



- On November 8, 2010, the PTO granted a request for reexamination of the '662 Patent.
- Thereafter, on January 7, 2011, the PTO issued its first Office Action, rejecting all seventeen claims on which reexamination was sought.
- On March 7, 2011, JuxtaComm set forth its best arguments to overcome the PTO's rejections. These arguments failed.
- On May 12, 2011, the PTO issued a Final Office Action maintaining its rejections that all seventeen of the claims were invalid.
- *On May 16, 2011, JuxtaComm served Lanier with its Complaint for the present litigation.*
- On May 23, 2011, again, JuxtaComm attempted to salvage the '662 Patent, and again put forth its best arguments and failed.
- On June, 7, 2011, for a third time, the PTO maintained its rejection that seventeen claims of the '662 Patent are invalid.

A stay of this case is absolutely appropriate in light of the procedural posture in which (i) the reexam is nearly complete and (ii) the litigation has barely begun. The relevant analysis with respect to these factors is "the stage of the litigation in comparison to the stage of the PTO reexaminations." *MercExchange, L.L.C. v. eBay Inc.*, 500 F. Supp. 2d 556, 565 (E.D. Va. 2007). Just as in *MercExchange*, the early stage of this litigation compared to advanced stage of this reexamination warrants a stay. *Id.* at 565-66 (granting a stay as to a patent for which trial preparation had not been conducted, but claims stood rejected in non-final Office Actions).

- A. There can be little doubt that this reexamination is well-advanced, a factor which favors a stay.

Nothing remains in the reexamination but for JuxtaComm to appeal the final rejection, amend the claims, or accept that its seventeen claims are invalid. This case is materially different from those decisions of this District to which JuxtaComm directs the Court. *See, e.g., NTP, Inc. v. Research In Motion, Ltd.*, 397 F. Supp. 2d 785 (E.D. Va. 2005) (denying a stay where the PTO had not yet issued first Office Actions against all patents at issue); *Sunbeam Prods., Inc. v. Hamilton Beach Brands, Inc.*, No. 3:09-cv-791, 2010 WL 1946262 (E.D. Va. May 10, 2010) (denying a stay where the PTO had not yet granted reexamination requests); *OI Communique Lab. v. Logmein, Inc.*, No. 01:10-cv-1007, 2010 WL 4736204 at 9 (E.D. Va. Nov. 12, 2010) (denying a stay where the PTO confirmed patentability and the court believed the possibility of reversal by the Board of Patent Appeal and Interferences to be remote). Despite JuxtaComm's claims to the contrary, it is difficult to imagine a case more ripe for a stay pending reexamination than this one – where a plaintiff has chosen to initiate a new litigation in the face of a Final Office Action invalidating virtually every claim.

Unable to find support for its opposition in the case law of this District, JuxtaComm resorts to the decisions of other courts. These decisions, however, are inapposite to the principle that an advanced reexamination weighs in favor of a stay. *See Sighting Sys. Instruments, LLC v. Prestige Law Enforcement, Inc.*, No. CivA 3:05CV1560 G, 2006 WL 2642184 (N.D. Tex. Sept. 11, 2006) (denying a stay of litigation in favor of a request for reissuance filed *one day* prior the motion for a stay); *Network Appliance, Inc. v. Sun Microsystems, Inc.*, No. C-07-06053 EDL, 2008 WL 2168917, at \*5 (N.D. Cal. May 23, 2008) (granting a stay as to the only in patent-in-suit containing claims rejected by the PTO in a first Office Action, and denying a stay as to the two other patents-in-suit for which the PTO had not yet rejected claims); *Wordtech Sys., Inc. v.*

*Microboards Mfg., LLC*, No. C 09-04612, 2010 WL 1641510, at \*2 (N.D. Cal. Apr. 22, 2010) (denying a stay due to the early stage of the reexamination, in which the PTO had not yet rejected the claims of the patent-in-suit and had only granted the request for reexamination a mere *two months* prior to the court's ruling on the motion to stay).

B. This case has barely begun, which also weighs in favor of a stay.

In contrast to the advanced reexam, JuxtaComm's litigation against Lanier is 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. Here too, this case is uniquely-positioned and thus easily distinguished from the cases of this District upon which JuxtaComm relies. *See, e.g., NTP, Inc.*, 397 F. Supp. 2d 785 (denying a stay *after* a lengthy trial, jury verdict, and two subsequent appeals); *Sunbeam Prods.*, 2010 WL 1946262 (denying a stay where significant written discovery had been exchanged and the discovery period was set to close in three months); *ePlus, Inc. v. Lawson Software*, No. 3:09-cv-620, 2010 WL 1279092 (E.D. Va. Mar. 31, 2010) (denying a stay where the parties had completed the majority of discovery, the discovery period was set to close in two months, and trial was six months away); *Osmose, Inc., v. Arch Chems., Inc.*, No. 2:10-cv-00108 (E.D. Va. Jan. 28, 2011) (denying a stay where a *Markman* hearing had already been conducted, motions had been filed and heard by the court, significant discovery was complete, and trial was set to begin in three months).

Once again JuxtaComm turns to decisions of courts beyond this District in an attempt to support its opposition. But, just as before, this non-binding authority belies JuxtaComm's assertion. The cases to which JuxtaComm points do not contradict the principle that the early stage of litigation weighs in favor of a stay. Rather, these cases further evince that principle. *See App Pharm., LLC v. Ameridose LLC*, No. 10-4109, 2011 WL 816622, at \*2 (D.N.J. Mar. 8,

2011) (denying a stay due the court's "in-depth familiarity with the issues presented by this case," gained over three years in a prior related case, including a week-long trial); *Wordtech Sys.*, 2010 WL 1641510, at \*1 (finding that the early stage of litigation weighed in favor of a stay).

Similarly, JuxtaComm's reliance on the Eastern District of Texas' decision to not stay the case before that court (which JuxtaComm labels "JuxtaComm II" to distinguish it from the other actions in its litany of cases) is misplaced. The Eastern District of Texas' decision in JuxtaComm II is inapposite to the notion that a stay of this litigation is warranted because of its early stage. JuxtaComm II has been pending for more than a year and a half. Plaintiff itself argued that a stay of that litigation was inappropriate given the advanced stages of that case, including the volume of documents produced, discovery exchanged, depositions taken, and Markman briefing completed. *Juxtacomm-Tex. Software, LLC v. Axway, Inc.*, 6:10-cv-00011-LED, Plaintiff's Response to Defendants' Motion to Stay All Proceedings (D.E. 537) (May 23, 2011). These considerations do not apply to this case, and instead counsel in favor of stay here. In this Court's own words, "It would be a painful tragedy – for everyone involved – if this litigation were allowed to move forward during the PTO's reexamination, only to be rendered meaningless by that agency's final action." *NTP, Inc. v. Palm, Inc.*, No. 3:06-CV-836, slip. op. at \*5 (E.D. Va. Mar. 22, 2007) (Spencer, J.)

## **II. Delay Will Not Harm JuxtaComm.**

JuxtaComm cannot credibly assert that it will be harmed by a delay of this suit for at least the following reasons.

### **A. JuxtaComm's argument that discovery will be lost is untenable.**

Lanier is in the parking management business. Its customers – turned co-defendants by JuxtaComm – are parking garage owners. JuxtaComm's '662 Patent, however, is directed to software functions. None of the Defendants in this case make software or are even in the

software business. Lanier will likely have little to no relevant information beyond identities of the software vendors and the number of cars that park in a given garage managed by Lanier. This information would not be lost as suggested by JuxtaComm and could be specifically maintained during the requested stay.

JuxtaComm is well-aware that Lanier and the other Defendants are not the entities with relevant information. Rather than suing the manufactures of the software, JuxtaComm launched this suit against Lanier and the Garage-Owner Defendants. Accordingly, JuxtaComm cannot credibly argue that discovery from Lanier will be lost since Lanier can maintain the little relevant discovery that it may have and since the bulk of the discovery needed by JuxtaComm to prove infringement is not in the possession, custody or control of the Defendants.

B. JuxtaComm's statements regarding its witnesses are without merit.

JuxtaComm argues that the inventors of the '662 Patent may become unwilling or unable to provide testimony in the future. This is pure speculation. That JuxtaComm continues to subject these Canadian citizens to depositions through its seemingly endless serial lawsuits is a matter wholly in JuxtaComm's control, and does not justify moving forward with this case despite the nearly complete reexamination.

Moreover, JuxtaComm continues by arguing that its sole expert witness for infringement and validity is Dr. Walter Rudd. Because Dr. Rudd is 67 years old, JuxtaComm argues, his ability to assist JuxtaComm may be "severely compromised" in the future. Here too, this argument amounts to mere conjecture and inappropriate assumptions. Dr. Rudd is an expert witness, not a fact witness. Assuming JuxtaComm will even want to rely on Dr. Rudd in this case (the parties will not identify expert witnesses until a much later date) JuxtaComm can simply hire another expert to help carry its burden of proof if Dr. Rudd is not available.

C. JuxtaComm itself introduces delay into these proceedings.

JuxtaComm's arguments are even less credible in light of the delay JuxtaComm itself caused. JuxtaComm waited *ten years* to file this suit. One would imagine that, if witness availability and loss of discovery were such weighty concerns, JuxtaComm would not have prolonged this suit by a decade. JuxtaComm's attempt to excuse this decade-long delay as necessary for its pre-suit investigation is indefensible. Given that JuxtaComm waited ten years to assert the '662 Patent, it has failed to provide an explanation as to why it now requires a rush to the Court to resolve this case immediately. The only relevant factor that has changed during this ten year time interval is that JuxtaComm is now facing a Final Office Action by the PTO invalidating virtually all of its claims. Faced with this, JuxtaComm now wishes to engage in litigation as soon and as quickly as possible and fails to explain why the delay for the PTO to resolve this issue, as compared with JuxtaComm's own delay in bringing this litigation, is somehow unacceptable.

In addition, JuxtaComm is itself introducing delay into the reexamination proceedings, rendering its position regarding delay meritless. JuxtaComm has made it clear that it will "exhaust all appeals" in order to delay a final decision before the PTO as long as possible, while simultaneously pursuing litigations as soon and as fast as possible. JuxtaComm should not be entitled to create and further the very delay it complains about and then use that as a basis to pursue endless and costly litigation on patent claims that the PTO has on three separate occasions deemed invalid.

D. JuxtaComm's licensing program is no reason to proceed with this suit.

JuxtaComm's licensing program is not put in jeopardy by the Defendant's Motion to Stay but by the PTO's repeated determination that JuxtaComm should never have received the very claims it is attempting to assert in this litigation. Recognizing the pending invalidity of its patent

claims, JuxtaComm argues that this Court should expend judicial and party resources in order to protect JuxtaComm's licensing program. However, potential harm to a licensing program is by no means justification to proceed with litigation. *Implicit Networks, Inc. v. Adv. Micro Devices, Inc.*, No. C 08-184 JLR, 2009 WL 357902 at \*3 (W.D. Wash. Feb. 9, 2009) (granting a stay of litigation and finding insufficient patentee's argument that a stay would "significantly and irreparably" harm its licensing campaign).

In an attempt to show some form of harm beyond damage to its licensing campaign, JuxtaComm asserts that its ability to seek injunctive relief against Lanier and the Garage-Owner Defendants will be compromised by a stay. While JuxtaComm's Complaint purports to seek such relief, it is highly unlikely that JuxtaComm will meaningfully pursue injunctive relief given that JuxtaComm is not in anyway a competitor of Lanier or the Garage-Owner Defendants. A review of JuxtaComm's previous suits is instructive in this regard. In both JuxtaComm I and JuxtaComm II, Plaintiff prayed for injunctive relief in its Complaints, but failed to meaningfully pursue such relief. *See generally JuxtaComm Techs. v. Ascential Software Corp., et al.* 2:07-cv-00359-LED (E.D. Tx.), and *JuxtaComm-Tex. Software, LLC v. Axway, Inc.*, 6:10-cv-00011-LED (E.D. Tx.).

### **III. A Stay of This Case Will Simplify the Issues Before the Court.**

Contrary to JuxtaComm's claim, the reexamination of the '662 Patent materially changes the status of this case. As set forth above, the PTO's reexamination of the '662 Patent is virtually complete. Final rejections of seventeen claims have already issued, been challenged, and maintained. If this litigation proceeds, the parties and the Court will be faced with litigating a set of patent claims whose validity and scope are currently in flux and, most likely, will be significantly altered in the foreseeable future.

### **CONCLUSION**

For these reasons, Lanier respectfully maintains its request that 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 8th day of July, 2011.

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**CERTIFICATE OF SERVICE**

I hereby certify that on the 8th day of July, 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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