



2011). Four days later, JuxtaComm served Lanier in this litigation. In view of the PTO's final rejection, there exists a high likelihood that every claim of the '662 Patent will be affected by the reexamination, either by amendment or invalidity after any appeals taken by JuxtaComm.

Given that this reexamination was filed by another party prior to JuxtaComm filing suit in the Eastern District of Virginia, we are not at the early nor even the middle stages of the reexamination process but instead near its end. Notably, this Final Office Action rejection comes while this litigation is still in its infancy: no case management conference has occurred; discovery has not been taken; no case schedule has been ordered; and no trial or *Markman* claim construction dates have been set. Further, any arguments by JuxtaComm concerning the potential delay of resolution of this litigation would ring hollow given that it *waited more than ten years* after issuance of the patent before filing this suit.

The consequences of a Final Office Action rejection are significant for this litigation: (i) if the claims remain rejected, there is virtually no patent to enforce and the case is greatly simplified; and (ii) if the claims are amended and survive the reexamination process, entirely new claim terms will need to be considered by the Court, discovery will need to be retaken regarding these new terms; essentially, the case would start anew. Accordingly, in the interests of justice and to avoid unnecessary burden on this Court's resources and to avoid unnecessary and significant attorneys' fees, Lanier respectfully moves the Court to stay this case until the completion of the *ex parte* reexamination proceeding at the PTO involving the '662 Patent. Lanier also respectfully requests that the Court resolve this motion to stay prior to scheduling a pretrial conference or authorizing the parties to commence discovery.

## **II. STATEMENT OF THE CASE**

Lanier and the other Defendants are just the latest targets in JuxtaComm's litigation of the '662 Patent, which has stretched across multiple jurisdictions over the course of four years

and ensnared companies such as Microsoft and IBM and now extends to property managers and owners of parking garages. At the moment, virtually every claim of the '662 Patent stands rejected in reexamination while this litigation is still in its infancy. As will be shown below, a stay of this case until JuxtaComm exhausts its appeals of the Final Action rejecting the claims of the '662 Patent serves the best interests of justice and judicial economy. First, patent cases are extraordinarily complex and expensive, requiring experts on infringement, validity and damages and generating fees and costs to each party of approximately \$1 million per year. It makes no sense to put Lanier and the other Defendants to that expense given the final rejection of the '662 Patent's claims. This litigation has barely begun: no case management conference has occurred; discovery has not been taken; no case schedule has been ordered; and no trial or *Markman* claim construction dates have been set. JuxtaComm is not a competitor in the parking industry seeking to grow its market share, but is an entity whose core business is the assertion and litigation of the '662 patent, which issued more than ten years before JuxtaComm filed this suit.

Importantly, the *PTO's Final Rejection* comes after JuxtaComm (i) conducted a private interview with the Patent Examiner, (ii) submitted a response to the Patent Office attempting to distinguish the prior art of record, and (iii) submitted declarations to the Patent Office in support of its arguments. Of the Patent-in-Suit's nineteen claims, *seventeen* have been finally rejected in the current reexamination proceeding, one claim has been canceled, and the final remaining dependent claim – which was not presented for reexamination – is merely a combination of elements from the rejected and cancelled claims.

JuxtaComm is thus left with two options at this stage of the PTO's reexamination proceeding: (i) it can attempt to amend the claims of the '662 Patent, which may be accepted or rejected by Patent Examiner; and/or (ii) it can file an appeal to the Patent Board of Appeals.

Accordingly, Lanier respectfully submits that a litigation stay is warranted, since it (i) will allow for a complete prosecution history which may give rise to amended claims and various affirmative defenses and counterclaims, (ii) will more fully inform the Court's rulings regarding the patent such as claim construction rulings, and (iii) might avoid the potentially unnecessary consumption of the limited time and resources of the Court and the parties on patent claims that have now been twice rejected by the PTO as invalid.

### **III. STANDARD OF REVIEW**

Federal courts liberally favor stays of litigation pending conclusion of PTO reexamination proceedings. *NTP, Inc. v. T-Mobile USA, Inc.*, Nos. 3:07-CV-548, 549, 550 and 551, 2007 WL 3254796 at \*2 (E.D. Va. Nov. 2, 2007) *citing Robert H. Harris Co. v. Metal Mfg. Co.*, 19 U.S.P.Q.2d 1786, 1788 (E.D. Ak. 1991) (“noting that the legislative history surrounding the establishment of the reexamination proceeding evinces congressional approval of district courts liberally granting stays”) (internal punctuation omitted); *see also Ethicon Inc., v. Quigg*, 849 F.2d 1422, 1426 (Fed. Cir. 1988) (“It is entirely within the discretion of the District Court to order a stay pending conclusion of a reexamination by the Patent and Trademark Office”) (internal punctuation omitted). Indeed, this Court has recognized that “PTO reexaminations can *settle validity disputes more quickly and less expensively* than the often protracted litigation involved in such cases, can aid the trial court in making informed validity decisions, and will ultimately reinforce investor confidence in the patent system by creating a broader opportunity for the PTO to review doubtful patents.” *MercExchange, L.L.C. v. eBay Inc.*, 500 F. Supp.2d 556, 563 (E.D. Va. 2007) *citing Medichem, S.A. v. Rolabo, S.L.*, 353 F.3d 928, 936 (Fed. Cir. 2003) (internal punctuation omitted).

When staying similar litigations in favor of reexaminations, this Court has considered whether (i) “discovery was complete and a trial date was scheduled,” (ii) “a stay would have

simplified the matters at issue,” and (iii) “a stay would have unduly prejudiced or clearly disadvantaged the non-moving party.” *NTP, Inc. v. T-Mobile USA, Inc.*, 2007 WL 3254796 at \*2 (E.D. Va. Nov. 2, 2007) citing *NTP, Inc. v. Palm, Inc.*, No. 3:06-CV-836, (E.D.Va. Mar. 22, 2007) (Spencer, J.).

#### **IV. APPLICATION**

Lanier respectfully submits that a stay is warranted because it entirely meets the *NTP, Inc.* test:

##### **A. Discovery Has Not Begun and a Trial Date is Not Set**

This litigation is in its infancy, and the expenditure of time and resources to this point has been relatively small.<sup>1</sup> No case management conference has occurred; no discovery has been served or taken; no case schedule has been set; and no trial or *Markman* dates have been scheduled (Ex. A, Declaration of George D. Medlock, Jr., Esq. (“Medlock Dec.”) at ¶13).<sup>2</sup> The absence of significant discovery or substantial time and expense weighs in favor of staying this case. *NTP, Inc. v. T-Mobile USA, Inc.*, 2007 WL 3254796 at \*2 (E.D. Va. Nov. 2, 2007) (finding the early stage of litigation weighed in favor of stay).

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<sup>1</sup> Lanier notes this case is similarly situated to JuxtaComm’s assertion of the ’662 Patent against Lanier Parking Systems of Florida, Inc. and other parties in the Middle District of Florida *JuxtaComm-Texas Software, LLC v. Lanier Parking Systems of Florida, Inc., et al.*, 6:11-cv-514-ORL-28DAB. Lanier Parking Systems of Florida, Inc. has also moved to stay that case pending the reexamination proceedings.

<sup>2</sup> Notably, this case is significantly less advanced than JuxtaComm’s assertion of the ’662 Patent against yet another set of parties in an ongoing Eastern District of Texas litigation where a motion to stay was recently sought and denied. There, a *Markman* hearing has been held, the parties have produced and reviewed over six million pages of documents, served nearly one hundred written discovery requests and responses, conducted over fourteen depositions, and spent over forty days reviewing source code. *JuxtaComm-Texas Software, LLC v. Axway, Inc., et al.*, 6:10-cv-00011-LED, D.E. 537 at 3-4 (E.D.Tx. May 23, 2011).

### **B. Simplification of Issues and Rejection of Claims**

A stay of this litigation will unquestionably reduce and focus the issues in this case. “One purpose of the reexamination procedure is to eliminate trial of the patent validity issue . . . or to facilitate trial of that issue by providing the district court with the *expert view* of the Patent and Trademark Office when a claim survives the reexamination proceeding.” *MercExchange, L.L.C. v. eBay Inc.*, 500 F. Supp.2d at 563 quoting *Gould v. Control Laser Corp.*, 705 F.2d 1340, 1342 (Fed. Cir. 1983) (emphasis added and internal punctuation omitted).

Little to nothing remains of the '662 Patent as a result of the reexamination proceeding. Of its nineteen claims, seventeen have been finally rejected by the PTO, one claim has been canceled, and the final remaining dependent claim, which was not presented for reexamination, is merely a combination of elements from the rejected and cancelled claims (Medlock Dec. at ¶¶6-9). Significantly, the PTO's Final Rejection of these claims comes after JuxtaComm conducted a private interview with the Patent Examiner, attempted to distinguish the prior art of record, and submitted declarations in support of its arguments (Medlock Dec. at ¶10). The PTO was not persuaded by JuxtaComm and maintained its rejection of all seventeen claims at issue in the reexamination (Medlock Dec. at ¶11).

If JuxtaComm's anticipated appeal is unsuccessful, it cannot assert these seventeen claims against Lanier or any other defendant, thereby greatly reducing the scope of this litigation. If, on the other hand, JuxtaComm succeeds on appeal, then the Court will have the benefit of the PTO's expert view of the Patent-in-Suit.

Only two claims of the '662 Patent are not directly at issue in the current reexamination: claims 12 and 13 (Medlock Dec. at ¶¶7-8). Of these, claim 13 cannot be asserted in this case because it was canceled via a C1 certificate issued July 27, 2010 (Medlock Dec. at ¶8). Therefore, only claim 12 remains of interest with respect to this litigation. Reexamination of

claim 12 was not sought because that claim was not asserted in the prior JuxtaComm cases. While claim 12 is not directly at issue in the reexamination, it will nevertheless be impacted by the reexamination. Claim 12 depends from three other claims, all of which stand rejected. If JuxtaComm amends these claims (as it likely will) in order to overcome the final rejection, then the scope of Claim 12 will necessarily be impacted since it will inherit whatever amendments are made to its parent claims (claims 1, 10, and 11). Further, the PTO’s final resolution of the reexamination will be beneficial to the Court and parties since claim 12 is merely a combination of the other rejected and cancelled claims.

As the following chart makes plain, claim 12 in its current form merely takes elements from previously cancelled claim 13 and adds them to rejected claims 1, 10 and 11:

Claim 12 Element (including Parent Claims)	Corresponding Claim Element	Status
[Claim 1] A distribution system for transforming and exchanging data between heterogeneous computer systems, . . .		Claim 1 is rejected in the reexamination
[Claim 10] A distribution system as claimed in claim 1 wherein said script processor makes use of a script control language for controlling data transformation within said system interface and movement of said data into and out of said distribution system.		Claim 10 is rejected in the reexamination

<p>[Claim 11] A distribution system as claimed in claim 10, wherein said script control language comprises a set of script commands and a script command processor to process and execute each of a number of script command lines.</p>		<p>Claim 11 is rejected in the reexamination</p>
<p>[Claim 12] A distribution system as claimed in claim 11, wherein said set of script commands comprises</p> <p>[Claim 12] a load command to load data into an import data bag from an import data connection;</p>	<p>[Claim 13] In a distribution system for transforming and exchanging data between heterogeneous computer systems, a method of controlling data transformation within said distribution system, comprising the steps of:</p> <p>a) operating a script processor that utilizes metadata stored in a metadata database to control the loading of data into an import data bag from a logical import data interface and performing any one or more of the following steps to convert the data to a desired format in an export data bag</p>	<p>Claim 13 is cancelled due to rejection in the prior reexamination.</p>
<p>[Claim 12] a sort command for sorting data in a data bag into a different order;</p>	<p>[Claim 13] 1) sorting said data according to a predetermined order;</p>	<p>Claim 13 is cancelled due to rejection in the prior reexamination.</p>
<p>[Claim 12] a merge command for merging together data in a number of data bags;</p>	<p>[Claim 13] 2) merging data from a number of data bags into one data bag;</p>	<p>Claim 13 is cancelled due to rejection in the prior reexamination.</p>
<p>[Claim 12] an append command for appending data from one data bag into another data bag;</p>	<p>[Claim 13] 3) appending data from a first data bag into another data bag of the same type;</p>	<p>Claim 13 is cancelled due to rejection in the prior reexamination.</p>

[Claim 12] a copy command for copying one data bag into another data bag;	[Claim 13] 4) copying data from a first data bag into another data bag of the same type;	Claim 13 is cancelled due to rejection in the prior reexamination.
[Claim 12] a join command for joining two or more data bags into another data bag;	[Claim 13] 5) joining data from two or more data bags into another data bag using a specified key;	Claim 13 is cancelled due to rejection in the prior reexamination.
[Claim 12] a format command for formatting a data bag into another data bag using a defined rule set;	[Claim 13] 6) formatting data from a data bag into another data bag of a different type, using a defined rule set; and	Claim 13 is cancelled due to rejection in the prior reexamination.
[Claim 12] and a save command for saving data from an export data bag out to an export data connection.	[Claim 13] b) saving the data in the export data bag out to an export data connection.	Claim 13 is cancelled due to rejection in the prior reexamination.

As can be readily seen in the foregoing chart, claim 12 is nothing more than the elements of canceled method claim 13, recast as a system claim, and depending from rejected claims 1, 10, 11. Hence, if the PTO affirms its current final rejection of the “parent claims” of claim 12, the invalidity of claim 12 will also be illuminated and established, thereby reducing and focusing the issues to be decided here. Alternatively, if JuxtaComm amends claims 1, 10, and 11 in order to overcome the current final rejections, any amendments to these claims will promulgate to dependent claim 12.

Moreover, the Court’s burden in the present case will be greatly reduced by the PTO’s determination of the validity of the ’662 Patent. Validity is, of course, a fundamental issue and defense in almost every patent action, including this one. The PTO has extensive experience in determining patentability (and thereby invalidity) and is an efficient forum for determining the patentability/validity of patent claims in the first instance. In addition, a stay will provide the

Court with a complete prosecution history on which to base its future rulings regarding the patent and to consider any amendments in claim construction that JuxtaComm may make to the claims.

### **C. No Undue Prejudice or Clear Disadvantage to JuxtaComm**

JuxtaComm has the burden of establishing that any alleged prejudice resulting from a stay would outweigh its benefits. *Target Therapeutics, Inc. v. SciMed Life Sys., Inc.*, No. C-94-20775, 1995 WL 20470, at \*2 (N.D. Cal. Jan. 13, 1995) (holding that the non-movant “failed to demonstrate that it will suffer undue prejudice if this action is stayed”). Here, JuxtaComm cannot assert that delaying this litigation until the ultimate resolution of the reexamination will prejudice it. JuxtaComm itself delayed this litigation by choosing to file this action *ten years* after the issuance the ’662 Patent (Medlock Dec. at ¶5). Thus, any assertion of prejudice to JuxtaComm by delaying this litigation is unavailing.

Moreover, JuxtaComm cannot demonstrate undue prejudice or clear disadvantage because a stay of the litigation will not result in any financial harm to JuxtaComm. JuxtaComm does not compete in the market with Lanier or the other Defendants (Medlock Dec. at ¶4). Instead, JuxtaComm’s core business is the assertion and litigation of patents, rather than competing in the marketplace with Lanier or the other Defendants (*id.*). Federal courts generally require a plaintiff-patent owner to present concrete and comprehensive evidence that a stay will result in harm not recoverable through monetary damages. *See, e.g., NTP, Inc. v. T-Mobile USA, Inc.*, 2007 WL 3254796 at \*3 (E.D. Va. Nov. 2, 2007) (finding a stay would not harm Plaintiff where monetary damages are available for any infringement during pendency of the stay). Because JuxtaComm does not compete in the market with Lanier or the other Defendants, it certainly cannot suffer any decline in market share or other financial harm amounting to undue prejudice if a stay is entered.

**V. CONCLUSION**

For these reasons, Lanier respectfully requests the Court stay this case pending conclusion of the reexamination of the '662 Patent by the PTO. Lanier also respectfully requests that the Court resolve this motion to stay prior to scheduling a pretrial conference or authorizing the parties to commence discovery. Finally, Lanier respectfully requests the Court direct Plaintiff JuxtaComm to file reexamination status reports with the Court at least every thirty (30) days.

Respectfully submitted, this 20th day of June, 2011.

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 20th day of June, 2011, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will then send a notification of such filing (NEF) to counsel of record.

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