

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

Eolas Technologies Incorporated,

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Plaintiff,

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Civil Action No. 6:09-cv-446

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vs.

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Adobe Systems Inc., Amazon.com, Inc.,
Apple Inc., Blockbuster Inc., CDW Corp.,
Citigroup Inc., eBay Inc., Frito-Lay, Inc.,
The Go Daddy Group, Inc., Google Inc.,
J.C. Penney Company, Inc., JPMorgan
Chase & Co., New Frontier Media, Inc.,
Office Depot, Inc., Perot Systems Corp.,
Playboy Enterprises International, Inc.,
Rent-A-Center, Inc., Staples, Inc., Sun
Microsystems Inc., Texas Instruments
Inc., Yahoo! Inc., and YouTube, LLC

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JURY TRIAL

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Defendants.

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**PLAINTIFFS' RESPONSE IN OPPOSITION TO DEFENDANTS' MOTION FOR
LEAVE TO SERVE DISCOVERY ON APPLE WHICH DENIES PLAINTIFFS THE
RECIPROCAL RIGHT TO SERVE CERTAIN DISCOVERY ON APPLE [DKT. 1118]**

I. INTRODUCTION

Plaintiffs Eolas and the Regents of the University of California (“Regents”) file this response in partial opposition to Defendants’ motion for leave to serve discovery on Apple, Inc., Patrick Heynen, and Los Alamos National Laboratory (“Motion”).¹

On October 26, 2011, over two months after the close of discovery, Defendants served a subpoena on Apple. When counsel for Plaintiffs learned of the service, they promptly asked Defendants what their position was on the need for leave from the Court to serve their untimely subpoena. Two weeks later, after counsel for Eolas had requested a response to their question no fewer than five times, Defendants admitted that leave would be necessary. *See* November 23, 2011 email exchange, a true and correct copy of which is attached as Exhibit 1. Irrespective of this admission, however, Defendants have never withdrawn the outstanding subpoena and only informed Apple that it is unenforceable—after Plaintiffs’ insistence—on November 30, 2011, the day they filed this motion. *See* November 30, 2011 email exchange, a true and correct copy of which is attached as Exhibit 2.

Now, more than three months after the close of fact discovery, Defendants finally seek the leave they need to serve that subpoena, as well as two additional subpoenas, involving document productions, depositions, and formal inspections. Defendants fail to explain their delay; and at this late date, after expert reports have been served and seventeen summary judgment / *Daubert* motions have been fully briefed, allowing Defendants to inject entirely new

¹ As stated in Defendants’ Certificate of Conference, Plaintiffs do not oppose the Defendants’ request for an authentication deposition of LANL regarding production materials [LANL92] and [LANL93]. *See* Defs.’ Motion at 11. The parties have agreed that an attempt would be made to obtain authentication of these materials through a deposition on written questions or another mutually agreeable method that does not require the expense and logistics of a formal deposition. *Id.* Plaintiffs oppose all other requested relief.

facts into the case would be prejudicial. Nevertheless, Plaintiffs offered not to oppose Defendants' Motion if Defendants agreed to allow Plaintiffs to serve their own subpoena on Apple. Defendants refused. The Court should deny Defendants' Motion because they fail to show good cause for deviating from the Court's scheduling order. In the alternative, if Defendants' Motion is granted, then Plaintiffs should be given leave to serve its own discovery on Apple.²

II. THE DEFENDANTS' MOTION SHOULD BE DENIED BECAUSE THEY HAVE NOT SHOWN GOOD CAUSE FOR MODIFYING THE SCHEDULING ORDER

The discovery deadline in this case was August 12, 2011 [Dkt. No. 670]. Defendants' motion for leave to conduct additional fact discovery was filed on November 30, 2011, more than 100 days later. *Rule 16(b)(4)* provides that "[a] schedule may be modified only for good cause and with the judge's consent." Defendants' Motion should be denied because it fails to demonstrate good cause for amending the Court's scheduling order.

In the Fifth Circuit, trial courts consider four factors when determining whether good cause exists to allow a deviation from the scheduling order: "(1) the explanation for the failure to [complete the discovery within the deadline]; (2) the importance of the [modification of the deadline]; (3) potential prejudice in allowing the [modification]; and (4) the availability of a continuance to cure such prejudice." *Reliance Ins. Co. v. The Louisiana Land & Exploration Co.*, 110 F.3d 253, 257 (5th Cir. 1997); *Geiserman v. MacDonald*, 893 F.2d 787, 791 (5th Cir. 1990); *see also Sky Techs LLC v. SAP AG*, 2008 U.S. Dist. LEXIS 121488 at *8 (E.D. Tex. June 18,

² Recognizing that leave is required, Plaintiffs have not served their discovery request on Apple, but have provided Defendants a copy of the proposed discovery request in an attempt to resolve this matter without Court intervention.

2008). Here, Defendants do not even address those factors. Those factors counsel against allowing a deviation.

First, the reasons offered by Defendants for their failure to pursue this discovery before the deadline are weak, at best. With regard to the discovery sought from Apple and Patrick Heynen, Defendants state only that they have recently become aware of its existence. Motion at 2. Unlike the defendant in *Hall v. Pop Restaurants, LLC*, Defendants are unable to point to recent discovery, such as deposition testimony, that would explain why they could not have uncovered this information during the discovery period. *See* 2006 U.S. Dist. LEXIS 8143, at *3-*4 (N.D. Tex. March 2, 2006) (“Certainly, defendant has demonstrated ‘good cause’ for not issuing the subpoenas until after Fields was deposed.”). Even after becoming aware of the information’s existence, however, Defendants sat on an untimely subpoena for over a month before requesting leave from the Court to serve it. *See* Exhibit 1.

With regard to LANL, their Motion is the first time Defendants have made any attempt to seek this discovery. No third-party subpoena has ever been served on LANL in this case, whether by Apple or any other Defendant. Before its addition as a party, Defendants did serve multiple subpoenas on Regents that related to LANL and MediaView, and they will have an opportunity to pursue those requests through upcoming party depositions of Regents. However, the Defendants made a choice not to seek discovery directly from LANL during the discovery period, and the scheduling order should not be amended because they now regret that choice. *See Reliance Ins.*, 110 F.3d at 258 (“District judges have the power to control their dockets by refusing to give ineffective litigants a second chance to develop their case.”). If, as the Defendants suggest, the requested discovery is in the possession of the Regents, then the

Defendants should be able to obtain that information through the ongoing discovery from the Regents.

On the other hand, the potential prejudice to Plaintiffs in granting Defendants Motion is significant. As the Court is aware, expert reports and rebuttal reports have already been served, summary judgment and *Daubert* motions have been fully briefed and are ripe for consideration by the Court, and trial is set to begin two months from Tuesday, December 6. [Dkt No. 979]. In just over two weeks, on December 21, the parties are to submit deposition designations, exchange exhibit lists, and identify any issues to be tried to the bench. *Id.* In short, the parties should be using this time to prepare for trial, not to collect additional fact discovery or formulate new theories. Plaintiffs' trial strategy was affected by the choices Defendants made during the discovery process in this case, and allowing them to change course at this date would introduce substantial inconvenience and expense. Courts have generally refused to allow late discovery in similar situations. *See Reliance Ins.*, 110 F.3d at 257-258 (denying motion for leave to supplement expert report when it would have required the other party to have an expert to address last minute conclusions and threatened to disrupt the trial date); *Geiserman*, 893 F.2d at 791 (striking a late expert witness designation when it would have disrupted the other party's trial strategy and resulted in additional expense); *Visto Corp. v. Microsoft Corp.*, 2007 U.S. Dist LEXIS 68226, at *10-*11 (denying motion to compel discovery after expert reports had been served and motions for summary judgment had been fully briefed).

The remaining two *Geiserman* factors also counsel against a deviation from the scheduling order. While the Defendants are silent with regard to the relative importance of the discovery, it allegedly involves "specific, relevant, and responsive information pertaining to the distribution, use and demonstration of one of [the Defendants'] prior art references." Defs.'

Motion at 2. As the Fifth Circuit made clear in *Geiserman*, courts should be *less* willing to grant leave to introduce particularly significant discovery after the deadline. *Geiserman*, 893 F.2d at 791 (“We shall assume *arguendo* that expert testimony was significant to Geiserman’s case -- so much the more reason to be sure its introduction was properly grounded.”). And while Plaintiffs could conduct new discovery, redepose witnesses, and potentially supplement expert reports under a continuance in response to untimely document productions and depositions, this factor does not weigh in favor of granting leave if it would result in additional delay, increased expense, and would not deter future dilatory behavior or serve to enforce court-imposed scheduling orders. *See Geiserman*, 893 F.2d at 792.

III. IF THE COURT GRANTS DEFENDANTS’ MOTION, PLAINTIFFS SHOULD BE GRANTED LEAVE TO SERVE CERTAIN ADDITIONAL DISCOVERY ON APPLE

Alternatively, if the Court determines to grant Defendants’ Motion, the Court should condition such grant on Plaintiffs receiving a reciprocal right to serve certain discovery on Apple. Pursuant to paragraph 21(b) of the Protective Order in this case, Eolas was required to destroy or return any of Apple’s protected material within 60 days of Apple’s dismissal [Dkt. No. 423]. Accordingly, Eolas no longer has possession of the documents Apple produced in this litigation. If Defendants’ Motion is granted, then Eolas also seeks leave to serve a subpoena on Apple requesting a subset of those previously-produced documents related to Defendants’ knowledge of the patents-in-suit and attempted design-around efforts. As stated in Defendants’ Certificate of Conference, Plaintiffs prepared—but did not serve because service would have been in violation of the Court’s scheduling order—their own subpoena on Apple, and offered not to oppose Defendants’ Motion if Defendants agreed to allow Plaintiffs to take this discovery. *See* Defs.’ Motion at 11. Defendants refused to agree. *Id.*

Contrary to the discovery sought by the Defendants, the reintroduction of these documents would not prejudice any of the parties. No depositions would need to be scheduled or prepared for; and because these documents have previously been produced in this case, there is no risk of unfair surprise. Indeed, as of November 23, 2011, the Defendants believed that Eolas still had possession of the documents, so the Defendants' trial strategy should be unaffected by their reintroduction. *See* Exhibit 1. Exhibit 3 contains the subpoena topics related to Apple that Plaintiffs seek leave to serve.

IV. CONCLUSION

For the foregoing reasons, Eolas respectfully requests that the Court deny Defendants' motion for leave to serve discovery on Apple, Inc., Patrick Heynen, and Los Alamos National Laboratory in its entirety, with the exception of the authentication of [LANL92] and [LANL93] Defendants seek from LANL. In the event the Court determines to grant Defendants' Motion, the Court should condition such grant on Plaintiffs receiving the reciprocal right to serve certain discovery on Apple as set forth in Exhibit 3.

Dated: December 5, 2011.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this document was served on all counsel who have consented to electronic service. Local Rule CV-5(a)(3)(A) on this December 5, 2011.

/s/ John B. Campbell
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