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January 31, 2008

VIA EFILING AND HAND DELIVERY
The Honorable Joseph J. Farnan, Jr.
USDC for the District of Delaware
844 King Street
Wilmington, DE 19801

Re: Rates Technology Inc v. Qwest Communications Corporation et al.
Civil Action No. 07-442 (JJF)

Dear Judge Farnan:

Our firm represents plaintiff, Rates Technology Inc., in the above captioned case. We make this report on plaintiff's behalf pursuant to your request at the hearing of October 5, 2007 in this action.

This case is a patent infringement action involving two patents owned by plaintiff relating respectively to a device for the routing telephone calls and to a method and system of updating a call rating database. Defendants provide Internet telephone services through their OneFlex Systems.

In response to the Complaint, defendants filed a motion to dismiss or stay the case pending a decision in a reexamination previously filed in the patent office against plaintiff's patent relating to the call routing device. The other one of the two asserted patents is not under reexamination.

As discussed at the hearing, the claims of the patent under reexamination were preliminarily rejected as anticipated by each of four references relating to prior art telephone systems and certain claims were rejected as unpatentable over combinations of those references. In July of 2007, RTI responded to those preliminary rejections by arguing that the references taken individually did not anticipate because they did not teach all of the material features of the claims and by submitting the declarations of the inventors showing an earlier date of invention to overcome the combinations of references. Further, a set of new claims were presented for consideration.

At the hearing, the case was stayed for several months at defendants' request but a firm trial date was set. Counsel for the parties were required to report the status of the reexamination by February 1, 2008. That is the purpose of this letter.

Unfortunately, as of today, there has been no response by the Examiner to RTI's submission regarding the preliminary rejections and the newly presented claims and hence there has been no decision in the reexamination. Thus, the status of the reexamination remains the same as it was at the time of the October hearing.

Plaintiff believes that this case should not be delayed any longer and urges that the stay be lifted. RTI reminds the court that only one of the two patents involved in this case is under reexamination and thus the decision in the reexamination, which will not be final for many months if the response of the patent office to RTI's submission is not totally favorable to RTI, will not resolve all of the issues in this case. Moreover, since the trial date is set, additional delay will further reduce the time for discovery and motion practice. Lifting the stay now will allow the case to proceed and defendants' pending motion, which is now fully briefed, to be considered now, so that discovery can proceed.

We stand ready to provide any additional information that the Court may require and thank the Court for its consideration.

Respectfully submitted,

Mary Matterer

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cc: Steven M. Bauer, Esq.
Melanie K. Sharp, Esq.
Robert L. Epstein, Esq.