



COURT OF CHANCERY  
OF THE  
STATE OF DELAWARE

JOHN W. NOBLE  
VICE CHANCELLOR

417 SOUTH STATE STREET  
DOVER, DELAWARE 19901  
TELEPHONE: (302) 739-4397  
FACSIMILE: (302) 739-6179

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Daniel B. Rath, Esquire  
Landis Rath & Cobb LLP  
919 N. Market Street, Suite 1800  
Wilmington, DE 19801

Thomas M. Horan, Esquire  
Womble Carlyle Sandridge & Rice, LLP  
222 Delaware Avenue, Suite 1501  
Wilmington, DE 19801

Re: *ReCor Medical, Inc. v. Warnking*  
C.A. No. 7387-VCN  
Date Submitted: November 12, 2013

Dear Counsel:

Defendants Reinhard Warnking and Sound Interventions, Inc. (collectively, "SII") have renewed their application for injunctive relief<sup>1</sup> constraining Plaintiff ReCor Medical, Inc.'s ("ReCor") conduct in prosecuting (or not prosecuting) various patent applications (the "Transferred Intellectual Property") that were awarded to ReCor following trial of this action.<sup>2</sup> SII's application is brought under Court of Chancery Rule 62(c) while its appeal of that decision is pending. Its

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<sup>1</sup> The parties were able to resolve the earlier application without the need for judicial intervention.

<sup>2</sup> *ReCor Med., Inc. v. Warnking*, 2013 WL 3760022, at \*19 (Del. Ch. May 31, 2013, revised July 16, 2013).

understandable concern is that, if it prevails on appeal, the value or efficacy of the Transferred Intellectual Property may be impaired by ReCor's acts in the interim.

SII objects to ReCor's amendments (made without advance notice to it) of the Transferred Intellectual Property, a step which it asserts amounts to an abandonment of important aspects of the pending patent applications. SII claims that ReCor's actions were in response to the International Preliminary Report on Patentability, not to any direct urging of the U.S. Patent Office, and thus not immediately necessary. SII also accuses ReCor of having made certain admissions regarding the patent applications which, if allowed to remain in the record, would likely affect the patentability of the Transferred Intellectual Property.

ReCor's conduct—if it is successful on appeal—will not have caused any harm to SII because SII will have no interest in the Transferred Intellectual Property. If ReCor does not prevail on appeal, however, SII will be confronted with the challenge of undoing the consequences of ReCor's conduct. SII wants mandatory injunctive relief requiring ReCor to restore the *status quo* before the recent amendments to the patent applications and statements in the application record. That would not merely require a simple ministerial step. It would require

something of a sustained dialogue with the U.S. Patent Office. Moreover, the Court is not in a good position to assess whether ReCor was justified in its decisions regarding the Transferred Intellectual Property. Fortunately, if SII regains the Transferred Intellectual Property, it will be able to seek to amend the patent applications and to restore the claims as they existed before ReCor's recent amendments.<sup>3</sup> Similarly, the admissions can be expunged.<sup>4</sup> In short, although there will be delay and inconvenience, the potential harm is not irreparable.

Briefing of the appeal before the Delaware Supreme Court is almost complete. Any further delay will be relatively minimal, and it seems unlikely that ReCor, even if properly motivated, could achieve all that SII seeks in the time available.

Thus, SII's application for mandatory injunctive relief is denied.

Nevertheless, SII has raised a substantial issue about the management of the patent application process by ReCor. While the rights to the Transferred Intellectual Property are at issue on appeal, SII's expectancy should not be subject

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<sup>3</sup> Transcript of Oral Arg. (Nov. 12, 2013) 11, 13-14.

<sup>4</sup> *Id.* 7, 13.

to ReCor's whims. One of the primary problems generated by ReCor's conduct may be attributed to its failure to give timely notice to SII of its decision to amend the patent applications. That is the type of harm as to which SII should be spared the risk, if possible. Prospective relief, especially because it appears that there will be no corresponding material cost to ReCor and thus the balancing of potential harms favors SII, is appropriate. Accordingly, ReCor shall make no further amendments to the Transferred Intellectual Property or take any other steps likely to cause adverse consequences to the Transferred Intellectual Property without fourteen-calendar-day advance written notice thereof to SII. That should provide SII with sufficient opportunity to protect its interests.

In addition, as offered by ReCor,<sup>5</sup> it shall promptly inform SII by written notice of the deadline to submit a continuation application for the Transferred Intellectual Property to the U.S. Patent Office while the appeal is pending. It has been suggested that the deadline may not be scheduled until after the appeal has been resolved, which would render this requirement moot. But, were that not the case, SII should take comfort in being provided with prompt notice. Should the

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<sup>5</sup> ReCor's Resp. in Opp'n to Mot. for Inj. 9.

deadline happen to fall before the appeal is decided, the proper course of action may have to be determined in the future.

SII also seeks reimbursement of fees paid to ReCor to maintain the Transferred Intellectual Property and attorneys' fees for this renewed application (and the earlier application). SII has not demonstrated why reimbursement is warranted, as the parties' agreement, subject to the additional disclosures required by this order, continues to govern ReCor's prosecution of the Transferred Intellectual Property. Because the present application is generally denied, the shifting of attorneys' fees for it and the earlier application is also inappropriate.

Finally, SII seeks a lifting of the injunction placed on its use of the non-public technology in the Transferred Intellectual Property by the Court's post-trial judgment.<sup>6</sup> SII contends that ReCor's recent acts are recognition that at least some of the technology is prior art and thus not an asset it could have acquired. This argument may have merit, but SII has not demonstrated that the Court presently

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<sup>6</sup> See *ReCor Med., Inc.*, 2013 WL 3760022, at \*19.

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has jurisdiction to lift the injunction while it is subject to appeal. Thus, this request is denied.<sup>7</sup>

**IT IS SO ORDERED.**

Very truly yours,

*/s/ John W. Noble*

JWN/cap  
cc: Register in Chancery-K

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<sup>7</sup> ReCor has sought an award of its attorneys' fees and expenses as the prevailing party in this action. Resolution of that application should await disposition of SII's appeal.