

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

PAUL N. WARE and FINANCIAL
SYSTEMS INNOVATION, L.L.C.,

Plaintiffs,

v.

ABERCROMBIE & FITCH STORES,
INC., *et al.*,

Defendants.

CIVIL ACTION FILE

NO. 4:07-CV-0122-BBM

4:08 CV - 011 BBM

ORDER

This matter is before the court on a number of motions and issues, befitting a case filed against 106 defendants. As at any given time in this litigation there are numerous motions pending, now including the following subjects: (1) whether this case should be stayed while the United States Patent and Trademark Office (the "USPTO") reexamines the validity of the patent at issue in this case; (2) deadlines¹; (3) the propriety of this court's jurisdiction²; and (4) lawyers who are not admitted to practice before this court seeking to appear in this case. As the court advised

¹For example, defendants L'Oreal USA Products, Inc. and J. Choo USA, Inc. have each moved, in separate motions and for the third time, to extend the time required by the rules in which they may be permitted to file an answer to this lawsuit. The docket reflects that at least L'Oreal USA has since filed an answer.

²As an alternative to its other arguments, Defendant Dollar Tree Stores, Inc. has moved this court to transfer this case to the Eastern District of Virginia. Plaintiff Ware has not filed a response to this motion.

plaintiffs' counsel at a hearing on December 17, 2007, the court finds itself utterly unable to manage this case as a single lawsuit.

SEVERANCE

This action is hereby severed, for now, into four separate patent infringement lawsuits. The four groups of defendants are (1) the Aerogroup Retail Holdings Group, which is represented by the law firm of Finnegan, Henderson, Farabow, Garrett & Dunner, LLP; (2) the Aldo Group, Inc. group, which is represented locally by Alston & Bird; and (3) the Coach, Inc. group of defendants, which is represented locally by Robert L. Berry; (4) all other defendants not included in one of the previous three groups. Because the court is unable to say with certainty which defendants are included in which group, counsel for each of the groups referred to in (1), (2) and (3) is DIRECTED to file a list of the defendants for each group with the Clerk of the court within 10 days of the date of this Order.

Plaintiff Paul W. Ware is ORDERED to pay a filing fee as to each of the first three groups named within 20 days of the date of this Order. The fourth group will simply proceed with the above-captioned case. There is no need for the refiling of any pleading in the new actions. Neither should the Clerk duplicate the filings in the cases with the new civil action numbers. Instead, a copy of this Order shall serve as the first filing in each of the new civil actions. These cases will go forward with

four different case numbers from the date of this Order.

The court reserves the right to further sever these cases, and expects that it will do so as future proceedings and/or discovery demonstrate the need or propriety for further severance. The court has no objection to the parties' coordinating discovery as between the four lawsuits, to the extent possible, but considers that a matter for plaintiffs' counsel to coordinate.

STAY

A very large number of defendants in this action have asked this court to stay it until the USPTO completes the reexamination of the patent-in-suit (the "'592 Patent"). As defendants point out, on August 22, 2005, Mr. Ware himself consented to such a stay in another lawsuit alleging infringement of the '592 Patent, Ware v. Kroger, 4:04cv65-RLV. Plaintiffs stated in that case:

On or about August 1, 2005, the USPTO issued an order granting the request for the ex parte reexamination. As a result of that order, Plaintiffs are now responding to the reexamination request. Given that the reexamination may materially impact the scope and validity of the claims of the '592 Patent, the parties believe that it makes sense to postpone the *Markman* hearing and stay all other proceedings, including discovery, until after the reexamination proceeding is concluded. Plaintiffs anticipate that the reexamination proceeding will be completed sometime in the early part of 2006.

(Agreed Mot. to Stay Pending Patent Reexamination, 4:04cv65-RLV [Doc. No. 85]

(paragraph breaks omitted).) Then in an undated filing docketed on

August 14, 2007, Mr. Ware asked the Kroger court to lift the stay. He noted that after the reexamination which prompted the August 22, 2005 consent motion to stay, additional reexamination requests were made on March 7, 2007, April 24, 2007, and May 17, 2007. Apparently, the USPTO granted two of those reexamination requests. The Kroger case has not yet been reopened, but Mr. Ware filed this action on June 16, 2007, after the three aforementioned requests for reexamination. Counsel for Mr. Ware has suggested that this court simply take the *Markman* briefing in the Kroger case and make a *Markman* ruling in this case based on the Kroger briefs. The court questions how realistic this proposal is, in light of the fact that to the court's knowledge, no defendant in this case has had an opportunity to brief the *Markman* issues from its standpoint in this case.

As pointed out by some of the parties in briefing this issue, the Federal Circuit has recognized the benefits of staying a patent infringement case while a reexamination of the patent is underway. In Gould v. Control Laser Corp., 705 F.2d 1340, 1342 (Fed. Cir. 1983), it found that "[o]ne purpose of the reexamination procedure is to eliminate trial of that issue (when the claim is canceled) or to facilitate trial of that issue by providing the district court with the expert view of the PTO (when a claim survives the reexamination proceeding)."

Regarding the '592 Patent at issue in this case, the Patent and Trademark

Office has stated that the recent request for ex parte reexamination raises “[a] substantial new question of patentability affecting claims 1-20, 22, and 23.” (Ex. C to Aldo Defs.’ Mot. to Stay Pending Reexamination [Doc. No. 300-4], at 36.) Because of the enormity of the number of defendants accused of infringement in this action, and because each of those defendants will be entitled to be heard from in the claim construction process, this case is particularly appropriate for a stay pending the USPTO’s determination as to whether any claims will be canceled. Cancellation of even one claim could eliminate hundreds of pages of briefing on the subject by the numerous defendants sued in this action. Additionally, discovery has not begun in this case, and all principles of economy weigh in favor of waiting to learn the results of reexamination of the ‘592 Patent before proceeding.

The court recalls its conversation with Mr. Ware at the December 17, 2007 hearing, and his plea that this case go forward because he has been litigating this patent for decades now. While the court has no doubt of Mr. Ware’s sincerity, the court is also mindful that Mr. Ware has made the tactical choice to sue over 100 defendants in this action, and did not file this action until roughly six months ago. As a result of Mr. Ware’s decision in this regard, the court must necessarily look for ways to manage this litigation, and waiting for the USPTO’s reevaluation of his patent seems an obvious solution. Thus, the various Motions to Stay [Doc. Nos. 167,

300, and 316] are each GRANTED.

SUMMARY OF RULINGS AS TO ALL OUTSTANDING MOTIONS

The Motions to Stay [Doc. No. 167, 300, and 316] are GRANTED. The various consent motions filed by a number of parties to this action, seeking to extend time to answer while the parties engage in settlement discussions [Doc. Nos. 187, 191, 192, 291] are each GRANTED. The Motions simply seeking an extension of time for answering the complaint [Doc. Nos. 324 and 328] are each GRANTED. The Joint Motion to allow defendant Wolfgang Puck Catering and Events, LLC an extension of time in which to file a third-party complaint [Doc. No. 315] is GRANTED. The Consent Motion to defer compliance with Local Rule 16.2 and discovery until the court decides the pending Motion for Stay [Doc. No. 168] is GRANTED. Plaintiffs' Motion for an extension of time to respond to various motions filed by defendant Dollar Tree Stores, Inc. [Doc. No. 362] is GRANTED.

This action is hereby SEVERED into four separate actions. Counsel for each of the Aerogroup defendants, the Aldo defendants, and the Coach defendants shall file a definitive list setting forth which defendants are members of each group within 10 days of the date of this Order. Mr. Ware shall make payment to the Clerk of the court for the filing of three additional lawsuits within 20 days of the date of this Order. Once the four actions are created, the Clerk is directed to

ADMINISTRATIVELY TERMINATE each action in accordance with the court's grant of the motions to stay. Mr. Ware may seek to reopen these actions simply by filing motions once the reexamination of the patent is complete. Because this Order stays the four lawsuits, where the court has granted a motion to extend a deadline in this Order, the deadline for filing the corresponding document is 30 days after the respective action is reopened by the court.

IT IS SO ORDERED, this 27th day of December, 2007.

s/Beverly B. Martin
BEVERLY B. MARTIN
UNITED STATES DISTRICT JUDGE