com/instituted-patent-claims-survive-one-third-ipr-trials> (visited Nov 17, 2014); Merchant & Gould, *Inter Partes Review Procedure Statistics* (Sept 25, 2014), online at [http://www.merchantgould.com/OurPractice\\_PostGrant\\_IPR\\_Statistics.aspx](http://www.merchantgould.com/OurPractice_PostGrant_IPR_Statistics.aspx) (visited Nov 17, 2014).

<sup>4</sup> See, for example, Tony Dutra, *Rader Regrets CLS Bank Impasse, Comments on Latest Patent Reform Bill*, Bloomberg BNA Legal and Business News (Oct 29, 2013), online at <http://www.bna.com/rader-regrets-cls-n17179879684> (visited Nov 17, 2014) (quoting Randall Rader, then Chief Judge of the US Court of Appeals for the Federal Circuit, stating that “the PTAB . . . [is] 300 administrative patent judges ‘acting as death squads, killing property rights’”); Robert Greene Sterne and Gene Quinn, *PTAB Death Squads: Are All Commercially Viable Patents Invalid?*, IPWatchdog Blog (Mar 24, 2014), online at <http://www.ipwatchdog.com/2014/03/24/ptab-death-squads-are-all-commercially>

comprehensive set of statistics on IPR. Moreover, what little data currently exists focuses on overall institution and invalidation rates—data that, alone, gives us little idea whether IPR is thus far accomplishing its original goal of serving as an efficient alternative to defending patent suits filed in federal court, particularly those initiated by nonpracticing entities (NPEs).<sup>5</sup>

This Essay aims to fill both gaps by reporting the findings of an empirical study tracking the outcome of IPRs and their impact on co-pending litigation. As described in greater detail below, we find that:

- The PTAB grants—or “institutes”—IPR petitions for at least one challenged claim 84 percent of the time;
- Among instituted IPRs, *all* challenged claims are instituted 74 percent of the time;
- Among IPRs that reach a final decision on the merits, *all* instituted claims are invalidated or disclaimed more than 77 percent of the time;
- IPRs challenging NPE-owned patents are more likely to be instituted and, on average, are instituted for a larger share of challenged claims, but these claims are invalidated at a lower rate;
- Litigation proceeding in parallel with an instituted IPR is stayed about 82 percent of the time.

Though it is too early to draw sweeping conclusions from these statistics, they suggest that IPR promises to be considerably more

---

-viable-patents-invalid (visited Nov 17, 2014) (“Ultimately, if the PTAB continues on this path, the *raison d’être* of the Patent Office and the entire patent system will be called into question.”).

<sup>5</sup> America Invents Act, HR Rep No 112-98, 112th Cong, 1st Sess, 48 (2011), reprinted in 2011 USCCAN 67, 78 (referring to the postgrant review proceedings created by the AIA as “quick and cost effective alternatives to litigation”). See also Alston & Bird, LLP, *Inter Partes Review—One Year Later* \*1 (Sept 17, 2013), online at <http://www.alston.com/files/publication/ba36e481-8956-4318-a846-b1547e87b773/presentation/publicationattachment/651fa1eb-2994-427d-863e-b9275e537113/13-691-inter-partes-review-one-year-laterpdf.pdf> (visited Nov 17, 2014), quoting Patent Reform Act of 2011, S 23, 112th Cong, 1st Sess, in 157 Cong Rec S 1326 (daily ed Mar 7, 2011) (“IPR was designed to be a cost-effective alternative to litigation. In fact, its legislative history states that the IPR process ‘will allow invalid patents that were mistakenly issued by the USPTO to be fixed early in their life, before they disrupt an entire industry or result in expensive litigation.’”); *Review of Recent Judicial Decisions on Patent Law, Hearing before the Subcommittee on Intellectual Property, Competition, and the Internet of the Committee of the Judiciary, House of Representatives*, 112th Cong, 1st Sess 10 (2011) (statement of Dan L. Burk, Chancellor’s Professor of Law, University of California, Irvine) (“As you are aware, Mr. Chairman, much of the push toward patent reform legislation has been driven by the activity of ‘non-practicing entities’ or NPEs, whom some have dubbed ‘patent trolls.’”).

potent than *inter partes* reexamination and, moreover, to have a substantial impact on co-pending patent litigation, particularly suits filed by NPEs.

## I. BACKGROUND

Prior to the America Invents Act<sup>6</sup> (AIA), parties could administratively challenge issued patents at the US Patent and Trademark Office (USPTO) via one of two forms of reexamination: (1) *ex parte* reexamination, which proceeded essentially as an extension of the patent's original *ex parte* examination; or (2) *inter partes* reexamination, which allowed the challenger to take an adversarial role in the process in exchange for a waiver of its ability to re-argue validity later in court.<sup>7</sup>

Though originally developed to serve as a cost-effective alternative to full-blown litigation,<sup>8</sup> reexaminations rarely realized that goal. Rather, reexamination developed a well-deserved reputation for lengthy delays, a lack of decisive results, and a permissiveness for claim amendments that led some in the patent bar to view reexamination more as a vehicle for patentees to strengthen their patent rights post hoc than as a tool for possible infringers to quickly and cheaply eliminate invalid claims without resorting to litigation.<sup>9</sup>

---

<sup>6</sup> Leahy-Smith America Invents Act, Pub L No 112-29, 125 Stat 284 (2011), codified in various sections of Title 35.

<sup>7</sup> See, for example, RatnerPrestia, *Guide to Re-examination and Post Grant Review of U.S. Patents: Ex Parte versus Inter Partes Review* (2013), online at <http://www.rppostgrant.com/ComparisonCharts/index.html> (visited Nov 17, 2014) (highlighting the similarities and differences between *ex parte* and *inter partes* reexamination).

<sup>8</sup> See HR 1907, 106th Cong, 1st Sess, in 145 Cong Rec 19278 (Aug 3, 1999) (statement of Representative Dana Rohrabacher) (“This title was an attempt . . . to further encourage potential litigants to use the PTO as a [sic] avenue to resolve patentability issues without expanding the process into one resembling courtroom proceedings.”).

<sup>9</sup> *Inter partes* reexamination took 3 years on average, after which challenged patents survived 69 percent of the time, generally with new claims added. Commissioner for Patents, *Inter Parte Reexamination Filing Data* \*1 (US Patent and Trademark Office Nov 22, 2013), online at [http://www.uspto.gov/patents/stats/inter\\_parte\\_historical\\_stats\\_roll\\_up\\_EOY2013.pdf](http://www.uspto.gov/patents/stats/inter_parte_historical_stats_roll_up_EOY2013.pdf) (visited Nov 17, 2014) (“PTO IPX Data”). As a result, many patent lawyers viewed reexamination as more likely to strengthen a patent than to weaken it. See, for example, Kyle J. Trout and Thomas C. Stuart, *Managing Risk in the Age of the Patent Troll (Part 2)*, 20 Westlaw J Intell Prop 1, 3 (Feb 19, 2014) (“[R]e-examination proves to be a double-edged sword that [often] necessitates taking a license on less favorable terms against . . . strengthened reissued claims.”). As evidence, consider that many litigation-minded patentees voluntarily subject their patents to *ex parte* reexamination. See, for example, Changes to Implement the Supplemental Examination Provisions of the Leahy-Smith America Invents Act and to Revise Reexamination Fees; Final Rule, 77 Fed Reg 48828, 48847 (2012), amending 37 CFR Part 1 (“[T]he Office estimates

Spurred by (at least a perception of) widespread litigation abuse, Congress passed the AIA in 2011.<sup>10</sup> Among other changes, the AIA replaced the existing regime of *inter partes* reexamination with a modified and renamed *inter partes* review.<sup>11</sup> The new legislation raised the bar for granting requests to review a patent but advantaged accepted petitions by both mandating a shorter time to completion and allowing the reviews to take place before the PTAB in the first instance, rather than on appeal.<sup>12</sup> These modifications, legislators hoped, would transform *inter partes* administrative patent challenges into the cheap, efficient litigation alternative that *inter partes* reexamination never proved to be.<sup>13</sup>

## II. STUDY DESIGN

To test the extent to which Congress has thus far achieved its goals with IPR, we collected a variety of data for every petition for IPR filed between September 16, 2012—the effective date of the statutory provision creating IPR—and March 31, 2014.<sup>14</sup> During this period, challengers filed a total of 979 petitions.<sup>15</sup> As shown in Table 1, this tally is roughly half the total

---

that it receives approximately 110 . . . requests for *ex parte* reexamination filed by patent owners annually.”).

<sup>10</sup> AIA, 125 Stat at 284. For more on the motivations behind passage of the AIA, particularly the modification to administrative review, see, for example, *Protecting Small Businesses and Promoting Innovation by Limiting Patent Troll Abuse, Hearing on S 23 before the US Senate Judiciary Committee*, 113th Cong, 1st Sess \*3–6, 8 (2013) (“2013 Patent Troll Abuse Hearing”) (testimony of Q. Todd Dickinson, Executive Director of the American Intellectual Property Law Association), online at <http://ipwatchdog.com/blog/dickinson-senate-testimony-12-17-2013.pdf> (visited Oct 25, 2014) (recounting the debate leading up to the AIA and referring to “the assertion of allegedly invalid or overbroad patents” as “the very abuse for which AIA post-grant procedures were created”).

<sup>11</sup> AIA § 6, 125 Stat at 299–305 (setting forth procedures for IPR).

<sup>12</sup> See, for example, Justin A. Hendrix and Robert F. Shaffer, *Post Grant Proceedings of the AIA Provide New Opportunities and Require Reconsideration of Old Patent Litigation Strategies* \*2–3 (Medical Device June 15, 2012), online at <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=598696f7-7eba-4fcb-83b8-2369caa91dd3> (visited Nov 17, 2014) (describing the similarities and differences between IPR and *inter partes* reexamination).

<sup>13</sup> See generally *2013 Patent Troll Abuse Hearing* (cited in note 10).

<sup>14</sup> Because institution decisions are generally issued close to six months after petitions are filed, as seen in Table 3, this study window includes the vast majority of IPRs that received at least a preliminary ruling on their merits by the end of September 2014. Moreover, all data presented in this Essay is current as of September 30, 2014.

<sup>15</sup> To identify IPRs and access the docket for each, we used Docket Navigator, <http://www.docketnavigator.com>. In all, 987 petitions for IPR were filed during our study window, but we excluded eight petitions that challenged design (rather than utility) patents. For an explanation of the difference between design patents and utility patents,

2014]

Inter Partes *Review*

97

number of requests for *inter partes* reexamination filed over the course of the thirteen years prior.<sup>16</sup> As of September 30, 2014, the PTAB had received a total of 1,841 petitions for IPR, making the rate of IPR six times that of *inter partes* reexamination.<sup>17</sup>

TABLE 1. QUANTITY OF FILINGS AS OF SEPTEMBER 30, 2014

	<i>Inter Partes</i> Reexaminations	<i>Inter Partes</i> Review
Total	1,919	1,841
Average per month	12.5	75.1

For each IPR examined in the study, we collected several pieces of information about the petition, the patent, and the parties involved. First, we determined whether the PTAB decided to grant, or “institute,” the IPR petition.<sup>18</sup> We also determined whether the IPR was still pending or had terminated.<sup>19</sup> If the IPR had terminated, we noted how and when it terminated. As shown in Table 2, of the 979 petitions that fall within our study window, over 40 percent are still pending before the PTAB. However, less than 1 percent of these petitions are still awaiting an institution decision, which confirms that our study window contains the lion’s share of petitions that have, to date, received substantial attention from the PTAB.

---

see US Patent and Trademark Office, *Design Patent Application Guide*, online at <http://www.uspto.gov/patents/resources/types/designapp.jsp#differ> (visited Oct 29, 2014) (“[A] utility patent protects the way an article is used and works, while a design patent protects the way an article looks.”) (quotation marks and citation omitted).

<sup>16</sup> *PTO IPX Data* at \*2 (cited in note 9) (showing that 1,919 petitions for *inter partes* reexamination were filed between November 29, 1999, and September 11, 2012).

<sup>17</sup> See Docket Navigator (cited in note 15).

<sup>18</sup> AIA § 6, 125 Stat at 300 (setting “a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition” as the standard for the institution of IPR).

<sup>19</sup> An IPR can terminate in one of four ways: settlement, a decision not to institute the petition, a final written decision from the PTAB, or a request for adverse judgment from the patentee.

TABLE 2. IPRS BY OUTCOME TYPE

<b>Pending</b>	413 (42.2%)
No institution decision yet	4
Instituted	409
<b>Terminated</b>	566 (57.8%)
Not Instituted	191
On the merits	132
Untimely or duplicative <sup>20</sup>	59
Settled	215
After institution	128
Before institution	87
Final written decision or request for adverse judgment	160

Next, we determined whether the respondent in the IPR was an NPE.<sup>21</sup> Finally, we classified each challenged patent by technology<sup>22</sup> and determined whether it had ever been asserted in court.<sup>23</sup> When we found co-pending litigation between the IPR petitioner and respondent, we checked to see whether a motion

---

<sup>20</sup> A party seeking IPR of a patent asserted against it in court must, by statute, file a petition within one year of being sued. 35 USC § 315(b). If a party fails to seek IPR within that one-year window, its petition will be denied as untimely. The PTAB also may deny a petition without reaching its merits on the grounds that it is substantially duplicative of an earlier-filed petition. 35 USC § 325(d).

<sup>21</sup> NPEs—patent owners that do not commercialize the patent technology and thus do not “practice” their patent rights—can take many forms, including for-profit firms engaged in patent monetization, individuals, and universities. See, for example, John R. Allison, Mark A. Lemley, and Joshua Walker, *Extreme Value or Trolls on Top? The Characteristics of the Most-Litigated Patents*, 158 U Pa L Rev 1, 10–11 (2009) (introducing a taxonomy of NPEs that includes—in addition to “patent assertion entities”—universities, preproduct startups, and IP-holding subsidiaries of product-producing parent companies). To classify patentees, we combined information obtained from public records (namely, court and SEC filings), the patentees’ own websites, and business directories available from third parties like Hoover’s and Bloomberg.

<sup>22</sup> We categorized patents as falling into one of the following categories: high-tech, bio-pharma, other chemical, medical device, other mechanical, and other miscellaneous. See Brian J. Love, *An Empirical Study of Patent Litigation Timing: Could a Patent Term Reduction Decimate Trolls without Harming Innovators?*, 161 U Pa L Rev 1309, 1329 (2013) (describing broad definitions for “software,” “high-tech,” “medical device,” “pharmaceutical,” and “biotechnology” patents). To make the most of limited data, we have consolidated these six classifications into four: high-tech; bio-pharma and chemical; medical device and mechanical; and other.

<sup>23</sup> We determined whether co-pending litigation existed by searching Lex Machina, <https://lexmachina.com>, for each challenged patent’s number.

2014]

Inter Partes *Review*

99

to stay had been filed in the suit and, if so, when it was filed and whether it was successful.<sup>24</sup>

### III. FINDINGS

In this Part, we provide statistics on various aspects of IPR, including the duration of review, institution rates, claim-validity decisions, and its impact on co-pending litigation. On the whole, what we find suggests that IPR is considerably more powerful than *inter partes* reexamination and, accordingly, more likely to serve its intended purpose as an alternative to full-blown litigation.<sup>25</sup>

First, we find that IPRs have thus far concluded within a relatively short period of time. As shown in Table 3, among all terminated IPRs, the average time to termination was roughly nine months. Among just those IPRs that reached a final determination, the average pendency was roughly fifteen months—a duration still considerably shorter than the thirty-six-month average pendency of *inter partes* reexamination.<sup>26</sup> IPR settlements, on average, occurred after seven months, and decisions not to institute came, on average, a little under six months after the petition was filed.

TABLE 3. IPR DURATION IN DAYS

<b>All Terminated IPRs<sup>27</sup></b>	<b>270</b>
Not instituted	169
Settled	221
Final written decision or request for adverse judgment	456

Next, among IPRs with an institution decision, we find that petitioners have thus far been quite successful in convincing the PTAB that challenged patents deserve scrutiny. As shown in Table 4, among IPRs for which an institution decision was made on the petition's merits, the PTAB exercised its discretion to institute review of at least one petitioned claim 84 percent of the time. Though this is lower than the historical rate of acceptance for *inter partes* reexamination—93 percent—it is nonetheless

---

<sup>24</sup> We collected data on motions to stay by reviewing the docket sheet available on Lex Machina for each co-pending suit.

<sup>25</sup> A direct comparison of statistics for IPR and *inter partes* reexamination is included in Appendix B.

<sup>26</sup> See *PTO IPX Data* at \*1 (cited in note 9).

<sup>27</sup> Excluding IPRs not instituted as untimely or duplicative.

unexpectedly close.<sup>28</sup> In fact, 22 of the 132 IPRs that were not instituted following a decision on the merits were petitions to review patents for which another IPR *was* instituted. Taking this fact into account, less than 14 percent of petitions both sought to challenge a unique patent and were not instituted.

In addition, when PTAB panels have decided to institute IPR, they have generally concluded that review is warranted for all claims challenged in the petition. Among instituted IPRs, the PTAB instituted review of all challenged claims 74 percent of the time and, overall, instituted review of more than 88 percent of all challenged claims.

Moreover, as shown in Table 5, despite the fact that almost two-thirds of IPRs have challenged a patent covering a computer- or telecommunications-related invention, institution rates have been quite consistent across technologies. Appendix A includes more data broken down by technology classification.

TABLE 4. INSTITUTION RATES

<b>Petitions with an Institution Decision</b>	823 <sup>29</sup>
Percent of IPRs with at least 1 claim instituted	84.0%
Percent of IPRs with at least 1 claim of a <i>unique</i> patent instituted	86.3%
<b>Instituted IPRs</b>	691
Percent of IPRs with <i>all</i> challenged claims instituted	74.0%
Percent of challenged claims instituted	88.3%

---

<sup>28</sup> See *PTO IPX Data* at \*1 (cited in note 9) (reporting that 93 percent of requests for *inter partes* reexamination were granted by the PTO's central reexamination unit); Sterne and Quinn, *PTAB Death Squads* (cited in note 4):

[N]o one could have predicted . . . how broadly and rapidly the new challenges to the patentability of issued U.S. patents would become the standard defense tactic in U.S. patent litigation in all areas of technology.

. . .

Approximately 80% of the claims challenged in petitions are instituted for trial on at least one proposed ground of unpatentability.

<sup>29</sup> In six IPRs, the patentee requested an adverse judgment that was granted prior to an institution decision.



2014]

Inter Partes *Review*

101

TABLE 5. INSTITUTION RATES BY TECHNOLOGY CLASSIFICATION

	High-Tech	Bio/Pharma/ Chem	Med Device/ Mech
<b>All Petitions</b> <sup>30</sup>	657 (67.1%)	111 (11.3%)	178 (18.2%)
Petitions with an institution decision	551	95	149
IPRs with at least 1 claim instituted	83.8%	83.2%	82.6%
<b>Instituted IPRs</b>	462	79	123
Percent of IPRs with <i>all</i> challenged claims instituted	73.4%	74.7%	75.6%
Percent of challenged claims instituted	86.5%	90.2%	92.9%

Narrowing our focus further to IPRs with a decision on claim validity, we find that petitioners have also been quite successful before the PTAB on the merits of their challenges. As shown in Table 6, among instituted IPRs with a final decision on the merits, the PTAB eliminated all *instituted* claims almost 78 percent of the time. Among the same group, the PTAB eliminated all claims *challenged* in the petition 65 percent of the time, giving petitioners a complete victory almost two-thirds of the time that they pursued their IPRs to a final decision.

Unlike acceptance rates, which are similar for both IPR and *inter partes* reexamination, the rate at which petitioners have succeeded on the merits of their petitions is markedly different: *inter partes* reexaminations ended in complete victory for the petitioner just 31 percent of the time, less than half as often as for IPR. In addition, over 60 percent of *inter partes* reexaminations ended with patentees securing new, amended claims.<sup>31</sup> To date,

<sup>30</sup> But see *PTO IPX Data* at \*1 (cited in note 9) (reporting that *inter partes* reexaminations challenged a patent directed to an “electrical” invention 45 percent of the time, a “chemical” invention 15 percent of the time, and a “mechanical” invention 25 percent of the time). Some high-tech patents can be challenged in an IPR or in the “Transitional Program for Covered Business Method Patents” (CBM review). See Scott A. McKeown, *Where Are All the Business Method Patent Challenges?*, Patents Post-Grant Blog (Oblon, Spivak, McClelland, Maier & Neustadt, LLP Apr 24, 2013), online at <http://www.patentspostgrant.com/where-are-all-the-business-method-patent-challenges> (visited Oct 27, 2014) (discussing the tradeoffs between IPR and CBM review). Like IPR, CBM review was created by the AIA and went into effect in 2012. AIA § 18, 125 Stat at 329. Thus, were it not for the existence of CBM review, the share of patents challenged in IPRs that cover high-tech inventions might be larger still.

<sup>31</sup> See *PTO IPX Data* at \*1 (cited in note 9) (reporting that in 61 percent of completed *inter partes* reexaminations the challenged patent survived with claim amendments).

the PTAB has granted just a single motion to amend—one that was both unopposed and filed by the United States itself.<sup>32</sup>

TABLE 6. CLAIM-INVALIDATION RATES

<b>IPRs with Decision on Merits</b>	<b>160</b>
All <i>instituted</i> claims invalid or disclaimed	77.5%
All <i>challenged</i> claims invalid or disclaimed	65.0%
Motion to amend granted	0.62%

Moreover, as rough as IPR has been for patentees to date, we find that it has been even tougher on NPEs. Table 7 compares petitions challenging patents owned by NPEs and product-producing companies. Overall, NPEs are respondents in about 48 percent of IPRs, a percentage that roughly matches the share of patent litigation filed by NPEs.<sup>33</sup> By comparison to challenged patents owned by product-producing companies, patents owned by NPEs are more likely to be challenged in an IPR that is instituted for at least one claim and, on average, have a higher percentage of challenged claims instituted. That said, in final decisions, NPE claims are less likely to be invalidated or disclaimed, a finding that roughly cancels out NPEs' greater per-claim institution rate. Ultimately it would seem that, in the PTAB's estimation to date, NPE-owned patents are more likely than product-company-owned patents to have suspect claims—but suspect

<sup>32</sup> See generally *International Flavors & Fragrances, Inc v Secretary of Agriculture*, Case IPR2013-00124, slip op (PTAB May 20, 2014). See also Scott A. McKeown, *PTAB Grants First Motion to Amend in IPR*, Patents Post-Grant Blog (Oblon, Spivak, McClelland, Maier & Neustadt, LLP May 22, 2014), online at <http://www.patentspostgrant.com/ptab-grants-first-motion-to-amend-in-ipr> (visited Oct 27, 2014) (“[T]he motion was unopposed, and was essentially a settlement by amendment (challenger was satisfied that new claims were no longer a threat and simply walked away).”).

<sup>33</sup> See Sara Jeruss, Robin Feldman, and Joshua Walker, *The America Invents Act 500: Effects of Patent Monetization Entities on US Litigation*, 11 *Duke L & Tech Rev* 357, 375–78 (2012) (finding, in a study of 100 patent suits filed each year from 2007 to 2011, that the percentage attributable to NPEs was roughly 22 percent in 2007, 27 percent in 2008, 33 percent in 2009, 30 percent in 2010, and 40 percent in 2011); Robin Feldman, Tom Ewing, and Sara Jeruss, *The AIA 500 Expanded: The Effects of Patent Monetization Entities*, 17 *UCLA J L & Tech* 1, 7 (2013) (expanding a prior study to find that NPEs filed roughly 59 percent of patent suits in 2012). See also Christopher A. Cotropia, Jay P. Kesan, and David L. Schwartz, *Unpacking Patent Assertion Entities (PAE's)*, 99 *Minn L Rev* \*25 (forthcoming), online at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2346381](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2346381) (visited Oct 27, 2014) (finding that NPEs filed roughly 50 percent of patent-infringement claims in 2010 and 2012).

2014]

Inter Partes *Review*

103

claims in both types of patents are roughly equally likely to be deemed invalid.

TABLE 7. NPES VERSUS PRODUCT-PRODUCING COMPANIES

	NPEs	Product-Producing Companies
Share of all IPRs	48.3%	51.7%
Institution rate	88.7%	80%*
Among instituted IPRs, share instituting all challenged claims	77.0%	71.1%
Among instituted IPRs, share of claims instituted	90.8%	86.3%*
Among IPRs with decision on the merits, share invalidating all instituted claims	76.2%	78.9%

\*  $p < 0.01$ 

Finally, turning to petitions pending alongside litigation in federal court, we find that IPR has thus far proven to be a successful means for accused infringers to halt patent suits filed against them. Table 8 shows data for IPRs with parallel litigation. Overall, in 80 percent of IPRs, the challenged patent was also asserted in litigation between the petitioner and respondent.<sup>34</sup> Of patent suits proceeding in parallel with an instituted IPR between the same parties, a motion to stay was filed in over 76 percent. Overall, these cases were stayed (at least in part) 82 percent of the time, though rates varied considerably across districts. When a motion to stay was filed before claim-construction briefing, cases were stayed even more often: close to 84 percent of the time. Compared to *inter partes* reexamination—for which district courts stayed co-pending litigation about half the time<sup>35</sup>—petitioning for IPR is much more likely to result in a

<sup>34</sup> By comparison, almost 76 percent of *inter partes* reexaminations challenged a litigated patent. See *PTO IPX Data* at \*1 (cited in note 9).

<sup>35</sup> See Eric J. Rogers, *Ten Years of Inter Partes Patent Reexamination Appeals: An Empirical View*, 29 Santa Clara Comp & High Tech L J 305, 320–21 (2012) (collecting sources and concluding that, overall, “[m]otions to stay patent litigation until the conclusion of a reexam are granted about half of the time,” and also that rates varied by district with the Northern District of California and the Eastern District of Texas granting motions more and less than average, respectively).

stay of litigation and, thereby, to save litigation costs and reduce an NPE's hold-up power.<sup>36</sup>

TABLE 8. CO-PENDING LITIGATION STAYS

	Overall	D Del	ND Cal	ED Tex	CD Cal
Suits co-pending an instituted IPR	249	48	31	32	11
With a motion to stay <sup>37</sup>	190	36	26	19	9
With a decided motion to stay <sup>38</sup>	171	32	25	16	9
Percent granted <sup>39</sup>	81.9%	81.2%	80.0%	56.2%	77.8%
Suits with a decided motion filed before claim-construction briefing	140	24	18	13	8
Percent granted	83.6%	83.3%	77.8%	69.2%	87.5%

In fact, the relative filing dates of IPR petitions and co-pending patent suits suggest that administratively challenging a patent may also tend to reduce the number of times that the patent will be asserted in the future. Among co-pending suits enforcing a patent challenged in a terminated IPR, roughly 85

<sup>36</sup> Because NPEs do not sell products of their own, they cannot be countersued for infringement and, thus, can impose asymmetrical litigation costs on their opponents. See *Informational Hearing on Patent Assertion Entities before the California Assembly Select Committee on High Technology* (Oct 30, 2013) (statement of Brian J. Love, Assistant Professor of Law, Santa Clara University), online at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2347138](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2347138) (visited Oct 28, 2014). As a result of this cost differential, NPEs can collect settlements that reflect the cost of defense in addition to the value of the patented invention and strength of the patentee's claims. If the cost of defense is large enough, patent litigation may still be lucrative even when the patent in suit is weak and covers technology of little importance. See *id.*

<sup>37</sup> In some suits, parties filed multiple motions to stay. This row reports the number of suits with at least one motion.

<sup>38</sup> In most instances, the motion was not ruled on because the case settled or was stayed for a reason unrelated to IPR before the court ruled on the motion. In a small number of ongoing cases, motions to stay remained pending at the time of publication.

<sup>39</sup> This row reports the percentage of suits in which at least one motion to stay was granted at least in part. For another description of the variation in grants by district, see Wolf Greenfield, *IP Strategy: Stays* \*9 (presentation to the AIPLA Post Grant Committee, June 12, 2014) (on file with authors) (finding, in a sample that includes motions to stay filed prior to institution, a grant rate of 60 percent in the District of Delaware, 83 percent in the Northern District of California, and 58 percent in the Eastern District of Texas).

percent were filed prior to the IPR petition.<sup>40</sup> In addition, over 10 percent of patents challenged in terminated IPRs have, to date, never been asserted in court. In short, IPR does not seem to encourage additional patent litigation and, for a substantial number of patents, it appears to act as a complete substitute for litigation.

That said, it is still too early to draw a firm conclusion about IPR's impact on the final outcome of co-pending patent suits between the petitioner and respondent. The vast majority of suits running in parallel with an IPR decided on the merits have themselves not yet terminated. Suits pending with IPRs invalidating claims of the asserted patent largely remain stayed pending appeal of the PTAB's decision to the US Court of Appeals for the Federal Circuit, and suits pending with IPRs that were not instituted are largely open and ongoing.<sup>41</sup> Thus, the true extent to which IPR simplifies patent litigation remains to be seen.

#### CONCLUSION

Though it would be premature to make sweeping claims about IPR at this time, so far IPR appears to be a powerful shield for those accused of patent infringement (and those who anticipate that they may soon be). Compared to requests for *inter partes* reexamination, petitions for IPR are currently granted at a similar rate, but once instituted, they result in the elimination of every challenged claim about twice as often, reach a final decision almost twice as quickly, and make accused infringers almost twice as likely to win motions to stay co-pending litigation. In its attempt to create a formidable avenue for administratively challenging issued patents, Congress appears to have hit the mark—but only time will tell for sure.

---

<sup>40</sup> In suits between the petitioner and respondent, 94 percent of co-pending suits were filed prior to the IPR petition. Among suits between the respondent and third parties, about 80 percent of suits were filed before the IPR petition.

<sup>41</sup> Though many final decisions remain pending on appeal, history suggests that the affirmance rate is likely to be high. See Rogers, 29 Santa Clara Comp & High Tech L J at 342–43 (cited in note 35) (noting that in nineteen appeals of *inter partes* reexamination to the Federal Circuit, the court dismissed fourteen and affirmed five).

## APPENDIX A. IPR DATA BY NPE STATUS AND TECHNOLOGY CLASSIFICATION

	Overall	NPEs	Product-Producing Companies	High-Tech	Bio/Pharma/Chem	Med Device/Mech	Other
All IPRs	100% (979)	48.3% (473)	51.7% (506)	67.1% (657)	11.3% (111)	18.2% (178)	3.4% (33)
Institution rate	84.0% (691/823)	88.7% (331/373)	80.0% (360/450)*	83.8% (462/551)	83.2% (79/95)	82.6% (123/149)	96.4% (27/28)
Among instituted IPRs, those instituting all challenged claims	74.0% (511/691)	77.0% (255/331)	71.1% (256/360)	73.4% (339/462)	74.7% (59/79)	75.6% (93/123)	74.1% (20/27)
Among instituted IPRs, claims instituted	88.3% (9,769/11,059)	90.8% (4,559/5,020)	86.3% (5,210/6,039)*	86.5% (6,339/7,325)	90.2% (1,185/1,313)	92.9% (1,742/1,875)	92.1% (503/546)
Among IPRs with decision on the merits, those invalidating all instituted claims	77.5% (124/160)	76.2% (64/84)	78.9% (60/76)	72.0% (72/100)	87.0% (20/23)	93.1% (27/29)	62.5% (5/8)
Stay rates in suits co-pending instituted IPRs (number of suits with motion)	81.9% (171)	85.5% (90)	77.8% (81)	82.9% (105)	58.3% (12)	85.7% (42)	83.3% (12)

\*  $p < 0.01$

2014]

Inter Partes *Review*

107

## APPENDIX B. IPX VERSUS IPR

	<i>Inter Partes</i> Reexamination	<i>Inter Partes</i> Review
Total petitions (as of Sept 30, 2014)	1,919	1,841
Average petitions per month	12.5	75.1
Average duration to final decision (months)	36.0	14.9
By technology:		
Electrical	45.1%	67.1%
Chemical	14.9%	11.3%
Mechanical	25.5%	18.2%
Institution rate	93.4%	84.0%
All (instituted) claims invalidated	31.5%	78.8%
Amended claims added	60.9%	0.62%
Percent with co-pending litigation	75.5%	78.8%
Grant rate for motions to stay	~50.0%	81.9%

UNITED STATES DISTRICT COURT  
FOR THE 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.

1:14-cv-07616-VSB

**DECLARATION OF DOUGLAS J. KLINE IN SUPPORT OF  
DEFENDANTS' MOTION TO DISMISS COUNTS 6-8 AND 10 OF  
PLAINTIFFS' FIRST AMENDED COMPLAINT AND TO DISMISS  
ESSELTE AB AND ESSELTE LEITZ GMBH & CO. KG**

I, Douglas J. Kline, state and declare that the following is true and correct to the best of my knowledge:

1. I am a partner at Goodwin Procter LLP, Exchange Place, Boston, MA 02109, and am one of the attorneys representing Esselte Corporation ("Esselte") in this Action. I submit this Declaration in support of Defendants' Motion to Dismiss Counts 6-8 and 10 of Plaintiffs' First Amended Complaint and to Dismiss Esselte AB and Esselte Leitz GmbH & Co. KG.

2. Attached hereto as Exhibit 1 is a true and accurate copy of that certain Stock Purchase Agreement, by and between, Esselte AB and Newell Rubbermaid, Inc., dated July 28, 2005, as well as Section 3.23 of the Disclosure Schedule attached thereto and the Disclosure Schedule Annex referenced therein.



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

Executed this 26th day of March 2015, at Boston, Massachusetts.

/s/ Douglas J. Kline  
Douglas J. Kline

**CERTIFICATE OF SERVICE**

I, Douglas J. Kline, hereby certify that a copy of the foregoing document, filed through the CM/ECF system, will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies shall be served by first class mail postage prepaid on all counsel who are not served through the CM/ECF system on March 26, 2015.

/s/ Douglas J. Kline

# **Exhibit 1**

# **Filed Under Seal**