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April 8, 2004

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W., Portals
Washington, D.C. 20554

Re: *Ex parte* communication in ET Docket No. 98-206; RM-9147; RM-9245; Experimental License Call Sign WC2XPU, FCC File Nos. 0005-EX-ML-2002, 0074-EX-RR-2003

Dear Ms. Dortch:

The attached letter on behalf of Northpoint Technology, Ltd., was submitted to Charles Iseman in the Commission's Office of Engineering and Technology today. Please place it on the record in the above-referenced proceedings.

Eleven copies of this letter are enclosed – two for inclusion in each of the above-referenced files, plus one for date-stamp and return by courier. Please contact me if you have any questions.

Sincerely,

J.C. Rozendaal

J.C. Rozendaal
Counsel for Northpoint Technology, Ltd.

Enclosures

No. of Copies rec'd 0+10
List A B C D E

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April 8, 2004

EX PARTE

Mr. Charles J. Iseman
Deputy Chief
Electromagnetic Compatibility Division
Office of Engineering and Technology
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Ex parte communication in ET Docket No. 98-206; RM-9147; RM-9245; Experimental License Call Sign WC2XPU, FCC File Nos. 0005-EX-ML-2002, 0074-EX-RR-2003

Dear Mr. Iseman:

I write on behalf of Northpoint Technology, Ltd. ("Northpoint"), in response to MDS America's letter of April 2, 2004 in the above-referenced dockets. In that letter, MDS takes the position that, when a Florida jury returned a verdict form specifically finding three claims in two of Northpoint's patents to be invalid, the effect of the jury's decision was to invalidate all of the other, nonasserted claims in these two patents as well. MDS's argument has no support in fact or in law.

MDS unsuccessfully made a similar argument to the district court: After the jury's verdict, MDS argued that the court should enter judgment of noninfringement as a matter of law with regard to the nonasserted claims of the patents in suit. In connection with its motion, MDS argued that the asserted claims were "representative" of the nonasserted claims. The court properly denied MDS's motion, yet MDS nevertheless presents its argument to this Commission as if it had been accepted, rather than rejected, in court.

On its face, the jury's verdict form addresses only claims 1 and 7 of U.S. Patent No. 6,169,878, and claim 8 of U.S. Patent No. 5,761,605. (A copy of the verdict form is included as Exh. A to MDS America's Mar. 26 ex parte letter in this docket.) MDS America's own pretrial

statement of issues to be litigated likewise identified only those three claims asserted by Northpoint.

The nonasserted claims contain limitations that are different from those in the asserted claims. For example, some of the claims call for the use of a plurality of terrestrial transmitters or a plurality of satellites. Consequently, even if (contrary to Northpoint's expectations) the asserted claims are found invalid on appeal, the remaining claims, with their additional limitations that have never been considered by any court, would remain in force and enjoy a presumption of validity. *See* 35 U.S.C. § 282. The presumption of validity means that a party wishing to attack these claims must carry the burden of proving invalidity by clear and convincing evidence. *See, e.g., Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1375 (Fed.Cir.1986).

Northpoint acknowledges that, under traditional *res judicata* principles, a final judgment on the merits extinguishes "all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose." Restatement (Second) of Judgments, § 24. In the present case, these principles would prevent Northpoint from bringing an action against MDS for infringement of the nonasserted claims based on the MDS "transaction" in Clewiston that was the subject of Northpoint's lawsuit. But these claims remain available to be asserted against other parties, or against MDS for future acts of infringement, regardless of whether the asserted claims are declared valid or invalid on appeal. *See, e.g., Carroll Touch, Inc. v. Electro Mechanical Systems, Inc.*, 15 F.3d 1573, 1581 n.8 (Fed. Cir. 1993) (district court "did not have jurisdiction over any claims other than those in controversy and thus erred as a matter of law in granting declaratory judgment of invalidity of any claims other than [the asserted] claim").

If you have any questions or desire further information, please do not hesitate to contact me.

Sincerely,

J.C. Rozendaal
Counsel for Northpoint Technology, Ltd.

CERTIFICATE OF SERVICE

I hereby certify that, on this 8th day of April 2004, a true and correct copy of the foregoing was served via e-mail (denoted by *) or first-class mail, on the following individuals.

Carol G. Inniss

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