IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

ROCKSTAR CONSORTIUM US LP AND NETSTAR TECHNOLOGIES LLC, **Plaintiffs,** **v.** **GOOGLE INC.,** **Defendant.**	**Case No. 2:13-cv-893-JRG-RSP** **JURY TRIAL DEMANDED**

PLAINTIFFS' RESPONSE TO DEFENDANT'S MOTION FOR LEAVE TO AMEND INVALIDITY CONTENTIONS

Google's Motion for Leave to Amend Invalidity Contentions fails to establish good cause and should be denied. Google has given no legitimate reason for its dilatory "discovery" of publicly available documents filed with the SEC, nor did Google work diligently to obtain the SEC filings at issue even after their discovery. Google maintains that the proposed amendment is necessary because the SEC filings are crucial to its invalidity arguments. In the same breath, Google claims—inconsistently—that Rockstar had adequate "notice of the search engine websites discussed in the IPO Filings since May 24, 2014 based on the detailed claim charts for each search engine provided in Google's Invalidity Contentions" and thus would suffer no prejudice. (Dkt. No. 220 at 6.) Google cannot have it both ways, nor has Google demonstrated either importance or lack of prejudice to Rockstar. Given that claim construction is now complete and fact discovery closes in less than two months, the prejudice to Rockstar cannot be cured with a continuance of deadlines. Thus, no amendment is warranted.

RELEVANT BACKGROUND

Now that claim construction is complete, Google seeks to add to its invalidity contentions nine initial public offering filings with the SEC made by Excite, InfoSeek, Lycos, Open Text, and Yahoo, along with charts based upon these filings.[1] The supplemental references comprise more than 2,500 pages of documents and more than 1,200 pages of new charts. (*See* Dkt. No. 220-2 to 220-13.)

Rockstar served its infringement contentions on March 24, 2014. Google served its invalidity contentions on May 23, 2014. On September 9, 2014—one week before Rockstar's opening claim construction brief was due—Google informed Rockstar that it intended to supplement its invalidity contentions with the SEC filings. (Dkt. Nos. 220-1, ¶ 5 & 220-13.) Then, Google waited another six

[1] Google asserts that these SEC filings are "printed publications" under 35 U.S.C. §§ 102 and 103. The contested issue of whether these references are "printed publications" has no bearing on the outcome of Google's motion. Therefore, Rockstar reserves the right to dispute whether the supplemental references are "printed publications" at a later time and if necessary.

weeks, until October 24, 2014, to serve the charts at issue and file this motion for leave to amend.

The briefing on claim construction was complete on October 7, 2014. The hearing on claim construction was held on October 28, 2014. The Court's order on claim construction is imminent. On November 6, 2014, Rockstar served a preliminary election of asserted claims, narrowing the number of asserted claims to 50. Google must serve a preliminary election of asserted prior art totaling no more than 60 references on November 20, 2014—the same day this motion is set for a hearing. (Dkt. No. 247.) Fact discovery is scheduled to be completed by January 7, 2015 and expert reports are due January 19, 2015. Trial is set to begin in June 2015.

ARGUMENT

A party's invalidity contentions are deemed to be the party's final invalidity contentions unless amendment or supplementation is permitted by the Local Patent Rules. P.R. 3-6. In limited circumstances, amendment of invalidity contentions is permitted as of right. P.R. 3-6(a). Otherwise, amendment "may be made only by order of the Court, which shall be entered only upon a showing of good cause." P.R. 3-6(b). The Court considers four factors to determine whether good cause has been shown: (1) the explanation for the party's failure to timely move for leave to amend; (2) the importance of the amendment; (3) potential prejudice from allowing the amendment; and (4) the availability of a continuance to cure such prejudice. *CardSoft, Inc. v. Verifone Sys., Inc.*, No. 2:08-cv-98-RSP, Dkt. No. 353 at 1 (E.D. Tex. May 28, 2012) (Payne, J.); *Geotag, Inc. v. Frontier Commc'ns Corp.*, No. 2:10-cv-265, 2013 U.S. Dist. LEXIS 86358, at *160 (E.D. Tex. June 12, 2013) (Gilstrap, J.).

I. Google Has Not Given An Adequate Explanation for Delay

The good cause standard requires the party seeking leave to amend to show that it could not meet the deadline despite its diligence. *Alt v. Medtronic, Inc.*, No. 2:03-cv-370, 2006 U.S. LEXIS 4435, at *5-6 (E.D. Tex. Feb. 1, 2006). "The burden is on the [party seeking] to establish diligence

rather than on the opposing party to establish a lack of diligence." *O2 Micro Int'l Ltd. V. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1366 (Fed. Cir. 2006). Google has failed to show that it acted diligently in discovering the supplemental references; in obtaining and producing the references to Rockstar; and in moving to amend its invalidity contentions. Such failure defeats the good cause necessary for leave to amend. *Performance Aftermarket Parts Grp, Ltd. v. TI Grp Auto. Sys*., 2007 U.S. Dist. LEXIS 18201, at *7-8 (S.D. Tex. Mar. 15, 2007) (denying leave to amend invalidity contentions because no exercise of diligence has been shown and therefore no good cause exists).

A. Google Was Not Diligent in Attempting to Discover the SEC Filings

Google's explanation for its inability to identify the SEC filings before filing its invalidity contentions is unreasonable. Google claims to have conducted "an exhaustive prior art investigation soon after the complaint was filed," including requesting multiple rounds of prior art searching by a professional search firm, an expert consultant, and two of Google's outside counsel. (Dkt. No. 220 at 4.) However, Google does not explain why it neglected to search publicly available SEC filings before May 23, 2014 or why it waited until after that deadline to conduct third party discovery which apparently led to its "discovery" of the relevance of the SEC filings. Courts have recognized that it is more difficult to establish diligence when attempting to add prior art references that are publicly available. *See, e.g., Catch a Wave Techs., Inc. v. Sirius XM Radio, Inc.*, No. C 12-05791 WHA, 2014 U.S. Dist. LEXIS 6014, at *3-7 (N.D. Cal. Jan. 16, 2014) (denying motion to amend invalidity contentions where information sought to be added was publicly available and no explanation given why it could not have been located earlier).

Because the supplemental references are publicly available SEC filings, any investigation—and indeed an "exhaustive" one—by Google would have uncovered them. "Invalidity is an affirmative defense, and the party which does not properly investigate applicable prior art early enough to timely meet disclosure requirements risks exclusion of that evidence." *Finisar Corp. v. The*

DirecTV Grp, Inc., 424 F. Supp. 2d 896, 902 (E.D. Tex. 2006) (citation omitted). It is beyond dispute that Google was aware of the search engine systems to which these filings pertained well before the deadline for invalidity contentions: the patents-in-suit themselves disclose Yahoo and Lycos; Google's invalidity contentions charted each of these systems; and Google is a contemporary of these search engine companies and had previously engaged in litigation involving the same. Google claims that "[b]ecause the IPO Filings date back to the mid-1990s and were unavailable through the SEC's online archive . . . [its] investigation failed to unearth them prior to May 24, 2014, despite its best efforts." (Dkt. No. 220 at 4.) But there is no suggestion that Google even looked for these filings or specifically searched the SEC database prior to serving its invalidity contentions. Nor are the supplemental references here "obscure internet references but [rather] what might well be described as the largest and most popular internet systems of the . . . 1990s." *Geotag*, 2013 U.S. Dist. LEXIS 86358, at *161-62 (denying leave to supplement invalidity contentions because defendants did not act diligently in discovering 36 publicly available references describing 5 prior art internet systems including AOL, Prodigy, and CompuServe). Indeed, a simple search for "InfoSeek IPO filing" on Google.com returns InfoSeek's June 10, 1996 S-1 Registration Statement as the third search result. (Xi Decl., Ex. A.) That same document is accessible on www.secinfo.com, and its contents match the contents of Google's proposed Chart A-40. (*Compare id.* at Ex. B *with* Dkt. No. 220-2.)

Even if the Court excuses Google for failing to obtain the publicly available SEC filings before the deadline (which the Court should not), Google also fails to explain why it waited until July 2014 to interview the third party who apparently tipped Google off about the SEC filings. Google concedes that it "only became aware of the potential relevance of the IPO Filings . . . in July 2014 after speaking with a third party who had first-hand knowledge of prior art search engine companies." (Dkt. No. 220 at 4.) But these search engine companies were well-known—their existence and IPO filings are not confined solely to the knowledge or possession of any third party. Google's dilatory

third party discovery is no excuse for its late "awareness" of publicly available SEC filings.

Google has no one but itself to blame for the delay in discovering these SEC filings and therefore leave to amend must be denied. *See, e.g.*, *Anascape, Ltd. v. Microsoft Corp.*, No. 9:06-cv-158, 2008 U.S. Dist. LEXIS 111917, at *13 (E.D. Tex. May 1, 2008) (denying leave to amend to include publicly available articles produced by a third party because "[t]here is no evidence that [plaintiff] had any hand in delaying production of [these] documents" and "parties with the vast combined resources of Defendants could have located them with relatively little effort," thus "Defendants' failure to fully investigate the field does not justify an amendment of invalidity contentions . . . when [plaintiff] was not at fault."); *Finisar*, 424 F. Supp. 2d at 902 (disallowing late disclosed invalidity defenses because any "delay in this case was fully within the control of" defendant, who "could have done a more complete job of analysis and research earlier in the case in order to comply with its disclosure obligations."). *Cf. Medtronic*, 2006 U.S. Dist. LEXIS 4435, at *11-12 (finding reason for delay to be reasonable because plaintiff's failure to disclose information in a discovery response hindered defendant's ability to timely identify the prior art system at issue).

B. Google Was Not Diligent in Obtaining the SEC Filings, Bringing Them to Rockstar's Attention, And Filing for Leave to Amend

Google also fails to show that it was diligent in obtaining the SEC filings even after it discovered that they could potentially be relevant. Google attempts to demonstrate diligence with the FOIA requests it submitted to the SEC in an effort to obtain the filings. However, Google's assertion of diligence is at odds with its chosen method of procurement. Quite the opposite, Google's selection of FOIA over more expeditious and less laborious methods demonstrates a lack of diligence, if not deliberate delay. A publicly available research guide published by LexisNexis lists more than ten methods for obtaining SEC filings, and warns that FOIA requests could take "up to 20 days." (Xi Decl., Ex. C.) In contrast, services recommended in the research guide such as Thomson Reuters

(which operates WestLaw) and Intelligize (a subsidiary of Lexis) estimate a turnaround for these filings in just one day—or one hour if expedited service is requested. (*Id.*, Exs. D & E.) Google's failure to use a speedier method in procuring the filings delayed Google's disclosure of the supplemental references to Rockstar by another month. By the time Google sought leave to amend with the Court, more than five months had lapsed since Google served its invalidity contentions on May 23, 2014. Google has not provided an adequate explanation for such a significant delay; as such, its motion should be denied for lack of diligence. *Sirius XM Radio*, 2014 U.S. Dist. LEXIS 6014, at *7 (denying leave to amend because "no acceptable explanation has been provided for why defendant waited, in some cases two months, after it 'discovered' the [publicly available] references to move to amend its invalidity contentions").

II. Google's Inconsistent Representations With Respect to Importance and Prejudice Counsel Against Allowing Amendment

As to the importance of the amendment, Google claims that each supplemental SEC filing presents a new and unique ground for anticipation not previously disclosed, as well as a significant, noncumulative secondary obviousness reference. (Dkt. No. 220 at 5.) However, in arguing that Rockstar will not be prejudiced if the amendments were allowed, Google states, inconsistently, that "the search engine websites discussed in the IPO Filings since May 24, 2014" were already contained in "the detailed claim charts for each search engine provided in Google's Invalidity Contentions." (*Id.* at 5-6). Google speaks out of both sides of its mouth.

Google's self-serving representations of "importance" and "prejudice" counsel against the good cause required for granting leave to amend. On the one hand, if Google concedes that the subject matters of the SEC filings were already disclosed in "the detailed claim charts for each search engine provided in Google's Invalidity Contentions," then they cannot be crucial to Google's defense and "important" for purposes of amendment. (Dkt. No. 220 at 6.) Indeed, Google would have little to

lose if the invalidity contentions already embody the contents of the SEC filings and therefore preserve Google's invalidity arguments. *LML Patent Corp. v. JPMorgan Chase & Co.*, No. 2:08-cv-448, 2011 U.S. Dist. LEXIS 128724, at *20 (E.D. Tex. Aug. 11, 2011) (defendants must show that the proposed amendment is "vital to the case" for the "importance" factor); *Finisar*, 424 F. Supp. 2d at 902 (defendant "has not established that disallowing these new references is tantamount to a default judgment or that they are vital to its defense").

On the other hand, because "importance" and "prejudice" are related factors, the more important a reference is, the more prejudice Rockstar would suffer if leave to amend were granted. *See CardSoft*, No. 2:08-cv-98-RSP, Dkt. No. 353 at 3 ("[I]mportance only adds to the prejudice suffered by [plaintiff]."). Google did not produce the SEC filings until August 26 and September 5, 2014—less than two months before the *Markman* hearing was held in this case. (Dkt. No. 220 at 4.) Thus, assuming that the SEC filings and the ten new charts add to Google's invalidity theories beyond that which was already disclosed in the invalidity contentions, then Rockstar has been deprived of a meaningful opportunity to consider these references during the claim construction process. *CardSoft*, No. 2:08-cv-98-RSP, Dkt. No. 353 at 3 (denying motion for leave to amend when supplemental references were produced three months before the *Markman* hearing); *Sage Electrochromics Inc. v. View, Inc.*, No. C-12-06441 JST (DMR), 2014 U.S. Dist. LEXIS 67161, at *15-16 (N.D. Cal. May 15, 2014) (granting motion to strike invalidity contentions because "adding new prior art after the parties' claim construction briefing was complete" effectively renders the references "immune" from patentee's "strategic deliberations in identifying the limited number of claims" permitted by the judge). Given both the lateness and the volume of Google's disclosures, Rockstar could not possibly have gone through the more than 2,500 pages of references and the more than 1,200 pages of new charts in time to adequately account for them in its claim construction briefing and *Markman* arguments. (*See* Dkt. No. 220-2 to 220-13.) It would be unduly prejudicial to allow Google to add

these references after claim construction and less than two months before fact discovery closes. *Sirius XM Radio*, 2014 U.S. Dist. LEXIS 6014, at *7 (finding amendment is not warranted when defendant seeks to add six references after claim construction and one month before fact discovery cutoff, as it "would amount to rewarding a delay in disclosure").

Google has failed to demonstrate that the supplemental SEC filings are important in view of its representation that the invalidity contentions already provided "detailed charts" on the subject matters of the filings. Rockstar will suffer prejudice if Google is granted leave to amend its invalidity contentions. These factors weigh against a grant of leave to amend.

IV. A Continuance Is Not Available to Cure The Prejudice Suffered by Rockstar

Once claim construction is complete, a continuance of deadlines will not cure the prejudice to a nonmovant for the movant's delayed disclosure of contentions. *See CardSoft*, No. 2:08-cv-98-RSP, Dkt. No. 353 at 3; *Shire LLC v. Amneal Pharm., LLC*, No. 2:11-cv-03781, 2013 U.S. Dist. LEXIS 180920, at *15-16 (D.N.J. Dec. 23, 2013) (denying leave to amend invalidity contentions because incurable undue prejudice would result given that "[c]laim construction briefing and the Markman are complete"). As both briefing and hearing on claim construction are complete, and the Court's order on claim construction is imminent, no continuance is available to cure the prejudice that would befall Rockstar if leave to amend were granted. This fourth factor also weighs against amendment.

CONCLUSION

Google's delay in moving to amend its invalidity contentions, its lack of adequate explanation for such delay, and the potential incurable prejudice to be suffered by Rockstar all compel the Court to deny Google's motion for leave to amend its invalidity contentions for lack of good cause.

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Respectfully submitted,

By: /s/ Meng Xi

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record, who are deemed to have consented to electronic service are being served this 10th day of November, 2014 with a copy of this document via the Court's CM/ECF system per Local Rule CD-5(a)(3).

/s/ Meng Xi
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