

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
NORFOLK DIVISION

I/P ENGINE, INC.

Plaintiff,

v.

AOL, INC., *et al.*,

Defendants.

Civil Action No. 2:11-cv-512

**BRIEF IN SUPPORT OF GOOGLE INC. AND IAC SEARCH & MEDIA, INC.'S  
MOTION FOR RULE 37 SANCTIONS FOR I/P ENGINE'S VIOLATION OF MAY 2,  
2012 COURT ORDER**

**I. INTRODUCTION**

Defendants Google Inc. (“Google”) and IAC Search & Media, Inc. (“IAC Search”) respectfully request that this Court preclude Plaintiff I/P Engine, Inc. (“Plaintiff”) from asserting infringement claims against Google Search and IAC Search’s Ask Sponsored Listings service, for failure to comply with this Court’s order requiring Plaintiff to provide supplemental infringement contentions as to these services.

On May 2, 2012, this Court, upon Google and IAC Search’s motion, ordered Plaintiff to supplement its infringement contentions by July 2, including “[a]t a minimum,” as to Google Search and Ask Sponsored Listings. (Dkt. 156, 2.) Despite this unambiguous directive, Plaintiff has wholly failed to comply and has provided no justification for its failure. Plaintiff’s recalcitrance significantly prejudices Defendants, who are in the midst of preparing for expert discovery and trial.

Because Plaintiff unjustifiably violated the Court's Order, sanctions are warranted. At a minimum, Plaintiff should be precluded from asserting any allegations of infringement regarding Google Search and Ask Sponsored Listings in this case.

## **II. FACTUAL BACKGROUND**

### **A. The Court's May 2, 2012 Order Granting Google's Motion to Compel Supplemental Contentions.**

As detailed in Defendants' Motion to Compel, on November 4, 2011, the parties agreed that Plaintiff would serve infringement contentions based on publicly available information on November 7 (for Google) and November 11 (for all other defendants). The parties also agreed that Defendants would produce technical documents related to the accused products from their technical repositories by December 7 (for Google) and December 12 (for all other defendants). (Declaration of Jennifer Ghaussy ("Ghaussy Decl."), Ex. A, 1-2.) As agreed, on December 7, Google produced 217,614 pages of technical documents from its technical repositories regarding AdWords, Search and AdSense for Search. (*Id.* Ex. B, 1.) As of January 18, 2012, IAC Search produced almost 20,000 pages of documents regarding Ask Sponsored Listings and IAC Search's use of AdSense for Search. (Ghaussy Decl., ¶ 4.) These Google and IAC Search document productions included technical specifications, design requirements and other technical documentation. (*Id.*) On May 11, Google produced the custodial documents of Bryan Horling, who was listed in Google's initial disclosures as a Google employee with knowledge of the accused features of Google Search, and by May 31, Google had produced the documents of the nine custodians agreed upon by the parties. (*Id.*, ¶ 5.) By June 15, IAC Search had completed its custodial production, including the documents of James Speer, listed in the initial disclosures as a person with knowledge of the accused features of Ask Sponsored Listings. (*Id.*, ¶ 6.)

After correspondence and several meet and confers, Plaintiff agreed to supplement its November 2011 infringement contentions no later than February 17, 2012. (*Id.*, ¶ 7.) On February 17, Plaintiff served its supplemental infringement contentions. These contentions included supplementations for Google AdWords and AdSense for Search, the other defendants' use of AdSense for Search, and AOL Sponsored Listings. Plaintiff's infringement contentions, however, did not include a supplementation for Google Search or IAC Search's Ask Sponsored Listings as Plaintiff had agreed to provide. (*Id.*) After Plaintiff refused to provide such supplemental contentions, Google and IAC Search moved to compel them. (Dkt. 88, 4-6, Dkt. 95, 8-9.)

On May 1, the Court held a hearing on Google's motion to compel. In both its briefing and at the hearing, Plaintiff insisted that its contentions were "more than adequate to provide Defendants notice as to I/P Engine's allegations regarding where each claim limitation is found in each accused system." (Dkt. 127, 2; *see also* Dkt. 165, 28.) The Court disagreed, finding that the Plaintiff needed to supplement its contentions by July 2; "[a]t a minimum, I/P Engine shall disclose its supplemental infringement contentions with respect to Google Search and Ask Sponsored Listings ..." (Dkt. 156, 2).

**B. Plaintiff Failed to Comply with the Court's Order.**

On July 2, Plaintiff served its "third preliminary" infringement contentions, but did not provide any contentions with respect to Google Search or Ask Sponsored Listings. On July 5, Defendants pointed out that Plaintiff had not complied with the Court's Order. (Ghaussy Decl., Ex. C.) On that same day, the parties spoke by telephone about the issue. Defendants asked whether Plaintiff believed that it was in compliance with the Order even though Plaintiff had provided no supplementation at all as to Google Search or Ask Sponsored Listings. (*Id.* Ex. D, 3.) Plaintiff indicated it believed it was in compliance because Defendants had Plaintiff's

“current contentions on the products.” As Defendants indicated on the call, however, this is the same argument that the Court rejected in granting the motion to compel. (*Id.*) Given Plaintiff’s failure to supplement as ordered, Defendants then asked that Plaintiff confirm whether it would drop its allegations against Google Search and Ask Sponsored Listings. Plaintiff agreed to provide a response early in the week of July 9. (*Id.*)

Having heard no response by July 10, Defendants followed up and asked Plaintiff whether it intended to respond as it had agreed to do. (*Id.*, Ex. E). Plaintiff again did not respond. As a result, Google and IAC Search were forced to file the instant motion.

### **III. LEGAL STANDARD**

Federal Rule of Civil Procedure 37 authorizes a district court to impose sanctions against a party who “fails to obey an order to provide or permit discovery including an order under Rule 26(f), 35, or 37(a).” Fed. R. Civ. P. 37(b)(2)(A). A failure to obey the Court’s discovery order warrants sanctions, including an order from the Court precluding the disobedient party from relying on evidence it failed to produce in violation of court order, striking pleadings in whole or in part, or dismissing the action or proceeding in whole or in part. Fed. R. Civ. P. 37(b)(2)(A)(ii-v). Sanctions are appropriate where a plaintiff fails to supplement its infringement contentions as required by a court order. *See Nike, Inc. v. Wolverine World Wide, Inc.*, 43 F.3d 644, 648-49 (Fed. Cir. 1994) (approving sanction precluding plaintiff from asserting doctrine of equivalents for failure to provide full infringement contentions); *In re Papst Licensing GmbH & Co. KG Litig.*, 273 F.R.D. 339, 343-44 (D. D.C. 2011) (barring plaintiff from advancing certain infringement arguments where plaintiff failed to supplement infringement contentions with the specificity required by court order).

Courts have “broad discretion” under Rule 37 to impose appropriate sanctions, *Calkins v. Pacel Corp.*, 2008 WL 149141, at \*4 (W.D. Va. Jan. 11, 2008), and the Fourth Circuit’s review of a sanctions determination “is a deferential one.” *Young Again Prods., Inc. v. Acord*, 459 Fed. Appx. 294, 301 (4th Cir. 2011). In determining the type of sanction to impose, courts evaluate: (1) the presence of bad faith on the part of the non-complying party; (2) the amount of prejudice caused; (3) the need to deter the particular type of non-compliance; and (4) whether there are less severe sanctions that would be effective. *Belk v. Charlotte-Mecklenburg Bd. of Educ.*, 269 F.3d 305, 348 (4th Cir. 2001) (upholding district court’s award of sanctions for noncompliance with court order). Here, these factors favor sanctions.

#### **IV. ARGUMENT**

##### **A. Plaintiff’s Failure to Supplement its Infringement Contentions, as Directed by the Court, Lacks Good Faith.**

Plaintiff’s continued failure to supplement its contentions is inexcusable. The Court’s Order clearly required Plaintiff to “disclose its supplemental infringement contentions with respect to Google Search and Ask Sponsored Listings” by July 2. (Dkt. 156, 2.) In issuing this Order, the Court rejected Plaintiff’s argument that its prior infringement contentions were sufficient. Plaintiff’s refusal to provide supplemental contentions based upon this rejected argument constitutes bad faith.

Plaintiff cannot credibly claim that its original contentions were adequate. These contentions were based solely upon publicly available information and did not, as detailed in the Motion to Compel, adequately put Google and IAC Search on notice as to how Google Search and Ask Sponsored Listings infringed the patents-in-suit. Indeed, this issue has already been litigated. In opposing the Motion to Compel, Plaintiff argued that its November contentions

were sufficient to put Google and IAC Search on notice. (Dkt. 127, 2.) The Court disagreed and specifically ordered Plaintiff to provide supplemental contentions as to these services.

Nor can Plaintiff credibly claim that it was unable to provide supplemental contentions. Plaintiff has had the extensive production of technical documents regarding Google Search and Ask Sponsored Listings for months. It has also had the opportunity to take depositions on these topics—yet it has declined to do so.<sup>1</sup> The fact that Plaintiff has not provided contentions for Google Search and Ask Sponsored Listings suggests that it simply has no valid infringement theory against these services. In these circumstances, the responsible and appropriate thing to do is to withdraw these allegations.

Plaintiff's refusal to comply with the Court's Order was in bad faith; it "clearly should have understood [its] duty to the court but nonetheless deliberately disregarded it." *Plant v. Merrifield Town Ctr. Ltd. P'ship*, 2009 WL 6082878, at \*6 (E.D. Va. Dec. 23, 2009) (internal quotations omitted) ("Plaintiffs' willful disregard of the federal rules and this court's Order is the *sine qua non* of bad faith"); *see also Bowman v. Johnson*, 2011 WL 4943991, at \*2 (E.D. Va. Oct. 17, 2011) (bad faith evidenced by party's continued refusal to provide requested discovery despite opposing party's "good faith prodding").

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<sup>1</sup> Notably, Plaintiff has not even sought deposition discovery regarding the functionality of Google Search or Ask Sponsored Listings even though Plaintiff previously argued that it "intends to supplement its infringement contentions" after taking 30(b)(6) depositions of Defendants. (Dkt. 127, 8.) Neither Plaintiff's "liability" notice to IAC Search nor its amended notice, however, included any topic related to Ask Sponsored Listings. (Ghaussy Decl., Exs. F, G.) Similarly, neither Plaintiff's "liability" notice to Google nor its amended notice included any topic specifically related to Google Search. (*Id.*, Exs. H, I.) Although Defendants noted this failure multiple times in advance of the depositions, including before Plaintiff amended its deposition notices, Plaintiff failed to respond. (Dkt. 139, 8.) If Plaintiff intended to pursue its theories regarding Google Search and Ask Sponsored Listings, then Plaintiff would presumably have served topics specifically related to these services. Plaintiff did not do so.

## **B. Plaintiff's Violation Prejudices Google and IAC Search**

Google and IAC Search have been significantly prejudiced by Plaintiff's refusal to supplement its infringement contentions as to Google Search and Ask Sponsored Listings, as required by the Court's Order. Such disregard of a court order compelling discovery is prejudicial to a defendant because the defendant "could not defend against claims, facts, and witnesses that [the plaintiff] refused to provide." *Plant*, 2009 WL 6082878 at \*6 (internal quotations omitted) (granting sanctions). Failure to provide discovery in violation of a court directive "significantly prejudice[s] [defendant's] ability to prepare for the trial." *Bowman*, 2011 WL 4943991 at \*2 (dismissing claim).

This case is on a tight discovery schedule and trial is around the corner. Because Plaintiff's original contentions are inadequate, Plaintiff's refusal to supplement them precludes Google and IAC Search from adequately preparing for expert discovery and trial. Google and IAC Search have thus been prejudiced by Plaintiff's conduct. *See In re Papst Licensing*, 273 F.R.D at 346 (granting sanctions where plaintiff failed to supplement infringement contentions with the specificity required by the court).

## **C. Willful Violations Such as Plaintiff's Must Be Deterred**

The importance of deterring violations of court orders is well-established in the Fourth Circuit. "If the court were to fail to enforce its Orders ... it would send the wrong message to recalcitrant parties and their counsel: that defiance goes unpunished. Thus, the need to deter this type of behavior is great." *Plant*, 2009 WL 6082878 at \*6; *see also Mut. Fed. Sav. and Loan Ass'n v. Richards & Assocs., Inc.*, 872 F.2d 88, 93 (4th Cir. 1989) ("ignoring the direct orders of the court ... must obviously be deterred"); *Belk*, 269 F.3d at 348 ("[S]uch non-compliance with the district court's orders certainly needed to be deterred. The district court's condonation of [the party]'s bad faith ... could have encouraged repetition of improper conduct."). Here, the

Court issued a clear, unambiguous order. Rather than seek relief from the Order, which it should have done if it truly believed that it could not comply, Plaintiff responded by simply failing to follow it based upon an argument that the Court had already rejected. This is a willful violation of the Court's Order. Accordingly "there is a strong need to convey" to Plaintiff and to other litigants that it "may not completely ignore ... the Court's orders with impunity." *Bowman*, 2011 WL 4943991 at \*2.

**D. Preclusion of Allegations Is the Least Severe Effective Remedy**

Plaintiff should be precluded from asserting any allegations of infringement regarding Google Search and Ask Sponsored Listings. This is an appropriate remedy for Plaintiff's failure to provide supplemental contentions in defiance of the Court's Order. *See Nike, Inc.*, 43 F.3d at 644 (approving sanction precluding plaintiff from asserting doctrine of equivalents for failure to provide full infringement contentions); *In re Papst*, 273 F.R.D. 339 (barring plaintiff from advancing certain infringement arguments where plaintiff failed to supplement infringement contentions with the specificity required by court order). Google and IAC Search's requested remedy would ameliorate the specific prejudice to them arising from Plaintiff's noncompliance with the Court's Order. Indeed, this remedy is not severe at all given that Plaintiff apparently does not have a viable infringement theory against Google Search and Ask Sponsored Listings. "The sanction of precluding the pursuit of an unsupported claim [is] clearly appropriate." *Nike, Inc.*, 43 F.3d at 644. Preclusion will simply accomplish what Plaintiff would be duty bound to do before trial under Rule 11: withdraw claims that have no basis in fact.

**V. CONCLUSION**

For the foregoing reasons, Google and IAC Search respectfully request that Plaintiff be precluded from asserting any allegations of infringement regarding Google Search and Ask



Sponsored Listings in this case. Google and IAC Search also request that the Court order Plaintiff to pay all of Google and IAC's reasonable fees and expenses incurred in connection with this motion and its prior motion to compel. Fed. R. Civ. P. 37(b)(2)(C).

Dated: July 13, 2012

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*Counsel for Defendants Google Inc., IAC Search & Media, Inc.*

**CERTIFICATE OF CONSULTATION**

In accordance with Local Rule 37(e), I certify that counsel conferred in good faith to resolve this dispute prior to the filing of the present motion. Counsel's meet-and-confer efforts are set forth in Section II.B, and included a telephonic meet-and-confer on July 5, 2012.

/s/ David A. Perlson  
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**CERTIFICATE OF SERVICE**

I hereby certify that on July 13, 2012, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system, which will send a notification of such filing (NEF) to the following:

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