

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

TiVo Inc., a Delaware corporation,
Plaintiff,

v.

1. Dish Network Corporation, a Nevada corporation; 2. EchoStar DBS Corporation, a Colorado corporation; 3. EchoStar Technologies L.L.C., a Texas limited liability company; 4. Echosphere L.L.C., a Colorado limited liability company; 5. EchoStar Satellite LLC, a Colorado limited liability company; and 6. EchoStar Corporation, a Nevada corporation.

Defendants.

No. 2-04cv01 DF
(Judge Folsom)

**EMERGENCY MOTION OF
DEFENDANTS FOR A STAY OF
THIS COURT'S ORDER OF
NOVEMBER 20, 2008 PENDING
REVIEW BY THE COURT OF
APPEALS**

I. INTRODUCTION

Defendants intend to file promptly with the United States Court of Appeals for the Federal Circuit a petition for writ of mandamus to ensure that Defendants' due process and Seventh Amendment rights are not violated in conjunction with the contempt proceedings ordered by this Court in its Order of November 20, 2008. Defendants respectfully ask that this Court issue an order staying the district court proceedings pending a ruling from the Federal Circuit on Defendants' writ petition.

II. ARGUMENT

On November 20, 2008, this Court issued an Order stating that TiVo has a motion for contempt before the Court and providing for an "additional hearing on this matter in the form of a Bench Trial" (Order [Docket 864] at 1) "to determine whether EchoStar's DP-501, DP-508, DP-510, DP-522, DP-625, DP-721, DP-921, and DP-942 receivers continue to infringe claims 1, 5, 21, 23, 32, 36, 52, 31, and 61 of U.S. Patent No. 6,233,389, either literally or under the doctrine of equivalents." (*Id.*) The Order provides for discovery and sets a series of deadlines, the first of which is December 5, 2008, for various disclosures and document production in connection with the ordered proceeding.

The Court's Order is improper. Under *KSM Fastening Systems, Inc. v. H.A. Jones Co.*, 776 F.2d 1522, 1530 (Fed. Cir. 1985), the Court must make a threshold determination of "whether infringement should be adjudicated in contempt proceedings" instead of requiring new charges of infringement to be determined in a new full trial. Only if a court finds that there is no more than a colorable difference, *i.e.* any differences are only minor, cosmetic or insignificant, between the modified product and the product adjudged to infringe may a court determine the issue of infringement in summary contempt proceedings. *Abbott Labs. v. TorPharm, Inc.*, 503 F.3d 1372, 1380 (Fed. Cir. 2007). "If there are substantial open issues with respect to infringement to be tried, contempt proceedings are inappropriate." *KSM*, 776 F.2d at 1532. The accused infringer is entitled to a new proceeding in which the question of infringement is fully

litigated. *Id.* This includes the right, under the Seventh Amendment, to a jury trial on the issue of infringement. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996).

Here, there has been no determination — nor could there be one on the record of this case — that there are no substantial open issues or that the modified devices are only colorably different from their predecessors. TiVo has not brought any contempt motion that seeks either of these findings. The only contempt motion before this Court is TiVo’s motion is for the Court to hold EchoStar in contempt because EchoStar, in TiVo’s view, was not permitted to implement any design-around in any model that was found to infringe by the jury, regardless of whether the design-around infringes. The record demonstrates that there is, at a minimum, a “fair ground of doubt,” *California Artificial Stone Paving Co. v. Molitor*, 113 U.S. 609, 618 (1885), with respect to the question of whether the modified receivers infringe. And it is evident from the record that there is more than a colorable difference between the modified receivers and their predecessors.

In addition, the November 20 Order erroneously raises the question of whether EchoStar receivers “continue to infringe claims 1, 5, 21, 23, 32, 36, [and] 52.” (Order [Docket 864] at 1.) The jury found at trial that the accused EchoStar DVRs literally infringed claims 1, 5, 21, 23, 32, 36, and 52, the so-called hardware claims asserted by TiVo (Verdict Form [Docket 690] at 2-3), but the Court of Appeals for the Federal Circuit explicitly “revers[ed] the portion of the judgment upholding the jury’s verdict that EchoStar’s DVRs literally infringe the hardware claims.” *TiVo, Inc. v. EchoStar Communications Corp.*, 516 F.3d 1290, 1304-05 (Fed. Cir. 2008). By ordering a proceeding to determine whether EchoStar’s DVRs “continue to infringe” the hardware claims, this Court is disregarding a binding ruling of the Federal Circuit and is exceeding its authority.

Absent a stay, Defendants will be forced down a procedurally improper path that compromises their due process and Seventh Amendment rights and causes them irreparable harm. Because substantial open issues exist concerning the issue of infringement and there is more than a colorable difference between the original and modified devices, Defendants are

entitled to try the issue of infringement in a new proceeding before a jury, rather than in summary contempt proceedings before the Court. *KSM*, 776 F.2d at 1532. If the Court's November 20 Order is not stayed and summary contempt proceedings follow, Defendants will not be able to obtain a ruling of non-infringement, and thus, will be deprived of the benefits of collateral estoppel. *See Arbek Mfg., Inc. v. Moazzam*, 55 F.3d 1567, 1570 (Fed. Cir. 1995) (vacating the district court's finding of non-infringement as premature and holding that once the court detected substantial open issues of infringement, it should have denied the contempt motion and dismissed the case rather than undertaking a substantive infringement analysis). Similarly, having already been vindicated by the Federal Circuit with regard to the hardware claims, Defendants will suffer harm from having to defend itself in an unauthorized bench trial on the issue of whether its DVRs "continue to infringe" claims which were found *not* to be infringed by the earlier devices.

Plaintiff, in turn, will not be harmed by a stay. Plaintiff did not request the procedure the Court has ordered. In fact, during the meet and confer process involving several conversations between counsel, Plaintiff offered to modify the November 21 Order by stipulation, suggesting that it too recognizes the Order's impropriety. (Letter of November 30, 2008 from Alexander C.D. Giza to Kristina Paszek, attached hereto as Exhibit A.) TiVo's proposed stipulation, assuming it was ordered by the Court, would address only some of EchoStar's concerns, however; it does not, for example, preserve EchoStar's right to a jury trial and collateral estoppel. Plaintiff fails to agree that the court order for a proceeding on infringement by the newly accused devices from the design-around must be vacated altogether to protect EchoStar's constitutional rights.¹

Finally, a stay will serve the public interest by promoting the efficient use of judicial resources and defending important Constitutional rights.

¹ Moreover, although we have repeatedly asked whether TiVo would oppose a motion to stay the district court proceedings while EchoStar pursues relief from the erroneous court order, TiVo has not answered that question, but instead has tried to talk EchoStar out of seeking review by the Court of Appeals. The parties have clearly reached an impasse.

III. CONCLUSION

For the foregoing reasons, Defendants respectfully request that the Court stay the district court proceedings pending a ruling by the Federal Circuit on Defendants' petition for writ of mandamus.

Respectfully submitted,

Dated: December 1, 2008

MORRISON & FOERSTER LLP

By: /s/ Rachel Krevans
Rachel Krevans

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Attorneys for Defendants

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 1, 2008, all counsel of record who are deemed to have consented to electronic service are being served with a copy of the foregoing document via the Court's CM/ECF system per Local Rule CV-5(a)(3).

/s/ Rachel Krevans

Rachel Krevans

CERTIFICATE OF CONFERENCE

Defendants complied with the meet-and-confer requirement in Local Rule CV-7(h). Plaintiff opposes the motion on the ground that no stay is necessary. The required conferences took place in the form of two telephone calls on November 28, 2008, and one on November 26, 2008. Alexander Giza participated on behalf of Plaintiff and Kristina Paszek participated on behalf of Defendants. The discussions conclusively reached an impasse because the parties disagreed as to whether a stay was necessary, thus leaving an open issue for the court.

/s/ Rachel Krevans

Rachel Krevans

Exhibit A

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November 30, 2008

VIA E-MAIL & FACSIMILE

Kristina Paszek, Esq.
Morrison & Foerster
425 Market Street
San Francisco, California 94105-2482

Dear Ms. Paszek:

We have been considering EchoStar's plans to file a petition for writ of mandamus in the Federal Circuit and its request for a stay of Judge Folsom's November 20 Order.

We note at the outset that EchoStar has not clarified what it finds objectionable about the November 20 Order, beyond the lack of an express statement about determining whether the modified EchoStar receivers are no more than colorably different than the EchoStar receivers found to be infringing at trial, and has rebuffed our suggestions concerning clarifying the order. In addition, EchoStar has not stated that it intends to make a motion before Judge Folsom asking him to modify the November 20 Order in any respect. We infer from this that EchoStar's primary objective is to create delay and to burden TiVo with the need to defend against a writ and stay motion that should be entirely unnecessary.

While we do not agree with EchoStar's procedural maneuvering, we are willing to agree that the November 20 Order be amended to ensure that the Court will consider the issue of colorable difference and to streamline the proceeding so as to eliminate consideration of the certain claims at this stage and to focus on claims 31 and 61. Accordingly, since EchoStar believes some change to the Order is needed, we propose a stipulation that the first sentence of paragraph 2 be changed to the following:

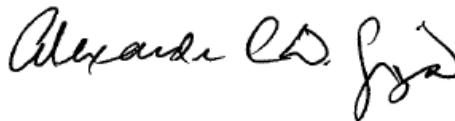
"The Court will hold an additional hearing on this matter in the form of a Bench Trial on February 17-18, 2009 to determine (1) whether EchoStar's DP-501, DP-508, DP-510, DP-522, DP-625, DP-721, DP-921, and DP-942 receivers configured with software downloaded by EchoStar since entry of judgment are no more than colorably different from these receivers configured with software that EchoStar used at the time of trial; and (2) whether these receivers continue to infringe claims 31 and 61 of U.S. Patent No. 6,233,389, either literally or under the doctrine of equivalents."

Kristina Paszek, Esq.
November 30, 2008
Page 2

We would further agree to stay the November 20 Order as to all claims other than claims 31 and 61 pending the Court's decision whether to so-amend the November 20 Order.

We trust that this streamlining of the proceedings and clarification with respect to the issue of colorable differences will be acceptable to EchoStar and will avoid any separate motions or writs concerning clarification or modification of the November 20 Order. If this is not the case, please let us know exactly what motion or writ EchoStar intends to bring and the basis for such action. Thank you in advance for your cooperation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alexander C.D. Giza". The signature is written in a cursive, somewhat stylized font.

Alexander C.D. Giza

cc: Harold J. McElhinny
Rachel Krevans