Kenyon&Kenyon

Richard L. DeLucia
Direct 212.908.6217
rdelucia@kenyon.com

Kenyon & Kenyon LLP
One Broadway
New York, NY 10004-1007
Main 212.425.7200
Fax 212.425.5288

August 5, 2014

Via ECF
The Honorable Shira A. Scheindlin, United States District Judge
United States District Court for the Southern District of New York
500 Pearl Street, Room 1620
New York, New York 10007

Re: *Medinol Ltd. v. Cordis Corp., et al.*, No. 13-cv-1408-SAS (S.D.N.Y.)

Dear Judge Scheindlin:

We write on behalf of plaintiff Medinol Ltd. ("Medinol"), pursuant to Section IV.A of Your Honor's Individual Practices, to respectfully request a pre-motion conference on a date convenient to the Court to discuss a Rule 60(b)(6) motion to vacate the judgment.

As explained below, the grounds for the motion are that the Court should exercise its equitable discretion under Rule 60(b)(6) to vacate the judgment, which barred Medinol's patent infringement claims due to laches (D.I. 65), in view of the Supreme Court's recent decision in *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. ___, 134 S.Ct. 1962 (2014). The *Petrella* decision—which came down on May 19, 2014, only a few weeks after the Court entered its judgment in this case—is an intervening change in law that upended the entire laches framework upon which the judgment was based. In *Petrella*, the Supreme Court held that laches is not a defense to an action for copyright infringement brought within the statutory limitation period because laches cannot be used to override a statutory limitation period prescribed by Congress. *Id.* at 1967, 1973-74. The holding in *Petrella* means that laches also cannot be a defense to an action for patent infringement brought within the six-year limitation period in the patent statute.

In finding that laches barred Medinol's claims, this Court exercised its equitable discretion under the laches framework set forth in *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020 (Fed. Cir. 1992) (en banc). *Petrella* upset this laches framework, and did so shortly after the Court entered its judgment. Therefore, *Petrella* constitutes an "extraordinary circumstance" that justifies the Court exercising its equitable discretion to vacate the judgment under Rule 60(b)(6).

1. Background

After bifurcating the case at the request of defendants Cordis Corporation and Johnson & Johnson (collectively "Cordis"), the Court held a four-day bench trial on Cordis' laches defense from January 20 to 24, 2014. In its pretrial brief and at trial, Medinol alerted the Court to the pending Supreme Court appeal in *Petrella* and explained that the decision could have implications for laches in patent cases. (12/20/13 Medinol Br. at 6 n.1; 1/20/14 Trial Tr. (D.I. 56) at 58-61.)

In its opinion dated March 14, 2014, the Court found that Medinol unreasonably delayed bringing this lawsuit to the prejudice of Cordis, and exercised its equitable discretion to find that laches barred Medinol's infringement claims. (D.I. 64.) In its opinion, the Court relied on the *en banc* Federal Circuit's framework for laches in patent cases, as set forth in *Aukerman* (*id.* at 21-26)

but did not mention the pending Supreme Court appeal in *Petrella*. On April 4, 2014, the Court entered its judgment dismissing Medinol's claims with prejudice due to laches. (D.I. 65.)

Although Medinol respectfully disagreed with the Court's laches decision, it did not appeal by the May 4, 2014 deadline because the Federal Circuit would have deferred to the Court's findings and the exercise of its equitable discretion within the *Aukerman* framework. Two weeks later, on May 19, 2014, the Supreme Court rendered its decision in *Petrella*.

2. Grounds for Rule 60(b)(6) Motion

a. Rule 60(b)(6) Authorizes a Court to Vacate a Judgment Where a Change In Law Calls Into Serious Question the Correctness of the Judgment

Rule 60(b)(6) authorizes a court to grant relief from a judgment "upon such terms as are just." Fed. R. Civ. P. 60(b)(6). This provision "confers broad discretion on the trial court to grant relief when appropriate to accomplish justice." *Matarese v. LeFevre*, 801 F.2d 98, 106 (2d Cir. 1986). The provision has been described as a "grand reservoir of equitable power to do justice in a particular case" and "should be liberally construed when substantial justice will thus be served." *Id.* A Rule 60(b) motion must be made "within a reasonable time." Fed. R. Civ. P. 60(c).

Generally "[i]ntervening developments in the law by themselves rarely constitute the extraordinary circumstances required for relief under Rule 60(b)(6)." *Scott v. Gardner*, 344 F. Supp. 2d 421, 425-26 (S.D.N.Y. 2004) (quoting *Agostini v. Felton*, 521 U.S. 203, 239 (1997)). "However, where a 'supervening change in governing law calls into serious question the correctness of the court's judgment,' a Rule 60(b)(6) motion may be granted." *Scott*, 344 F. Supp. 2d at 26 (emphasis added) (quoting *Sargent v. Columbia Forest Prods.*, 75 F.3d 86, 90 (2d Cir. 1996)); *see also, e.g.*, *Stevens v. Miller*, 676 F.3d 62, 69 n.7 (2d Cir. 2012); *Pasquino v. Lev Parkview Dev., LLC*, No. 09 Civ. 4255, 2011 WL 4502205, at *5 (S.D.N.Y. Sep. 29, 2011).

b. *Petrella* Calls Into Serious Question the Correctness of the Judgment Because It Upended the Entire Laches Framework In Patent Cases

Petrella is an "extraordinary circumstance" that "calls into serious question the correctness of" the Court's judgment because it upended the entire laches framework upon which the judgment was based. In *Petrella*, the Supreme Court held that laches is not a defense to an action for copyright infringement brought within the three-year statutory limitation period because laches cannot be used to override a statutory limitation period prescribed by Congress. *Petrella*, 134 S. Ct. at 1967. Justice Ginsburg, writing for the majority, explained that the limitation period "itself takes account of delay" and that "in [the] face of a statute of limitations enacted by Congress, laches cannot be invoked to bar legal relief." *Id.* at 1973, 1974.

The holding of *Petrella* means that laches also cannot be a defense to an action for patent infringement brought within the six-year damages limitation period in the patent statute. 35 U.S.C. § 286. The majority opinion in *Petrella* noted that the Supreme Court has "not had occasion to review the Federal Circuit's position" in *Aukerman* that laches can be a defense in a patent case. *Petrella*, 134 S.Ct. at 1974 n.15 (citing *Aukerman*, 960 F.2d at 1029-31, 1039-41). However, *Petrella* conflicts with *Aukerman* because *Petrella* states that "laches cannot be invoked to bar legal relief" "in [the] face of a statute of limitations enacted by Congress." *Id.* at 1974.

In two pending Federal Circuit appeals, the plaintiff has argued that laches no longer

applies in patent cases because of *Petrella*. *See I/P Engine v. AOL*, Appeal Nos. 2013-1307, -1313; *SCA Hygiene Prods. v. First Quality Baby Prods.*, Appeal No. 2013-1564.[1, 2]

c. The Fact that Medinol Did Not Appeal the Judgment Under the *Aukerman* Framework Does Not Preclude Relief Under Rule 60(b)(6)

Finally, the fact that Medinol did not appeal does not preclude the Court from exercising its equitable discretion to vacate the judgment. Medinol did not appeal because the Federal Circuit would have deferred to the Court's findings and the exercise of its equitable discretion within the *Aukerman* framework. In other words, an appeal would have been futile in the face of *Aukerman*. Although courts have denied Rule 60(b)(6) motions based on a change in law where the party did not appeal, *see, e.g.*, *Ackermann v. United States*, 340 U.S. 193, 198 (1950); *Simone v. Prudential Ins. Co.*, 164 Fed. Appx. 39, 40-41 (2d Cir. 2006), in *Polites v. United States*, 364 U.S. 426 (1960), the majority suggested and the dissent agreed that a court need not "inflexibly" withhold relief under Rule 60(b)(6) where a party did not appeal in the face of clear precedent that later changed. *Id.* at 433 ("[W]e need not go so far here as to decide that when an appeal has been abandoned or not taken because of a clearly applicable adverse rule of law, relief under Rule 60(b) is inflexibly to be withheld when there has later been a clear and authoritative change in governing law"); *id.* at 437-38 (Brennan, J., dissenting) (Rule 60(b) relief should not be denied if a party "chose not to appeal, but only because of the hopelessness of any chance of success" and "as a practical matter [to pursue an appeal] would have been futile").

Medinol appreciates the Court's consideration of its request for a pre-motion conference.

Respectfully submitted,

/s/ Richard L. DeLucia
Richard L. DeLucia

cc. Gregory L. Diskant, Esq. (counsel for Cordis)
Richard H. Pildes, Esq. (counsel for Medinol) (*pro hac vice* application to be submitted)

---

[1] One court in this district has noted that *Petrella* "calls into question the continuing viability of a laches defense in patent cases." *Masterson v. NY Fusion Merch., LLC*, No. 13 Civ. 6559, 2014 WL 2767238, at *4 n.1 (S.D.N.Y. June 17, 2014) (Castel, J.); *but see Reese v. Sprint Nextel Corp.*, No. 2:13-cv-03811, 2014 WL 3724055 (C.D. Cal. July 24, 2014) (noting that "*Petrella* does call into question" whether laches can bar patent infringement damages within the statutory limitation period but declining to set aside laches judgment in view of *Petrella*).

[2] The other three factors that courts in this district have considered in deciding whether a change in law warrants relief under Rule 60(b)(6) also weigh in favor of relief here. *See, e.g.*, *Scott*, 344 F. Supp. 2d at 426-27 (citing *Sargent*, 75 F.3d at 90). First, before and at trial, Medinol brought the pending appeal in *Petrella* to the Court's attention. *Sargent*, 75 F.3d at 90. Second, there has not been a "substantial lapse of time" between the judgment and this motion. *Id.* Finally, "the equities strongly favor" Medinol because it would be inequitable for its valuable damages claim to remain barred merely because judgment was entered shortly before *Petrella* came down, especially given that if Cordis had not requested (and Medinol had not agreed to in the interests of judicial economy) bifurcation and an early bench trial on laches, *Petrella* would have come down while the parties were getting ready for a trial on the merits of Medinol's infringement claims. *Id.*