UNITED STATES DISTRICT COURT DISTRICT OF CONNECTICUT

| LEGO SYSTEM A/S, | : |
|---|---------------------------------------|
| Plaintiff/Counterclaim Defendant, | Civil Action No.: 3:15-cv-00823 (VLB) |
| v. RUBICON COMMUNICATIONS, LP DBA SMALLWORKS AND SMALLWORKS, LLC, | : JURY TRIAL DEMANDED : |
| Defendants/Counterclaim Plaintiff. | : |

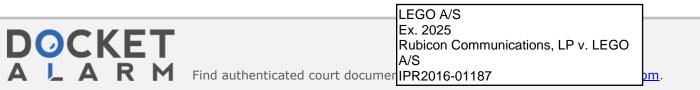
DEFENDANTS' NOTICE IN RESPONSE TO THE COURT'S ORDER

Defendants SmallWorks, LLC and Rubicon Communications, LP dba SmallWorks¹ (collectively, "SmallWorks") file their *Notice in Response to the Court's Order*.

On December 19, 2016, the Court issued an Order (Dkt. #43). In the Order, the Court states that "the parties are to give notice as to whether this case should proceed or be held in abeyance pending proceedings before the USPTO." SmallWorks requests that the Court stay this case until the *inter partes* review of United States Patent No. 8,894,066 B2 ("the '066 Patent") is complete.

The Court should stay this matter because the *inter partes* review most likely will result in a narrowing of issues and/or a clarifying as to the meaning of the claims. Given that the Court has not issued a Markman order to date, it makes sense for the Court to now wait until the *inter partes* review is complete because certain claims may be

¹ As stated previously, Rubicon Communications, LP no longer exists, but notice is filed on its behalf because it is a named party.



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cancelled, certain claims may be amended, and the meaning of certain claim terms (some of which may be common to other asserted patents) may change. If the case is not stayed pending completion of the *inter partes* review, the Court would spend a great deal of time and effort analyzing and construing the claims, which would likely be cancelled, amended or changed in the proceeding before the patent office. As a result, staying the case in favor of the pending IPR would preserve judicial resources and avoid the wasting of time, money and effort by all parties.

Additionally, prior to this action being filed by Lego, SmallWork's intellectual property holding company Pono Paani, Inc. ("Pono Paani") sued Lego System A/S ("Lego's") licensee Belkin International, Inc. ("Belkin") for patent infringement in the Western District of Texas (Civil Action No. 1:14-cv-1089) (the "Austin Case"). Belkin is represented by the same counsel that represents Lego in this action. Belkin filed an *ex parte* reexamination proceeding against Pono Paani in the USPTO for Pono Paani's asserted patent in the Austin Case. Belkin and its attorneys supported a stay of the Austin Case while the reexamination proceeded. The court in the Austin Case granted the stay. The same reasoning is applicable here.

At this point in the case, the Court has not issued a *Markman* order. The most efficient process going forward would be for the Court to wait on the USPTO's decision in the *inter partes* review and then, based on that decision, issue a *Markman* order. This will ensure that the Court does not issue a *Markman* order that will need to be redone. The parties can periodically update the Court as to the status of the *inter partes* review so that the Court can evaluate whether or not the stay should be lifted at any point.

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In the event that the Court does not grant the stay, SmallWorks requests, in the alternative, that the Court amend the current scheduling order. Markman briefing was completed by the parties in April of 2016. The Court has not issued a Markman order and has not scheduled a Markman hearing. Expert and fact discovery is set to close on January 27, 2017, with dispositive motions due on March 3, 2017. See Dkt. # 22. In paragraphs 6 and 7 of the Rule 26(f) Report (Dkt. #21), the parties agreed that initial expert reports are due sixty (60) days after the Court issues its Markman order, response reports due thirty (30) days after that, and reply reports due thirty (30) days after that. Under the current schedule, fact and expert discovery will close well before the initial expert reports are even due. Therefore, if the Court does not stay this action, SmallWorks requests that the Court extend the fact and expert discovery deadlines to give the Court time to issue a *Markman* order, and time for the parties to complete expert reports and finish fact and expert discovery. Counsel for SmallWorks has conferenced with counsel for Lego and both parties agree that the schedule should be amended if the Court does not stay this action.

DATED: December 21, 2016

Respectfully Submitted,

By: <u>/s/ Ryan T. Beard</u>

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Attorneys for Defendant/Counterclaim-Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on December 21, 2016, I electronically filed the foregoing pleading with the clerk of Court using the electronic case filing system of the Court.

<u>/s/ Ryan T. Beard</u> Ryan T. Beard

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