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13 **UNITED STATES DISTRICT COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**

15
16 TECHNOLOGY PROPERTIES LIMITED
17 LLC, PHOENIX DIGITAL SOLUTIONS
18 LLC, and PATRIOT SCIENTIFIC
CORPORATION,

Case No. C 12-03863-VC

**JOINT CASE MANAGEMENT
STATEMENT**

19 Plaintiffs,

20 vs.

21 BARNES & NOBLE, INC.,

22 Defendant.

23
24 The parties to the above-entitled action jointly submit this JOINT CASE
25 MANAGEMENT STATEMENT pursuant to the Clerk's June 18, 2014 Notice Rescheduling the
26 Case Management Conference, the November 27, 2012 Standing Order for All Judges of the
27 Northern District of California, Patent Local Rule 2-1(a), Civil Local Rule 16-9, and Federal
Rule of Civil Procedures 26(f).

1 1. Jurisdiction & Service

2 The Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a)
3 because the action arises under federal statutes relating to patents.

4 No issue exists regarding personal jurisdiction or venue. No more parties remain to be
5 served.

6 2. Facts

7 Plaintiffs (collectively “TPL”) filed their Complaint against Defendant Barnes & Noble,
8 Inc. for damages and injunctive relief based on alleged infringement of three of Plaintiffs’
9 patents: United States Patent No. 5,440,749 (the “’749 Patent”), United States Patent No.
10 5,530,890 (the “’890 Patent”) and United States Patent No. 5,809,336 (the “’336 Patent”)
11 (collectively, the “Asserted Patents”).

12 As set forth in the Complaint, Plaintiffs contend that Barnes & Noble has infringed and
13 continues to infringe claims of the Asserted Patents. Plaintiffs assert that Defendant’s infringing
14 activities include the importing, making, using, offering to sell, and/or selling products and
15 devices that embody and/or practice the patented inventions, including but not limited to Barnes
16 & Noble’s NOOK Tablet 8GB and other NOOK e-readers and tablets. In addition, Plaintiffs
17 contend that Barnes & Noble induces and instructs users of its accused products to connect to
18 second devices and communicate with and receive data from them in a manner that infringes the
19 ’336 Patent. Further, Plaintiffs informed Barnes & Noble of its allegedly infringing acts prior to
20 filing the Complaint and therefore believe that Barnes & Noble’s infringement has been, and
21 continues to be, willful.

22 In its Answer and Counterclaims, Barnes & Noble asserts that Plaintiffs’ patents are
23 invalid, unenforceable, and/or not infringed in any matter whatsoever, either directly or
24 indirectly, literally or under the doctrine of equivalents, willfully or otherwise, by Barnes &
25 Noble.

26 The parties in the case were parties in ITC Investigation No. 337-TA-853, wherein the
27 Plaintiffs in this case were Complainants, and Barnes & Noble was a Respondent. Trial in the
investigation commenced June 3, 2013, and concluded on June 11, 2013. The Administrative

1 Law Judge issued an Initial Determination on September 6, 2013. In that opinion, the ALJ
2 determined that the Barnes & Noble products at issue did not infringe Plaintiffs' '336 Patent. On
3 review, the Commission found that TPL had satisfied the economic prong of the domestic
4 industry requirement, giving the Commission jurisdiction over the investigation. But like the
5 ALJ, the Commission determined that the Barnes & Noble products at issue did not infringe
6 Plaintiffs' '336 Patent. For that reason, the Commission also terminated the investigation. The
7 last day to file a notice of appeal of the Commission's determination was April 24, 2014. TPL
8 chose not to appeal the ITC's finding and termination of the investigation.

9 However, in 08-cv-00882-PSG, another suit in this district, a jury found infringement of
10 the '336 Patent by HTC products with Texas Instruments microprocessors that Plaintiffs contend
11 are functionally identical to the Texas Instruments microprocessors in the Barnes & Noble
12 products at issue in the ITC. On January 21, 2014, the district court denied HTC's renewed
13 motion for judgment as a matter of law, finding that substantial evidence supports the jury
14 verdict of infringement. The ITC's determination was based on a different claim construction
15 than the one applied by this district in the HTC case. HTC has appealed the jury's verdict to the
16 Court of Appeals for the Federal Circuit and that appeal is pending.

17 3. Legal Issues

18 The principal disputed legal issues are:

- 19 a. The proper claim construction for the Asserted Patents;
- 20 b. Whether Barnes & Noble infringed and continues to infringe - literally,
21 contributorily, or by inducement - one or more of the Asserted Patents;
- 22 c. Whether the Asserted Patents are valid and enforceable;
- 23 d. Whether TPL's claims are barred, in whole or in part, by claim preclusion, issue
24 preclusion, and/or the *Kessler* doctrine, or in view of judicial admissions made in prior
25 proceedings;
- 26 e. Whether TPL is entitled to compensation for any proven patent infringement,
27 pursuant to 35 U.S.C. § 284, and if so, the amount;
- f. Whether the case is "exceptional" within the meaning of 35 U.S.C. § 285,

1 entitling the prevailing party to reasonable attorneys' fees.

2 4. Motions

3 There is no pending motion.

4 5. Amendment of Pleadings

5 No amendment of pleadings is expected.

6 6. Evidence Preservation

7 Each party has reviewed the Guidelines Relating to the Discovery of Electronically
8 Stored Information. Each party represents that it has instituted reasonable document retention
9 procedures to maintain any relevant documents, electronic or otherwise, until this dispute is
10 resolved. The parties have met and conferred pursuant to Fed. R. Civ. P. 26(f).

11 7. Disclosures

12 The parties will exchange initial disclosures on July 7, 2014.

13 8. Discovery

14 No discovery has been served thus far. The parties conducted their Rule 26(f)
15 Conference of Parties on June 20, 2014. Pursuant to Fed. R. Civ. P. 26(f), the parties submit the
16 following discovery plan:

17 (A) *Changes to disclosures.* The parties do not expect that any changes will be made
18 in the form, or requirement for disclosures under Rule 26(a). The parties will exchange initial
19 disclosures on July 7, 2014.

20 (B) *Subjects on which discovery may be needed.* The parties expect to conduct
21 discovery concerning the claims and defenses raised by Plaintiffs in their Complaint and Answer
22 to Counterclaims and by Barnes & Noble in its Answer and Counterclaims. The parties'
23 proposed schedule is set forth below in section 17.

24 (C) *Issues relating to disclosure or discovery of electronically stored information.*
25 The parties anticipate that certain discovery may be produced in electronic form and have agreed
26 to meet and confer, as necessary, to resolve any issues concerning electronic discovery as they
27 arise.

(D) *Issues relating to claims of privilege or of protection as trial-preparation*

1 *material*. Privileged communications about this action, made after the action was initiated, need
2 not be recorded in the parties' respective privilege logs. The parties will meet and confer as
3 necessary to discuss other issues when they arise.

4 (E) *Changes in limitations on discovery*. The parties do not currently request any
5 changes to the limitations on discovery as provided by the Federal Rules of Civil Procedure.

6 (F) *Orders that should be entered by the court*. The parties are in the process of
7 agreeing upon a protective order, the terms of which—when finalized, and with the approval of
8 this Court—shall govern and be entered in this case.

9 9. Class Actions

10 This is not a class action.

11 10. Related Cases

12 Plaintiffs contend that this case is related to *HTC Corporation v. Technology Properties*
13 *Limited, et al.*, Case No. 5:08-cv-00882-PSG (the "882 Case"), in which Plaintiffs in this Action
14 asserted the same patents against HTC Corporation. More importantly, certain accused HTC
15 products in the 882 Case included the same or very similar Texas Instruments microprocessor
16 chips as those used in the accused Barnes & Noble products in this Action. In fact, the Texas
17 Instruments chips in the 882 Case formed the basis for the infringement allegations in that case,
18 which led to a jury verdict of infringement of the '336 patent by HTC. Accordingly, because this
19 case involves the same patents being asserted against products with the same infringing
20 microprocessor chips from Texas Instruments, Plaintiffs contend that this case should be deemed
21 related to the 882 Case.

22 Barnes & Noble disputes that this case is related to the '882 case. The patents at issue are
23 the same. But TPL is incorrect that these are the "same or similar" microprocessors. According
24 to the Pretrial Statement in the *HTC* action, HTC products contain only TI OMAP 700- and 800-
25 series chips, which are generally used in phones, not in e-readers or tablet computers. The
26 question of whether Barnes & Noble's products infringe will necessarily require an
27 individualized assessment of those products, not the products sold by HTC Corporation. And the
only decision that has been rendered on B&N's products – by the ITC, which TPL elected not to

1 appeal to the Federal Circuit – held that they did not infringe the ‘336 Patent. Regardless, there
2 would be no benefit to the Court or the efficient administration of this action from relating the
3 cases. The normal benefit gained from relating cases is that a common judicial officer will be
4 familiar with the issues. But the two judges who presided over substantive portions of the *HTC*
5 action – District Judge James Ware and Magistrate Judge Paul Grewal – are ineligible to preside
6 over this case. Judge Ware has since left the bench and Barnes & Noble has declined to proceed
7 before a magistrate judge.

8 11. Relief

9 As prayed for in Plaintiffs’ Complaint, Plaintiffs seek an award of damages in an amount
10 adequate to compensate Plaintiffs for Defendant’s infringement of the Asserted Patents; a
11 declaration that Defendant’s infringement of the Asserted Patents was willful and that this case is
12 exceptional pursuant to 35 U.S.C. § 285; an award of Plaintiffs’ costs, expenses and attorney fees
13 incurred in bringing and prosecuting this action; and an award of enhanced damages resulting
14 from Defendant’s willful infringement, and all other categories of damages allowed by 35 U.S.C.
15 § 284. Plaintiffs’ compensatory damages claim will be calculated pursuant to a reasonable
16 royalty analysis based on information produced during the course of the case. Plaintiffs also
17 intend to seek pre- and post-judgment interest at standard rates in an amount to be proven at trial.
18 Plaintiffs intend to seek actual costs, expenses, and attorney fees incurred in bringing and
19 prosecuting this action, in an amount to be determined at the time such fees are calculated.
20 Finally, Plaintiffs intend to seek trebling of the jury’s compensatory damages award due to
21 Barnes & Noble’s willful infringement.

22 Barnes & Noble denies that Plaintiffs are entitled to recover any damages in this case.
23 Even assuming, arguendo, that Plaintiffs were entitled to recover damages in the form of a
24 reasonable royalty, Barnes & Noble denies that the present case is one in which a trebling (or any
25 enhancement) of awarded damages would be appropriate. Additionally, Barnes & Noble
26 anticipates seeking recovery of its attorneys’ fees and other damages as a result of Plaintiffs’
27 actions, pursuant to at least 35 U.S.C. § 285, and possibly other rules and authority available to
this Court to curtail baseless patent litigation.

1 12. Settlement and ADR

2 The parties have engaged in settlement discussions in connection with the ITC
3 investigation but have not specifically discussed Alternative Dispute Resolution with respect to
4 this action. The parties believe that some form of ADR would be appropriate.

5 13. Consent to Magistrate Judge For All Purposes

6 The parties will not consent to a magistrate for trial. On September 21, 2012, Defendant
7 Barnes & Noble filed a Declination to Proceed Before a US Magistrate Judge [Docket No. 7].

8 14. Other References

9 This case is not suitable for reference to binding arbitration, a special master, or the
10 Judicial Panel on Multidistrict Litigation.

11 15. Narrowing of Issues

12 At this time, the parties do not foresee bifurcating any issues, claims, or defenses.
13 Subject to the progression of discovery, the parties may be able to narrow certain issues via
14 stipulated facts.

15 16. Expedited Trial Procedure

16 The parties do not believe this case is appropriate for an expedited trial schedule.

17 17. Scheduling

18 The parties propose that the Court adopt the following schedule based on the Federal
19 Rules of Civil Procedure, Civil Local Rules, Patent Local Rules, and the Court's Standing Order.
20 The parties propose that the Court hold a Status Conference after the Court's rulings on motions
21 for summary judgment to set dates for pre-trial briefing and trial.

Event	Due Date
Disclosure of Asserted Claims and Infringement Contentions (and related documents). Patent L.R. 3-1, 3-2 (14 days after the Initial Case Management Conference)	July 22, 2014
Invalidity Contentions (and related documents). Patent L.R. 3-3, 3-4 (45 days after service of the "Disclosure of Asserted Claims and Infringement Contentions")	September 05, 2014

22 The parties are at an impasse regarding the remainder of the schedule and ask the Court

1 to determine the appropriate deadlines.

2 TPL believes that a shortened discovery period is justified because Barnes & Noble was a
 3 respondent throughout the ITC investigation, and both parties have litigated the '336 patent
 4 extensively in that investigation, including conducting full fact and expert discovery. The other
 5 two patents-in-suit, the '749 and '890 patents, share the same specification with the '336 patent.
 6 All three patents are directed to microprocessor systems, and belong to the same patent family.
 7 Because the three patents have the same inventors and substantially share a common prosecution
 8 history, discovery regarding the inventors and prosecution history for the '336 patent overlap
 9 significantly with discovery regarding such matters for the other two patents. For these reasons,
 10 TPL proposes the following schedule:

11	12	Close of fact discovery	January 30, 2015
13	14	Last day to file motions for summary judgment	February 27, 2015

15 Barnes & Noble believes that TPL's schedule provides insignificant time for fact
 16 discovery. TPL has had the benefit of litigating all three patents against other defendants in
 17 other cases for multiple years. In contrast, with respect to two of the three patents (the '749 and
 18 '890 patents), B&N has not had the opportunity to obtain any discovery to date, because those
 19 patents were not the subject of the ITC action. Also, TPL's schedule does not provide for expert
 20 reports or depositions prior to summary judgment (though TPL's counsel has indicated that
 21 experts could be deposed on their summary judgment declarations.) B&N believes that the
 22 parties should conduct expert discovery—so that they fully understand each other's respective
 23 positions on technical issues—before filing summary judgment motions. In addition, B&N
 24 believes that the Court would benefit from approaching summary judgment on technical issues
 25 with the benefit of full expert reports and depositions, as opposed to terse declarations. Finally,
 26 TPL's truncated schedule may foreclose the possibility for fact discovery to be informed by any
 27 decision the Federal Circuit issues in the pending *HTC* appeal. For these reasons, B&N proposes

1 the following schedule:

2 Close of fact discovery	September 18, 2015
3 Close of expert discovery	December 18, 2015
4 Last day to file motions for summary judgment	February 19, 2016

6 18. Trial

7 The parties demand a jury trial on their respective claims. The parties expect it to last
8 two weeks.

9 19. Disclosure of Non-party Interested Entities or Persons

10 The parties have filed the “Certification of Interested Entities or Persons” required by
11 Civil Local Rule 3-15.

12 Each party certifies that as of this date, other than the named parties and their
13 shareholders, there is no interest to report under Civil Local Rule 3-15.

14 20. Other

15 None to report.

16 21. Patent Local Rule 2-1 Matters

17 (1) *Proposed modification of the obligations or deadlines set forth in the Patent*
18 *Local Rules.* Except as indicated in the proposed Schedule in Section 17 above, the parties
19 currently do not propose any other modification of the obligations or deadlines set forth in the
20 Patent Local Rules.

21 (2) *Scope and timing of any claim construction discovery.* The parties do not know
22 now what, if any, claim construction discovery will be needed or if the parties will need expert
23 testimony for claim construction.

24 (3) *Format of the claim construction hearing.* The parties understand from the
25 Court’s standing order that claim construction will not be addressed except in connection with a
26 dispositive motion. Should the Court deem a claim construction hearing necessary, however, the
27 parties agree that live testimony at the claim construction hearing is not likely to be necessary.

1 The parties agree that Plaintiffs will present their argument first at the claim construction
2 hearing, followed by Barnes & Noble, and the parties will thereafter address any questions raised
3 by the Court.

4 (4) *Educating the Court on technology.* If the Court so desires, the parties propose a
5 half- day technology tutorial during the week of any claim construction hearing.

6
7 Dated: July 1, 2014

Respectfully submitted,

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FILER’S ATTESTATION PURSUANT TO L.R. 5-1(i)(3)

I, James C. Otteson, am the ECF User whose ID and password are being used to file the “JOINT CASE MANAGEMENT STATEMENT” I hereby attest that concurrence in the filing of this document has been obtained from each of the other signatories.

Dated: July 1, 2014

By: /s/ James C. Otteson
James C. Otteson