

**IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA  
Civil Division**

AKIN GUMP STRAUSS HAUER & FELD  
LLP,

*Plaintiff/Counterclaim Defendant,*

and

LOUIS AGNELLO,

*Counterclaim Defendant,*

v.

XCENTIAL CORPORATION, *et al.*,

*Defendants/Counterclaim Plaintiffs.*

Case No. 2022 CA 004744 B  
Judge Juliet J. McKenna

Next Event:  
Initial Scheduling Conference  
January 13, 2023, 9:30 am

**DEFENDANTS' OPPOSITION TO  
PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION**

**TABLE OF CONTENTS**

INTRODUCTION .....1

BACKGROUND .....2

ARGUMENT .....4

    I.    PRELIMINARY INJUNCTION STANDARD .....4

    II.   AKIN HAS NOT ESTABLISHED A SUBSTANTIAL LIKELIHOOD IT WILL PREVAIL ON  
          THE MERITS. ....5

        A.   Agnello’s Desire to Find a Solution Is Not a Trade Secret.....6

        B.   Agnello’s Alleged “Idea” for Amending Federal Bills Is Not “Confidential  
            Information” Under the Parties’ NDA. ....9

        C.   Akin Cannot Prove Breach of Good Faith and Fair Dealing. ....9

    III.  AKIN WILL NOT SUFFER IRREPARABLE HARM DURING THE PENDENCY OF THE  
          ACTION. ....10

        A.   Akin Will Not Be Irreparably Harmed if Xcential Obtains a Patent; the Patent  
            Can Be Transferred to Akin or Canceled.....10

        B.   A Provision in the NDA on Irreparable Harm Is Not Dispositive. ....12

    IV.   MORE HARM WILL RESULT TO XCENTIAL IF GRANTED THAN TO AKIN IF DENIED. ....13

    V.    AN INJUNCTION WOULD NOT SERVE THE PUBLIC INTEREST. ....14

    VI.   THE COURT SHOULD REQUIRE AKIN TO POST A MULTI-MILLION DOLLAR BOND.....14

CONCLUSION.....15

**TABLE OF AUTHORITIES**

<b>Cases</b>	<b>Page(s)</b>
<i>Agilent Techs., Inc. v. Kirkland</i> , No. CIV.A. 3512-VCS, 2010 WL 610725 (Del. Ch. Feb. 18, 2010) .....	11
<i>Catalyst &amp; Chem. Servs., Inc. v. Glob. Ground Support</i> , 350 F. Supp. 2d 1 (D.D.C. 2004) .....	8
<i>Delmatoff, Greow, Morris Langhans, Inc. v. Children's Hosp. Nat. Med. Ctr.</i> , No. CIV. A. 89-0219, 1989 WL 168856 (D.D.C. May 3, 1989) .....	12
<i>Dickinson Med. Grp., P.A. v. Foote</i> , No. 834-K, 1984 WL 8208 (Del. Ch. May 10, 1984) .....	11
<i>District of Columbia v. E. Trans-Waste of Maryland, Inc.</i> , 758 A.2d 1 (D.C. 2000) .....	10
<i>District of Columbia v. Reid</i> , 104 A.3d 859 (D.C. 2014) .....	5
<i>Elenza, Inc. v. Alcon Lab'ys Holding Corp.</i> , 183 A.3d 717 (Del. 2018) .....	8
<i>In re Est. of Reilly</i> , 933 A.2d 830 (D.C. 2007) .....	13
<i>Kewanee Oil Co. v. Bicron Corp.</i> , 416 U.S. 470 (1974) .....	14
<i>L'Enfant Plaza Props., Inc. v. Fitness Sys., Inc.</i> , 354 A.2d 233 (D.C. 1976) .....	15
<i>M3 USA Corp. v. Qamoum</i> , No. CV 20-2903, 2021 WL 2324753 (D.D.C. June 7, 2021) .....	12
<i>Martin Marietta Materials, Inc. v. Vulcan Materials Co.</i> , 56 A.3d 1072 (Del. Ch. 2010) .....	11
<i>Merck &amp; Co. v. SmithKline Beecham Pharms. Co.</i> , No. C.A. 15443-NC, 1999 WL 669354 (Del. Ch. Aug. 5, 1999) .....	11
<i>Olivarius v. Stanley J. Sarnoff Endowment for Cardiovascular Sci., Inc.</i> , 858 A.2d 457 (D.C. 2004) .....	11
<i>Richardson v. Suzuki Motor Co.</i> , 868 F.2d 1226 (Fed. Cir. 1989) .....	10

<i>Rodriguez v. Lab'y Corp. of AmericaHoldings</i> , 13 F. Supp. 3d 121 (D.D.C. 2014) .....	10
<i>Selective Ins. Co. of Am. v. Moseley Constr. Grp., Inc.</i> , No. 19-CV-01054 (APM), 2019 WL 7344823 (D.D.C. May 17, 2019) .....	12
<i>SiOnyx LLC v. Hamamatsu Photonics K.K.</i> , 981 F.3d 1339 (Fed. Cir. 2020).....	10
<i>Smith, Bucklin &amp; Assocs., Inc. v. Sonntag</i> , 83 F.3d 476 (D.C. Cir. 1996).....	12
<i>Wieck v. Sterenbuch</i> , 350 A.2d 384 (D.C. 1976) .....	4, 5, 10
<b>Statutes</b>	
35 U.S.C. § 133.....	13
D.C. Code § 36-401(4).....	7, 8
D.C. Code § 15-111 .....	15
Del. Code § 12001 <i>et seq.</i> .....	7
<b>Other Authorities</b>	
37 C.F.R. § 1.135 .....	13
37 C.F.R. § 1.137 .....	13
<i>Callmann on Unfair Competition, Trademarks and Monopolies</i> § 23:47 (4th ed. 2022) .....	12
D.C. Super. Ct. R. Civ. P. 65(c).....	14
Manual of Patent Examining Procedure § 710.01 .....	13
Manual of Patent Examining Procedure § 711.03(c).....	13
Manual of Patent Examining Procedure § 2127 .....	14

## INTRODUCTION

Were Akin's<sup>1</sup> Motion<sup>2</sup> granted, Xcential and Vergottini<sup>3</sup> would be unable to prosecute their existing Patent Application 17/018,233 (the "'233 application") or any others they may decide to file, causing at least the '233 application to be irretrievably abandoned. Akin's proposed injunction would alter the status quo, not maintain it. Xcential and Vergottini cannot just refile their application after it goes abandoned. Akin does not have a basis for preliminary injunctive relief.

Akin's Motion also fails because Akin cannot show that it is likely to succeed on the merits. The Motion rests on the faulty presumption that Akin attorney Louis Agnello ("Agnello") was the first to consider that federal bill amendment could be made easier by the invention of new software technologies. Agnello did not propose inventing the software himself; he is an attorney and not a software coder. Agnello simply approached Xcential – a company that has created legislative drafting software for two decades – to see if Xcential could solve a common industry issue.

Xcential, as a player in the legislative software industry, had long been aware of the desire to make federal bill amending easier through software solutions. Xcential discussed this very concept with congressional staff and others for years and wrote about it in a 2013 blog post – long before Agnello approached Xcential. Akin cannot prove that Agnello invented the concept and that such a concept is a "trade secret" let alone confidential. Akin cannot prevail on the merits.

Akin's Motion also fails because Akin will not suffer irreparable harm. Even if Xcential and Vergottini procure a patent during the pendency of this litigation, the Court can reassign patent ownership to Akin, if Akin were to prevail. Conversely, Xcential and Vergottini *will* suffer irreparable harm if a preliminary injunction is granted. They would be prevented from prosecuting

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<sup>1</sup> Counterclaim Defendant Akin Gump Strauss Hauer & Feld LLP's ("Akin" or "Plaintiff").

<sup>2</sup> Motion for Preliminary Injunction ("Motion").

<sup>3</sup> Xcential Corporation ("Xcential") and Grant Vergottini ("Vergottini" or collectively "Defendants").

their patent. They currently face a February 2023 deadline to respond to an office action from the Patent Office. If they fail to respond, the patent application will be abandoned. Thus, Xcential and Vergottini face very real, imminent danger of irreparably losing the right to patent and profit from their own inventions, based on improvements to their own previously patented software – all *before* a determination that they did anything unlawful.

Each of these reasons alone compels denial of Plaintiff’s Motion.

### **BACKGROUND**

Xcential is a small technology company founded in 2002, specializing in providing software for legislative drafting, amending, and publishing. Ex. A, Vergottini Decl. ¶ 4. Xcential’s customers include organizations within the U.S. Congress, state legislatures, and other legislative bodies around the world. *Id.* ¶ 5. Vergottini is the co-founder and CEO of Xcential. *Id.* ¶ 2.

Xcential provides amendment-generation technologies to extract amending language from a bill, statute, or regulation by examining track changes, which are formatted as proposed amendments. *Id.* ¶ 10. Xcential first developed its implementation of this technology in 2009 for the State of California and has evolved the capability since. *Id.*

There are two primary styles of amending legislation. *Amending in full* means that a provision is restated with changes usually shown as insertions or deletions, which may be found in bills that amend U.S. state laws. *Id.* ¶ 9. *Cut-and-bite* amending means that specific changes to words are identified and described using complex amending language, which may be found in bill amendments (changes being proposed to a bill in process) and amending bills (bills that amend existing law) as well as U.S. federal regulations and in other global jurisdictions. *Id.* ¶ 9.

Agnello’s claimed 2018 idea – “a bill-drafting system that would take line-edit changes to an existing law and, from them, generate a draft bill” – is not new. The origins of the idea date

back, at least, to Tim Arnold-Moore’s January 1998 doctoral thesis titled “Information Systems For Legislation.” *Id.* ¶ 14. This thesis contemplated software systems to improve the *cut-and-bite* amending processes. *Id.* Arnold-Moore later implemented some of these systems for in-context amending in his EnAct system, which became a Teratext product and is now owned by Leidos. *Id.*

Over the course of Xcential’s decades of experience developing and implementing amendment-generation technologies, Xcential and Vergottini have regularly discussed potential software solutions to improve the *cut-and-bite* amending processes. *Id.* ¶ 15. Xcential and Vergottini have engaged in discussions with legislative bill drafting and codification professionals who suggested, for example, implementing automated *cut-and-bite* bill generation at the U.S. federal level and methods to automatically update databases of laws long before Xcential or Vergottini ever met Agnello. *Id.* ¶ 15. New members of Congress, when coming from state legislatures, routinely ask if there could be a way to draft using easier to handle *amend-in-full* amending and then use Xcential’s amendment-generating capabilities to generate federal *cut-and-bite* amendments. *Id.* ¶ 16. Agnello’s question was not original. In fact, it was Vergottini who introduced the term “cut-and-bite amending” to Agnello at their May 10, 2019 meeting. *Id.* ¶ 19.

In September 2018, Agnello approached Xcential to try out Xcential’s LegisPro bill drafting and amending software (“Software”) to assess whether the Software could simplify the management of bill drafting practice. *Id.* ¶ 17. Agnello does not have expertise in software coding. Mot. at 8. Xcential and Akin signed a non-disclosure agreement (“NDA”), and Akin agreed to be bound by Xcential’s end-user license agreement (“EULA”), but the parties otherwise never entered into a contract for the development of new software. Vergottini Decl. ¶ 29.

In an effort to win Akin’s business, Vergottini developed a proof of concept using his own expertise and without compensation from Akin by configuring and extending technology from

Xcential's existing products and its own intellectual property portfolio. Vergottini used LegisPro's Snapshot and Change Set features in the proof of concept. *Id.* ¶ 26. Xcential hired a contractor at its own cost to convert sample sections of the U.S. Code to an XML format that could be used by its Software for the demonstrations. *Id.* ¶ 26.

Akin did not hire Xcential to build any version of Xcential's Software. *Id.* ¶ 29. The only contracts that were exchanged were the NDA, the EULA, and a Statement of Work for the free trial. *Id.* On August 29, 2019, Xcential demonstrated the results of Xcential's proof of concept. *Id.* ¶ 28. While Agnello was impressed, exclaiming "holy shit" over and over, Akin balked at the price Xcential quoted for implementing a fully operable system. *Id.* Akin never compensated Xcential for its time developing the proof of concept. *Id.* ¶ 29.

On September 12, 2019, Xcential filed a U.S. Provisional Patent Application No. 62/899,384 directed broadly to inventions related to Xcential's Bill Synthesis from which its '233 Application claims priority. *Id.* ¶ 30. The claims concern the extension Xcential made to Change Sets and the Snapshot technology Xcential used to simplify the problem of amending the U.S. Code ("Invention"). *Id.* On March 17, 2022, Akin filed a petition to institute a derivation proceeding with respect to the '233 Application, claiming that Agnello conceived of and communicated the Invention before the priority date of the '233 Application. *Id.* ¶ 33.

## **ARGUMENT**

### **I. Preliminary Injunction Standard**

"A preliminary injunction is an extraordinary remedy, and the trial court's power to issue it should be exercised only after careful deliberation has persuaded it of the necessity for the relief." *Wieck v. Sterenbuch*, 350 A.2d 384, 387 (D.C. 1976). In evaluating requests for preliminary injunctions, the Court should consider the following four factors:

- (1) whether there is a substantial likelihood that the movants will prevail on the



merits; (2) whether they are in danger of suffering irreparable harm during the pendency of the action if the injunction is not granted; (3) whether the balance of the equities is in their favor; and (4) whether the public interest would be disserved by the issuance of an injunction.

*District of Columbia v. Reid*, 104 A.3d 859, 865 (D.C. 2014). However, “[a]n injunction should not be issued unless the threat of injury is imminent and well-founded, and unless the injury itself would be incapable of being redressed after a final hearing on the merits.” *Wieck*, 350 A.2d at 388.

## **II. Akin Has Not Established a Substantial Likelihood It Will Prevail on the Merits.**

Akin has almost no chance of prevailing on the merits. Akin’s complaint rests entirely on the premise that Agnello invented the idea that someone (but not him) should develop software to automate federal bill amendment, and that this supposedly revolutionary notion – just the *idea* of it without any knowledge of how to do it – is a protected trade secret or at least confidential.<sup>4</sup> But fatal to Akin’s entire complaint is the simple fact that this idea is not new. Akin admits that amending federal bills is a widely held frustration on K Street. Agnello is just one of many to lament that the narrative format required for amending federal laws is tedious. For at least a decade, Xcential has heard this exact commentary from U.S. Congress members’ offices, committee staff, hackathons, and various other transparency conferences that Xcential and Vergottini have attended. Vergottini Decl. ¶ 15. In 2013, years before Vergottini met Agnello, Vergottini wrote a blog post about the pitfalls of *cut-and-bite* amendments. *Id.* ¶ 13. New U.S. Congressional staff who came from state legislatures where they were accustomed to “*amend-in-full*” styles of amending and have asked Vergottini if Xcential had capabilities for generating *cut-and-bite* output from a redlined bill. *Id.* ¶ 16. Yet this is exactly what Agnello claims as “his idea.”

When Akin approached Xcential, Vergottini decided to develop a proof of concept – not a

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<sup>4</sup> If a customer’s common question is a protectable trade secret, it will broadly chill business discussions. No software provider (or manufacturer) will be willing to hear a customer’s query for fear of granting the customer ownership in the provider’s solution.

fully researched and developed product, but enough to demonstrate a possible configuration. *Id.* ¶ 22. Because Xcential did not have a contract with Akin for this work, Vergottini developed the proof of concept much on his own personal time on nights and weekends in the summer of 2019 in an effort to earn the business from Akin, an as-yet non-paying potential customer. *Id.* ¶ 24. When Vergottini showed the demo to Akin, Akin didn't want to pay the cost necessary to implement the design, and Akin and Xcential parted ways. *Id.* ¶ 28.

Vergottini is listed on the patent as the inventor because he *is* the inventor. Agnello doesn't have the technical expertise or software capabilities to conceive of or create what Vergottini invented. *See* Plaintiff's Mot. at 8 (admitting Agnello does not have expertise in software coding); Vergottini Decl. ¶ 30 (stating Agnello never had access to the Software code). Furthermore, Xcential's patent application is based on adjustments to Xcential's own patent-pending method based on XML documents. *Id.* ¶ 27. The only reason Xcential's patent includes a code section (§ 1395w-27a found in Part C) in the same subchapter as the example Akin shared with Xcential (§ 1395w-3 and § 1395m found in Part B) is because Xcential had already expended its own money having that particular subchapter converted for use in Xcential's software (for use in the demo to Akin). *Id.* ¶¶ 25, 32. Conversion is a costly and laborious process. *Id.* ¶ 25. Xcential simply used a section it had on hand that it had already paid to have converted. *Id.* ¶ 32. The code is federal law, public record, and certainly not proprietary to Akin or Agnello.

Agnello's insinuation that he taught Xcential about problems related to *cut-and-bite* amendment is not only false but insulting and dismissive of Xcential's 20 years of experience with legislative software. It was Vergottini who taught Agnello the term "*cut-and-bite* amendments" to describe the type of amendments that Agnello wanted to revolutionize. *Id.* ¶ 19.

**A. Agnello's Desire to Find a Solution Is Not a Trade Secret.**

Akin will not prevail on its misappropriation of trade secrets claim. A "trade secret" is:

“information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

- (A) Derives actual or potential independent economic value, from not being generally known to, and not being readily ascertainable by, proper means by another who can obtain economic value from its disclosure or use; and
- (B) Is the subject of reasonable efforts to maintain its secrecy.

D.C. Code § 36-401(4).<sup>5</sup>

Akin cannot prove that Agnello’s alleged “idea” meets that definition. First, Agnello’s request for Xcential to solve a known problem is not a “formula, pattern, compilation, program, device, method, technique, or process.” *Id.* It is simply a question – and not even an original one. Akin alleges that Agnello provided software “specifications” to Xcential. *See* Mot. Ex. A (“Agnello Decl.”), ¶ 19. Again, Agnello demonstrates his lack of knowledge of industry terminology by making this statement. A software “specification” is a term of art. It typically begins with a technical analyst working with a subject matter expert to derive hundreds to thousands of user stories, examining hundreds of documents, and interviewing numerous potential users. Vergottini Decl. ¶ 6. These user stories, often very detailed, become the basis for the application requirements. *Id.* A software architect examines these requirements and creates a software design describing the internal algorithms to be implemented. *Id.* This design, typically thousands of pages long, is called a “specification.” *Id.* The specification is then used to build the software, usually over a period of months or even years. *Id.* Agnello did not provide anything remotely close to a “specification.” In fact, Agnello did not provide *any* written documents to Xcential, aside from a single example of a draft bill that Agnello was working on. *See* Agnello Decl. ¶ 33. Agnello does not allege that this draft bill demonstrated a solution, a secret technique,

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<sup>5</sup> Akin cited the Delaware misappropriation statute in its original complaint (6 Del. Code § 12001 *et seq.*), and the D.C. statute in this Motion. *See* Mot. at 7-8. Because the statutes are substantially similar at least on this issue, the question of which statute applies need not be decided now.

or a proprietary formula; rather, it was simply an example of his routine work. *Id.*

Akin's claim also fails because Agnello's question is widely asked across the legislative community. *Catalyst & Chem. Servs., Inc. v. Glob. Ground Support*, 350 F. Supp. 2d 1, 9 (D.D.C. 2004) (information "generally known within an industry" is not trade secret); D.C. Code § 36-401(4). Xcential has had conversations with others for years about developing a software solution to make *cut-and-bite* amendments easier. Vergottini Decl. ¶ 15. The economic value comes not from identifying the problem (Agnello's claimed contribution), but the development of a software solution (Xcential's contribution). Agnello could not have solved the problem at least because he lacks the technical expertise to develop and implement a solution. *See Mot.* at 8.

While Akin claims that trade secrets can include “concepts and processes that require the expertise of others to implement,” (*see Mot.* at 8), the cases cited do not remotely support this proposition. Akin's cases stand for the proposition that “a trade secret can exist in a combination of characteristics ... each of which, by itself, is in the public domain,” but the inventor creates “a unique combination of that information, which adds value to the information ...” *Catalyst & Chem. Servs., Inc.*, 350 F. Supp. 2d at 9. In *Catalyst & Chem. Servs.*, the Court held that a party’s unique combination of “parameters relating to angles, distances, pressures and temperatures used by their de-icing process” was not publicly known in that particular formulation, and thus could constitute a trade secret. 350 F. Supp. 2d at 9. In the other case cited by Akin, the court held that technologies that “form an electro-active intraocular lens that, when triggered ..., applies an electric charge to a liquid crystal filled lens in order to change the refractive index of the lens” actually *were* already publicly known and could *not* constitute a trade secret. *Elenza, Inc. v. Alcon Lab'ys Holding Corp.*, 183 A.3d 717, 722 (Del. 2018).

These cases do *not* say that a concept can be a trade secret even where it requires someone

else's expertise to implement it, as Akin contends. Instead, these cases bring into stark relief how unremarkable Agnello's alleged "idea" is. Agnello and Akin provided nothing of economic value to Xcential; they disclosed nothing that would constitute a trade secret. Neither Agnello nor Akin provided any information to Xcential that was not already generally known to those in the bill-drafting community. Therefore, Akin's claim for misappropriation of trade secrets is likely to fail.

**B. Agnello's Alleged "Idea" for Amending Federal Bills Is Not "Confidential Information" Under the Parties' NDA.**

Akin's breach of contract claim is similarly likely to fail. The NDA entered into by Akin and Xcential provides that "'Confidential Information' does not include information that the receiving Party can demonstrate (1) has become generally available to the public other than as a result of a disclosure by the receiving Party . . . , (ii) was in receiving Party's possession prior to first being furnished to receiving Party . . . , [or] (iii) has become available to receiving Party . . . from a source other than disclosing party . . . ." See Agnello's Decl. Ex. 4 ("NDA"), ¶ 1(b).

As discussed above, Xcential has long known about the "idea" of creating software to make *cut-and-bite* amending easier, years before hearing it again from Agnello. See Vergottini Decl. ¶ 15. Vergottini has discussed this very issue with Congressional staff and numerous others, before meeting Agnello. *Id.* ¶¶ 15-16. The "idea" is available to the public, because the idea is not original to Agnello. See *Id.* ¶¶ 13-16. Thus, Xcential's application for a patent – based on Xcential's own inventions – to solve a widely known problem cannot constitute a breach of the parties' NDA. Akin's second count for breach of contract is therefore also likely to fail.

**C. Akin Cannot Prove Breach of Good Faith and Fair Dealing.**

Akin does not even address its third count in its Motion, probably because it, too, is likely to fail. An implied covenant of good faith and fair dealing "means that 'neither party shall do anything which will have the effect of destroying or injuring the right of the other party to receive

the fruits of the contract.” *Rodriguez v. Lab'y Corp. of America Holdings*, 13 F. Supp. 3d 121, 134 (D.D.C. 2014). To prove its Count III, Akin must prove “either bad faith or conduct that is arbitrary and capricious.” *Id.*

Xcential did not disclose any “Confidential Information” in breach of the parties’ NDA, because Agnello’s alleged “idea” for having Xcential develop software is not “Confidential Information.” *See* § II.B, *supra*. Akin cannot prove that Xcential acted in bad faith or was arbitrary and capricious in filing a patent application for an invention that Vergottini invested months of his own time and energy into creating. Akin is therefore not likely to prevail on its Count III.

### **III. Akin Will Not Suffer Irreparable Harm During the Pendency of the Action.**

Akin cannot show “the most important inquiry” – irreparable harm. *District of Columbia v. E. Trans-Waste of Maryland, Inc.*, 758 A.2d 1, 14 (D.C. 2000). “An injunction should not be issued unless the threat of injury is imminent and well-founded, and unless the injury itself would be incapable of being redressed after a final hearing on the merits.” *Wieck v. Sterenbuch*, 350 A.2d 384, 388 (D.C. 1976). Akin cannot meet this standard.

#### **A. Akin Will Not Be Irreparably Harmed if Xcential Obtains a Patent; the Patent Can Be Transferred to Akin or Canceled.**

Akin has no basis for claiming irreparable harm. Even if Xcential and Vergottini succeed in obtaining a patent during the pendency of the litigation, and if Akin somehow succeeds on the merits, the Court can order that the patent be reassigned from Xcential to Akin. *See Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1249–50 (Fed. Cir. 1989) (ordering reassignment of patent after a trial); *SiOnyx LLC v. Hamamatsu Photonics K.K.*, 981 F.3d 1339, 1351–52 (Fed. Cir. 2020) (affirming transfer ownership of patents to the prevailing party following a jury trial). There is no injury to Akin that could occur during litigation that could not be undone.

The cases cited by Akin in support of its claim that “courts have enjoined parties who

breached confidentiality agreements” are easily distinguishable in that they mostly involve *permanent* injunctions after a trial on the merits, not *preliminary* injunctions; they are not from the District of Columbia<sup>6</sup>; and they are otherwise inapposite. *See* Mot. at 14; *Agilent Techs., Inc. v. Kirkland*, No. CIV.A. 3512-VCS, 2010 WL 610725, at \*1 (Del. Ch. Feb. 18, 2010) (*permanently* enjoining party from using confidential information, after trial); *Martin Marietta Materials, Inc. v. Vulcan Materials Co.*, 56 A.3d 1072, 1091 (Del. Ch. 2010) (awarding injunction only after “actual success on the merits” at trial); *Merck & Co. v. SmithKline Beecham Pharms. Co.*, No. C.A. 15443-NC, 1999 WL 669354, at \*1 (Del. Ch. Aug. 5, 1999) (issuing three-year injunction to remedy misappropriation of a trade secret after a two-week trial and post-trial submissions). None of these cases support the premature forfeiture of a patent application before a party has prevailed on the merits. Another Akin case has nothing to do with enjoining patent prosecution, instead preliminarily enjoining misuse of a confidential patient list. *Dickinson Med. Grp., P.A. v. Foote*, No. 834-K, 1984 WL 8208, at \*3 (Del. Ch. May 10, 1984); *see* Mot. at 14.

Akin claims the disclosure of confidential information can constitute irreparable harm because, once disclosed, it loses its confidential nature. *See* Mot. at 11. That may be, but that’s not relevant here. Akin is not seeking to *prevent* Xcential from disclosing any allegedly confidential information. The allegedly confidential information (i.e., the suggestion that software should be invented to make federal bill amending easier) is already public, not only through the patent application that was already made public, but by common knowledge of anyone who has ever encountered the frustrations of *cut-and-bite* amendments.

Akin’s claim that it is “plainly suffering irreparable harm,” (*see* Mot. at 11), is undermined

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<sup>6</sup> While the parties’ NDA states it is governed by the laws of Delaware, the procedural law of the forum applies – such as the standard for granting a motion for preliminary injunction. *Olivarius v. Stanley J. Sarnoff Endowment for Cardiovascular Sci., Inc.*, 858 A.2d 457, 463 (D.C. 2004).

by waiting one year and five months after discovering the '233 application to seek a preliminary injunction. Agnello Decl. ¶ 46. A year-long delay from discovering the harm to filing a motion for preliminary injunction is enough to undermine irreparable harm and deny the relief. *Delmatoff, Greow, Morris Langhans, Inc. v. Children's Hosp. Nat. Med. Ctr.*, No. CIV. A. 89-0219, 1989 WL 168856, at \*3 (D.D.C. May 3, 1989); *Callmann on Unfair Competition, Trademarks and Monopolies* § 23:47 (4th ed. 2022) (“plaintiff’s lack of diligence in pursuing preliminary relief is evidence of a lack of irreparable harm”).

Akin also claims that if an injunction is not granted, Defendants “will be able to unfairly and irreparably profit” from their patent. But it is “well settled that economic loss does not, in and of itself, constitute irreparable harm.” *Selective Ins. Co. of Am. v. Moseley Constr. Grp., Inc.*, No. 19-CV-01054 (APM), 2019 WL 7344823, at \*1 (D.D.C. May 17, 2019). Preventing the opposing party from making a profit during the pendency of the litigation is not grounds for issuing a preliminary injunction. Moreover, there is no evidence to suggest that Xcential or Vergottini *are* making a profit during the pendency of the litigation, considering the patent has not yet issued.

**B. A Provision in the NDA on Irreparable Harm Is Not Dispositive.**

District of Columbia courts have repeatedly held, “the Court cannot rely on a contractual diagnosis of irreparable harm, but must instead assess the risk of such injury based on the facts of the case.” *M3 USA Corp. v. Qamoum*, No. CV 20-2903, 2021 WL 2324753, at \*20 (D.D.C. June 7, 2021); *see also Smith, Bucklin & Assocs., Inc. v. Sonntag*, 83 F.3d 476, 481 (D.C. Cir. 1996) (contractual provision “is an insufficient prop” to support an injunction); *Selective Ins. Co. of Am. v. Moseley Constr. Grp., Inc.*, No. 19-CV-01054, 2019 WL 7344823, at \*2 (D.D.C. May 17, 2019) (finding a contractual provision on irreparable harm is not binding on District of Columbia courts). “[E]vidence of irreparable harm must come from more than the contractual agreement itself.” *Selective Ins. Co. of Am.*, 2019 WL 7344823, at \*2. It is, therefore, irrelevant to this Court’s



determination that the parties' NDA states that a breach will constitute irreparable harm.

#### **IV. More Harm Will Result to Xcential if Granted Than to Akin if Denied.**

Xcential and Vergottini will suffer irreparable harm if forced to abandon the patent application, far outweighing any harm that may come to Akin. *In re Est. of Reilly*, 933 A.2d 830, 840 (D.C. 2007) (in order to grant a preliminary injunction, the movant's harm must outweigh respondent's harm were the injunction granted).

The patent application process is not passive. One does not submit an application and wait for its acceptance. The patent examiner typically issues office actions, to which the applicant must respond or its application will be abandoned. Here, the patent examiner issued an office action on Vergottini's '233 patent application on November 30, 2022. Vergottini Decl. ¶ 31, Attach. 1. Vergottini has three months to reply to the office action. *Id.* Attach. 1, at 2. If he does not, the office action states in no uncertain terms that "Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133)." *Id.* (emphasis in original); *see also* 37 C.F.R. § 1.135; Manual of Patent Examining Procedure ("MPEP") § 710.01 ("If an applicant of a patent application fails to reply [to an Office action] within the time period provided under § 1.134 and § 1.136, the application *will* become abandoned." (emphasis added)). Vergottini has an imminent deadline on or around February 28, 2023, by which he must respond to the Office Action or have his patent application abandoned. If an injunction were to issue, it would almost certainly result in the forced abandonment of Vergottini's patent application.

Once abandoned, a patent application cannot be revived absent an indication that the delay in responding "was unintentional." 37 C.F.R. § 1.137; MPEP § 711.03(c). Applicant's deliberate non-response to a deadline is not considered unintentional. MPEP § 711.03(c)(II)(A)(5)(C). Moreover, if Xcential or Vergottini later refiles an application, their own abandoned patent

application can be used against their newly filed application as a potential bar to patentability. *See* MPEP § 2127 (noting an abandoned patent application can become evidence of prior art).

Thus, Vergottini and Xcential face imminent irreparable harm from a preliminary injunction. Vergottini could be forced to forever forgo his patent rights and the proceeds of his months of efforts in developing a proof of concept for his invention. Agnello contributed nothing to the invention; he claims only to have suggested that Vergottini create a solution to a widely known problem. The harm of an injunction against Vergottini and Xcential far outweighs Akin's harm without an injunction. The Court should deny Akin's motion for preliminary injunction.

#### **V. An Injunction Would Not Serve the Public Interest.**

Forcing Defendants to abandon their patent application before an adjudication on the merits stalls technological advancement against the public interest. "The patent laws promote ... progress by offering a right of exclusion for a limited period as an incentive to inventors to risk the often enormous costs in terms of time, research, and development." *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974); *see also Application of Angstadt*, 537 F.2d 498, 503 (C.C.P.A. 1976) (The Patent Act "encourages disclosure of inventions . . . promot[ing] progress in the useful arts.").

Allowing *preliminary* injunctions to forever thwart an inventor's ability to realize his patent rights – prior to an adjudication on the merits – would have a chilling effect on future inventors and erode the incentives built into the Patent Act. Moreover, in this case, an injunction would delay or outright prevent much-needed technological advancements. This final factor therefore weighs against granting an injunction.

#### **VI. The Court Should Require Akin to Post a Multi-Million Dollar Bond.**

The Court may not issue a preliminary injunction unless "the movant gives security in an amount that the court considers proper to pay the costs and damages sustained by any party found to have been wrongfully enjoined or restrained." D.C. Super. Ct. R. Civ. P. 65(c) (emphasis added).

Payment of a security is required unless there is no risk of loss to the party wrongfully enjoined. *See L'Enfant Plaza Props., Inc. v. Fitness Sys., Inc.*, 354 A.2d 233, 237 (D.C. 1976).

The financial harm Xcential would suffer if it were wrongfully forced to abandon its patent application is substantial. Xcential typically charges state governments \$5 million to \$10 million to build customized solutions for their bill-drafting needs. Vergottini Decl. ¶ 34. If a preliminary injunction were to issue, Xcential will be forced to abandon its patent application and forfeit the potentially millions of dollars of revenue that could be generated from Vergottini's invention, without recovery for the time and money already invested. Furthermore, in the event of a wrongfully issued injunction, Xcential and Vergottini would be entitled to seek their attorneys' fees by statute. *See* D.C. Code § 15-111. Thus, were an injunction to issue, Xcential is likely to experience losses that exceed \$5 million. Vergottini Decl. ¶ 34. Therefore, if the Court finds that Akin is entitled to a preliminary injunction, Akin should be required to post security of not less than \$5 million.

### CONCLUSION

For the foregoing reasons, Defendants respectfully request that this Court deny Plaintiff's Motion for Preliminary Injunction.

Date: December 21, 2022

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that on this the 21st day of December, 2022, I served a true and correct copy of the foregoing on all counsel of record via the Court's e-filing system, and emailed a copy to counsel for Akin.

/s/ Cynthia A. Gierhart

Cynthia A. Gierhart