

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

EXTREME NETWORKS, INC.,

Plaintiff,

v.

ENTERASYS NETWORKS, INC.,

Defendant.

ORDER

07-cv-229-bbc

Defendant Enterasys Networks, Inc. has filed a motion to dissolve the injunction entered against it in this case on March 18, 2009. Defendant argues that relief is appropriate under Fed. R. Civ. P. 60(b)(5) because plaintiff is guilty of inequitable conduct before the patent office. I am denying the motion because it is not ripe.

Some context is necessary to understand defendant's motion. Four years ago plaintiff Extreme Networks, Inc. filed this lawsuit for infringement of three related patents: U.S. Patents Nos. 6,104,700, 6,678,248, and 6,859,438. Defendant Enterasys Networks, Inc. counterattacked, bringing claims against plaintiff for infringement of two patents: U.S. Patents Nos. 5,195,181 and 5,430,727. Both sides litigated the case tenaciously, filing

approximately 70 motions between them and generating more than 800 pages of briefs on summary judgment alone. I granted plaintiff's motion for summary judgment with respect to defendant's patents on the ground of noninfringement; I denied defendant's summary judgment motion with respect to plaintiff's patents, but limited plaintiff's damages to those it incurred after it filed the lawsuit. Dkt. #237. Defendant did not file a summary judgment motion challenging the validity of any of plaintiff's patents.

At trial a jury found in plaintiff's favor, awarding approximately \$200,000 in damages. Dkt. #401. I granted plaintiff's motion to permanently enjoin defendant from making or selling the infringing products, but I stayed enforcement of it pending resolution of any appeals. Dkt. #490. Both sides appealed, but defendant did not raise any issues regarding the validity of plaintiff's patents. The Court of Appeals for the Federal Circuit affirmed in all respects save one: it concluded that this court construed the term "digest" in defendant's '181 patent incorrectly and it remanded the case to reconsider the infringement claims under that patent in light of the new construction. The court of appeals issued its mandate on January 5, 2011. Dkt. #500.

Although defendant had abandoned any challenges to the validity of plaintiff's patents on appeal, this did not mean that defendant had abandoned the issue altogether. Shortly after the jury issued its verdict, defendant chose a different route: it filed ex parte requests with the patent office to reexamine plaintiff's '700 patent, the '248 patent and the

'438 patent on the ground that they are invalid under 35 U.S.C. §§ 102 and 103. (Somewhat surprisingly, neither side suggests that principles of preclusion or waiver prohibited defendant from making this request.) On April 6, 2010, the patent office issued nonfinal office actions rejecting as anticipated or obvious many of the claims in the three patents, including all of the claims that plaintiff asserted in this case. Dkt. #518-2. The patent office gave plaintiff two months to respond and later denied plaintiff's request for an extension of time.

On October 5, 2010, the patent office issued a reexamination certificate for the '700 patent, canceling claims 1-15, 17-18, 20-23 and 25-29. Dkt. #503-13. On November 2, 2010, the patent office canceled all claims of the '248 patent and '438 patent. Dkt. ##503-14 and 503-15. In anticipation of this decision, defendant filed a petition for rehearing with the Court of Appeals for the Federal Circuit, asking the court to vacate the judgment in the district court. Dkt. #503-19. The court later denied this motion without explanation. Dkt. #503-23.

Also on November 2, plaintiff filed a "petition to revive" the examination proceeding with respect to the '248 patent and '438 patent on the ground that its delay in responding was "unintentional." Dkt. #503-20. On November 10, plaintiff filed the same petition with respect to the '700 patent. In January 2011, defendant filed a motion in this court to dissolve the injunction under Rule 60(b)(5) in light of the patent office's cancellation of

plaintiff's claims, dkt. #501, but it later withdrew that motion after the patent office granted plaintiff's petitions to revive the proceedings. The reexamination proceedings are pending before the patent office.

In its new Rule 60 motion, dkt. #515, defendant argues that plaintiff engaged in inequitable conduct before the patent office by representing that its delay in responding to the office actions was "unintentional." In particular, defendant says that plaintiff cannot meet the definition of "unintentional" because plaintiff knew when it filed its petition to revive the examination proceedings that the patent office had denied its previous request for an extension of time. According to defendant, plaintiff's actions represent a "deliberate decisio[n] not to prosecute." Dft.'s Br., dkt. #516, at 11. Because of this alleged misconduct, defendant believes that "applying [the injunction] prospectively is no longer equitable" under Fed. R. Civ. P. 60(b)(5).

Several considerations reasons counsel against granting defendant's motion. First, defendant's request seems unprecedented; defendant cites no other instance in which the relief it seeks was granted under remotely similar circumstances, that is, defendant does not point to any other case in which a court determined that it should dissolve a permanent injunction because of conduct before the patent office that (1) occurred after final judgment was entered and (2) is not related to the circumstances under which the party obtained the patent. The cases defendant cites, Lumenyte Intern. Corp. v. Cable Lite Corp., 1996 WL

383927 (Fed Cir. Jul. 9, 1996), and Lawman Armor Corp. v. Simon, No. 04-CV-72260, 2005 WL 1176973, (E.D. Mich. Mar. 29, 2005), are neither precedential nor on point. Defendant's motion seems less like a request under Rule 60 and more like an appeal of an unfavorable decision from the patent office.

Second, it is far from clear whether defendant's allegations rise to the level of inequitable conduct, which would require a showing by clear and convincing evidence that plaintiff made material misrepresentations to the patent office and did so with an intent to deceive. Aventis Pharma S.A. v. Amphastar Pharmaceuticals, Inc., 525 F.3d 1334, 1343 -44 (Fed. Cir. 2008). Defendant cites no authority for the proposition that any delay is necessarily "intentional" simply because the party knew it had missed a deadline. Further, in arguing that plaintiff lied to the patent office, defendant relies entirely on other documents that plaintiff filed previously *with the patent office* in the context of *the same reexamination proceeding*. Thus, if the patent office agreed with defendant's view of the meaning of "unintentional," it easily could have denied plaintiff's motion to revive the petition on the ground that plaintiff was not entitled to it. Defendant's position seems to be that the patent office is completely unaware of its own proceedings.

Finally, even if I assume that defendant could meet the standard for inequitable conduct and that plaintiff's conduct could be grounds for dissolving the injunction, I agree with plaintiff that the dispute will not be ripe until the proceedings before the patent office

are finished. Defendant says that parallel proceedings are appropriate in this case because the patent office cannot consider matters of inequitable conduct, but that is irrelevant for two reasons. First, as noted above, defendant's motion is essentially a challenge to the patent office's decision to allow plaintiff to revive the reexamination proceedings on the ground that plaintiff's delay in responding was "unintentional." Although it may be that the patent office has no authority to invalidate a patent for inequitable conduct, defendant points to no law that would prohibit the office from reconsidering its own decision. Thus, if defendant believes that it can prove that plaintiff's delay was intentional, it may present that proof to the patent office.

Second, even if it is too late to ask the patent office to reconsider its decision, there seems to be little reason for this court to inject itself into pending reexamination proceedings. It may be that the patent office will reject the claims again, which would render moot any dispute over inequitable conduct in this court. "An appeal to the equity jurisdiction conferred on federal district courts is an appeal to the sound discretion which guides the determinations of courts of equity, and any litigant making such an appeal must show that the intervention of equity is required." Farmer v. Brennan, 511 U.S. 825, 847 (1994) (internal quotations and citations omitted). If defendant can obtain the same result from the patent office, the interest of justice would not be served by moving forward with separate proceedings in this court. Defendant does not have a right to have the injunction dissolved

on one ground (inequitable conduct) over another (invalidity).

In the event that its motion is denied, defendant asks the court to stay enforcement of the permanent injunction, “pending resolution of this issue on interlocutory appeal to the United States Court of Appeals for the Federal Circuit.” Dft.’s Br., dkt. #516, at 19. I will continue to stay the injunction pending resolution of the proceedings before the patent office, but, to the extent defendant is asking this court to certify that it may file an interlocutory appeal under 28 U.S.C. § 1292(b), that request is denied. Defendant has not even attempted to show that it meets the standard for obtaining an interlocutory appeal, which is that the appeal (1) would “materially advance the ultimate termination of the litigation” and (2) “involves a controlling question of law as to which there is substantial ground for difference of opinion.” Further, the court of appeals has already declined one request by plaintiff to vacate the judgment because of the proceedings before the patent office. It seems unlikely that the court would accept an interlocutory appeal for that purpose now. Finally, because I am continuing to stay the injunction pending resolution of the proceedings before the patent office, defendant is not harmed by waiting.

ORDER

IT IS ORDERED that

1. Defendant Enterasys Networks, Inc.’s motion to vacate the judgment with respect

to the permanent injunction, dkt. #515, is DENIED.

2. The injunction is STAYED pending resolution of the proceedings before the patent office.

3. I decline to certify that defendant may file an interlocutory appeal under 28 U.S.C. § 1292(b).

Entered this 7th day of April, 2011.

BY THE COURT:
/s/
BARBARA B. CRABB
District Judge