

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' SUR-REPLY 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]**

Defendants have offered an array of potential explanations for the belated timing of their motion for leave to serve discovery on Apple, Inc., Patrick Heynen, and Los Alamos National Laboratory (“Motion”), but none of the offered explanations demonstrate the diligence required to establish good cause for amending the scheduling order. Moreover, with only a week to go before the first Pretrial Task deadlines and with expert discovery underway, granting Defendants the requested leave will introduce a substantial risk of prejudice to Plaintiffs. Nevertheless, Plaintiffs attempted to avoid motion practice if Defendants would not oppose Plaintiffs’ to seek their own limited discovery from Apple—a request Defendants refused. For these reasons, the Court should deny Defendants’ Motion.¹ If the Court grants Defendants’ Motion, Plaintiffs ask that the Court condition such grant on Plaintiffs being able to serve reciprocal discovery from Apple.

I. DEFENDANTS PROVIDE NO EXPLANATION FOR THEIR DELAY

Defendants’ delay in filing their motion cannot be explained by Eolas’ settlement agreement with Apple or the non-cooperation clause included therein. That agreement, as Defendants’ admit in their Reply, was produced on August 4, 2011. Having been produced over four months ago, the agreement cannot explain why Defendants are only now seeking leave.

Furthermore, Defendants’ claim that Plaintiffs “engineered” this situation rings hollow. That Defendants—perhaps unwisely—relied on Apple alone to develop a portion of their invalidity case was unknown to Plaintiffs and is neither Plaintiffs’ fault nor their responsibility. Irrespective of the wisdom in allowing Apple to develop the facts to prove a portion of Defendants’ invalidity case, Defendants should have requested leave as soon as they became aware of Apple’s dismissal from the case. *Cf. Sky Techs. LLC v. SAP AG*, 2008 U.S. Dist LEXIS

¹ As explained in their Response, Plaintiffs do not oppose the Defendants’ request for an authentication deposition of LANL regarding production materials [LANL92] and [LANL93], but they oppose all other requested relief.

121488 at *9 (E.D. Tex. June 18, 2008) (granting leave when a defendant re-filed a subpoena on the same day it learned that its co-defendant had settled). In addition, Defendants' reliance on Apple is no excuse as any non-privileged materials in Apple's possession regarding the Defendants' prior art references should have been produced by Defendants long ago.

Defendants' delay is also not explained by the substance or timing of Christopher McRae's deposition. Unlike the case Defendants cite for support, the requested subpoenas here do not represent obvious follow-up discovery that was unforeseeable prior to testimony provided in a recent deposition.² Defendants should have known, long before Mr. McRae's deposition, that source code for prior art—if proven to corroborate their arguments—would have benefited their invalidity defense. Indeed, Defendants' contention that Plaintiffs' argument during Mr. McRae's deposition was "irrelevant" undercuts any purported need to collect follow-up discovery to rebut such an argument. If the questioning were truly "irrelevant," Defendants have no legitimate need for follow-up discovery.³ Furthermore, Defendants fail to adequately explain the more-than-ten-weeks it took for them to request leave from the Court to seek the discovery.

In fact, the timing of Defendants' Motion is best explained by the reality that it wasn't until after discovery closed that Defendants endeavored to look for this information. Defendants admit that their former co-defendant did not thoroughly search the files of its own employees,

² See *Hall v. Pop Rests., L.L.C.*, 2006 U.S. Dist LEXIS 8143, at *3-4 (N.D. Tex. March 2, 2006) (finding good cause had been demonstrated to serve subpoenas to the Amarillo Police Department and the TDCJ-Institutional Division after a witness lied about his criminal record at his deposition).

³ Importantly, the argument made by Plaintiffs' counsel during Mr. McRae's deposition was offered in response to Defendants' efforts to establish inequitable conduct. That a retired professor from Cornell University who was previously unknown to any of the inventors worked to port MediaView to a non-NeXT OS, without any indication that the inventors knew, is totally irrelevant to inequitable conduct. Even more, that the same retired professor happened to know another individual who in turn happened to know of Mr. Heynen's alleged possession of source code, which Defendants presumably intend to use to corroborate an invalidity argument, has even less of a relationship to Mr. McRae's testimony. See Exhibit 4 to Defs.' Reply.

and they further admit that until recently they had delegated full responsibility for gathering relevant discovery to that same co-defendant. Defs.' Reply at 1-2. Contrary to Defendants' assertions, Plaintiffs could not have possibly manufactured the set of circumstances Defendants' now find themselves in. If anyone was in a position to understand the state of Apple's diligence during discovery, it was not Plaintiffs; it was Apple's co-defendants. And by relying on another party to investigate and develop part of their own case, Defendants took a calculated risk that Apple might fail to exercise the same level of diligence as any one of them would have.

Moreover Defendants' claim that they lacked knowledge of Mr. Heynen until after Mr. McRae's deposition strains credibility. Mr. Heynen is listed as a co-author on a 1992 paper authored by Defendants' invalidity expert Dr. Richard Phillips. This 1992 paper was produced by Adobe—not Apple—and is cited in Dr. Phillips' July 20, 2011 invalidity report addressing the alleged MediaView prior art. *See* Exhibit 4 (Exhibit [Phillips92] to Dr. Phillips' Expert Report on Invalidity). Defendants have clearly known of Mr. Heynen for sometime—and had reason to investigate his alleged relevance long ago.

Even if Defendants' assertion that they did not appreciate the need to take the discovery they now seek was believable, Defendants nonetheless failed to exhibit reasonable diligence in their efforts to obtain it. According to their Reply, Defendants located Mr. Heynen on October 12, 2011, but waited two full weeks, until October 26, 2011 (well-after the close of discovery on August 12), to serve a subpoena. Defs.' Reply at 2-3 n.4. It then took Defendants another two weeks, after multiple inquiries by Plaintiffs, to come to the conclusion that leave from the Court would be required to serve a subpoena after the close of discovery. *See* Exhibit 1 to Plaintiffs' Response. And once Defendants did admit that their outstanding subpoena was unenforceable

and that leave would be required, it took them an additional three weeks to file this motion.⁴ *Id.* To summarize, none of the explanations that Defendants have proffered evidence the kind of diligence needed to show good cause for amending the scheduling order. *See S&W Enters. v. Southtrust Bank of Ala.*, 315 F.3d 533, 535 (5th Cir. 2003) (citing 6A Charles Alan Wright et al., *Federal Practice and Procedure* § 1522.1 (2nd ed. 1990)).

II. GRANTING DEFENDANTS' MOTION WOULD PREJUDICE PLAINTIFFS

Granting this Motion could substantially prejudice Plaintiffs. First, it is possible that the requested discovery would uncover a need for Plaintiffs to conduct follow-up discovery. For example, in addition to scheduling the deposition of Patrick Heynen, Plaintiffs may need to depose and request documents from the two additional individuals who helped lead Defendants to Mr. Heynen.⁵ Furthermore, even though the deadline for Defendants' invalidity report was in July, the introduction of new evidence regarding prior art may require the supplementation of expert reports. Plaintiffs' expert Dr. David Martin is scheduled for three days of deposition on December 20-22, 2011; if either Plaintiffs or Defendants supplement their validity reports in light of the discovery Defendants now seek, Defendants may seek to depose him again.

⁴ During those three weeks, Defendants ignored multiple requests by Plaintiffs to inform Apple that it need not respond to their unenforceable subpoena. Courts have issued sanctions on parties for serving untimely third-party subpoenas without leave of court. *See Mid-Atlantic Constructors, Inc. v. Stone & Webster Constr., Inc.*, 231 F.R.D. 465 (E.D. Pa. 2005) (granting motion for sanctions against party who served third-party subpoena after discovery deadline); *see also Mick Haig Prods., e.K. v. Does*, 2011 U.S. Dist. LEXIS 128366 (N.D. Tex. Sept. 9, 2011) (party "grossly abused his subpoena power" by serving subpoenas without leave before Rule 26 conference).

⁵ Defendants explain in their Reply that they located Mr. Heynen by talking first to a Dr. Donald Greenberg, who lead them to a Dr. James Ferwerda, who in turn referred them to Mr. Heynen. Drs. Greenberg and Ferwerda may have information relevant to this case, and—depending on Mr. Heynen's possible production and deposition testimony—Plaintiffs may need to seek follow-up discovery from them.

Additionally, there is no set date for any of the requested discovery. The availability of the requested witnesses has not been determined and the timing of document productions and inspections is uncertain. Jury selection is set in this case for early February. The parties should not be taking depositions in California while picking a jury in Texas. In short, the Court and the parties are aware of the current landscape, but granting Defendants' request could open a Pandora's Box of new expert and fact discovery only a few weeks before trial is set.

III. IF THE COURT GRANTS DEFENDANTS' MOTION, THEN PLAINTIFFS SHOULD BE GRANTED A RECIPROCAL RIGHT TO SERVE DISCOVERY

Defendants' serious charge against Plaintiffs of engaging in "gamesmanship" is not well received. Plaintiffs were not playing games; they were reaching out to Defendants to seek a compromise and avoid motion practice. Plaintiffs, like Defendants, lost access to certain materials when Apple was dismissed from this case. Instead of serving an invalid subpoena in violation of the Court's discovery order (a sanctionable abuse of an attorney's subpoena power), Plaintiffs complied with the Court's orders by destroying relevant documents. The compromise which Plaintiffs offered Defendants was simple: if Defendants wished to receive discovery from Apple, Plaintiffs also wanted to regain access to documents lost through the settlement.

The re-production of the documents sought by Plaintiffs would cause no prejudice to Defendants. Unlike the discovery sought by Defendants, there is no need to schedule depositions or inspections, no danger of any follow-up fact or expert discovery, and no time would be required for the parties to digest new information contained in the production. All parties to this case have been aware of the material Plaintiffs seek for months if not years.

IV. CONCLUSION

For the foregoing reasons, Eolas respectfully requests that the Court deny Defendants' motion, with the exception of the authentication of [LANL92] and [LANL93] that Defendants seek from LANL.

Dated: December 14, 2011.

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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 14, 2011.

/s/ John B. Campbell
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