

UNITED STATES INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C.

Before the Honorable Theodore R. Essex
Administrative Law Judge

In the Matter of

CERTAIN HANDHELD ELECTRONIC
COMPUTING DEVICES, RELATED
SOFTWARE, AND COMPONENTS
THEREOF

Investigation No. 337-TA-769

**OPPOSITION OF RESPONDENTS BARNES & NOBLE, INC. AND
BARNESANDNOBLE.COM LLC TO COMPLAINANT MICROSOFT
CORPORATION'S MOTION FOR LEAVE TO REPLY AND RESPONSE TO
RESPONDENT BARNES & NOBLE'S STATEMENT OF ADDITIONAL
MATERIAL FACTS FILED IN RESPONSE TO MICROSOFT'S STATEMENT
OF UNDISPUTED MATERIAL FACTS IN SUPPORT OF ITS MOTION FOR
SUMMARY DETERMINATION OF RESPONDENTS' FIRST AFFIRMATIVE
DEFENSE (MOTION DOCKET NO. 769-043)**

Microsoft Corporation ("Microsoft") made a tactical decision to prematurely file its Motion for Summary Determination of Respondents Barnes & Noble's and barnesandnoble.com LLC's (collectively, "Barnes & Noble") First Affirmative Defense of Patent Misuse (the "Motion") prior to the close of both fact discovery and expert discovery related to patent misuse—and, indeed, refused to agree to any extension of the deadline for submitting summary determination motions even though it agreed to extensions of essentially every other deadline relating to patent misuse. And when it filed its Motion, Microsoft ignored the evidence and instead simply rehashed the same purely legal arguments it had already made to the Court six months earlier in its motion to strike Barnes & Noble's patent misuse defense.

Nonetheless, Microsoft now seeks leave to file a reply to Barnes & Noble's Response to Microsoft's Motion "[t]o assist this tribunal with its evaluation of Microsoft's summary determination motion". (Motion for Leave to Reply and Response [sic], at 2.) As part of this "assistance" to the Court, Microsoft has submitted 51 exhibits with its Motion for Leave—over five times as many exhibits as it submitted with its original Motion for Summary Determination—and 70 pages of disputed facts in response to Barnes & Noble's Statement of Additional Material Facts.¹ Microsoft cannot have it both ways—submitting an additional 51 exhibits and 70 pages of responses to disputed facts in support of its Motion and then in the same breath continuing to argue that there are no "genuine issues as to any material fact" with respect to Barnes & Noble's patent misuse defense.² At bottom, Microsoft's Motion for Leave, and the accompanying exhibits and responses, are an implicit acknowledgment that there are genuine issues of material fact with respect to Barnes & Noble's patent misuse defense that make summary determination inappropriate. *See* 19 C.F.R. § 210.18(b).

A motion for leave to file a reply brief is not a second chance to present new arguments that could have been presented originally. *In re Certain Digital Imaging*

¹ Barnes & Noble submitted a Statement of Additional Material Facts with its Response to Microsoft's Motion. The Statement contains 88 additional material facts with numerous citations to the record. Proving that patent misuse is a "fact-intensive" defense, *B. Braun Med., Inc. v. Abbott Labs., Inc.*, 124 F.3d 1419, 1426 (Fed. Cir. 1997), Microsoft now disputes, or partially disputes, 73 of those 88 additional material facts in its proposed Reply.

² Microsoft even goes so far as to suggest that Barnes & Noble's 88 additional material facts—facts such as Microsoft's worldwide market share of the PC operating system market (Statement 1), the dates Barnes & Noble introduced its Nook products to the market (Statement 53) and the royalty rates included in Microsoft's proposed February license to Barnes & Noble (Statement 73)—are not "facts" at all. (Motion for Leave, at 1; proposed Reply, at 3.) That is nonsense.

Devices & Related Software, Inv. No. 337-TA-717, Initial Determination, 2011 WL 2742200, at *81 (May 12, 2011) (noting that it is an “improper use of the reply brief” to raise issues for the first time therein, and refusing to consider such new arguments); *In re Certain Silicon Microphone Packages & Products Containing the Same*, Inv. No. 337-TA-629, Commission Determination, 2010 WL 4788911, at *44 (Sept. 2010) (refusing to consider new arguments contained in reply brief); *In re Certain Elec. Devices, Including Handheld Wireless Commc’ns Devices*, Inv. No. 337-TA-673, Order No. 48C, 2009 WL 3865366, at *3 n.1 (Oct. 14, 2009) (“Reply memoranda should be filed sparingly, and only in instances where a new issue raised by the non-moving party’s response truly necessitates a reply.”). That is, a motion for leave to reply to a party’s response is only permitted where the response raises “new issues”. *See, e.g., In re Certain Equipment for Telecomm. or Data Commc’ns Networks, Including Routers, Switches, & Hubs, & Components, Thereof*, Inv. No. 337-TA-574, Order No. 44, 2008 WL 2336530, at *1 (June 3, 2008) (finding “good cause” for reply when response raised several new issues); *In re Certain Personal Computer/Consumer Elec. Convergent Devices, Components Thereof, & Products Containing Same*, Inv. No. 337-TA-558, Order No. 15, 2006 WL 2439847, at *1 (Aug. 14, 2006) (finding “good cause” for reply when staff response “raised new issues”); *In re Certain Display Controllers with Upscaling Functionality & Products Containing Same*, Inv. No. 337-TA-481 (Remand), Order No. 43, 2004 WL 1181596, at *1 (May 20, 2004) (finding “good cause” for reply when response raised “new arguments”). Barnes & Noble’s Response to Microsoft’s Motion does not raise any new issues, only facts to support arguments of which Microsoft was well aware. In fact, Microsoft acknowledges as much in its proposed Reply to Barnes & Noble’s Response.

(Proposed Reply, at 3 (Barnes & Noble’s facts “were already addressed in Microsoft’s summary determination motion”).) Furthermore, because there are no “new issues” to address in its proposed Reply, Microsoft does not raise any new arguments. Instead, it spends almost an entire page of its three-page proposed Reply regurgitating the Staff’s arguments. (See proposed Reply, at 2.)

For the foregoing reasons, Microsoft’s Motion for Leave to submit a proposed Reply is improper and should be denied.

Dated: January 9, 2012

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing **OPPOSITION OF RESPONDENTS BARNES & NOBLE, INC. AND BARNESANDNOBLE.COM LLC TO COMPLAINANT MICROSOFT CORPORATION'S MOTION FOR LEAVE TO REPLY AND RESPONSE TO RESPONDENT BARNES & NOBLE'S STATEMENT OF ADDITIONAL MATERIAL FACTS FILED IN RESPONSE TO MICROSOFT'S STATEMENT OF UNDISPUTED MATERIAL FACTS IN SUPPORT OF ITS MOTION FOR SUMMARY DETERMINATION OF RESPONDENTS' FIRST AFFIRMATIVE DEFENSE (MOTION DOCKET NO. 769-043)** were served upon the following parties as indicated on this 9th day of January, 2012.

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