

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

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I/P ENGINE, INC.,)	
)	
	Plaintiff,)	
	v.)	Civ. Action No. 2:11-cv-512
)	
AOL, INC. et al.,)	
)	
	Defendants.)	
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**BRIEF IN SUPPORT OF PLAINTIFF I/P ENGINE, INC.’S
MOTION FOR DISCOVERY SANCTIONS
REGARDING UNTIMELY DISCLOSED PRIOR ART**

I. INTRODUCTION

Pursuant to Rules 26(e)(1) and 37(c)(1) of the Federal Rules of Civil Procedure, Plaintiff I/P Engine, Inc. (“I/P Engine”) requests that this Court remedy the untimely and highly prejudicial discovery tactics employed by Defendants Google Inc. (“Google), AOL Inc. (“AOL”), IAC Search & Media, Inc. (“IAC”), Gannett Company, Inc. (“Gannett”), and Target Corporation (“Target”) (collectively “Defendants”), and strike three newly-asserted prior art references, along with the accompanying invalidity claim charts and related expert report. Striking these untimely references is the only meaningful remedy for Defendants’ violation of the discovery rules, because any other remedy (such as an extension of time) only rewards Defendants for their obstructive conduct.

The dates for the disclosure of invalidity contentions were carefully negotiated and agreed upon in a series of agreements. Defendants identified prior art and served invalidity contentions between December 2011 and February 2012. Although Defendants also had agreed

to supplement their invalidity contentions by March 2, 2012, Defendants did not supplement, and instead advised I/P Engine that Defendants were not aware of any additional prior art. Between March 2 and July 2, Defendants repeatedly told I/P Engine that no additional prior art would be identified in its invalidity contentions. I/P Engine relied on those statements, told Defendants that it was relying on those statements, and conducted fact and expert discovery, prepared expert reports, and selected, exchanged and fully briefed its claim construction positions based in part on those statements. Further, I/P Engine's investigation concerning conception and reduction to practice activities were impacted by Defendants' statements, which is why I/P Engine specifically requested confirmation that Defendants were not holding back any prior art theories.

Contrary to the parties' stipulations, and Defendants' repeated statements to I/P Engine, on July 2 and July 25, 2012, Defendants disclosed and relied upon invalidity theories based on three new prior art references.¹ Defendants purport to expand their prior art references by adding three patents: Culliss, Ryan, and Bowman.

Defendants have no justification for their delay in identifying these prior art theories. They have known about the Culliss reference since the commencement of this suit because it appears on the face of one of the patents-in-suit. They apparently have known about the Ryan reference since at least February 2012, but withheld their invalidity theory based on the Ryan reference until July. Defendants also should have identified the final reference (the Bowman reference) early in the litigation. Defendants, however, strategically elected to not assert these references until after this Court's claim construction decision, and days before Defendants served their invalidity expert report. Defendants' decision to withhold these references and invalidity

¹ See Ex. 1. Defendants AOL, IAC, Gannett, and Target supplemented their respective interrogatory responses to incorporate by reference Google's Third Supplemental Objections and Responses. The invalidity expert report is submitted on behalf of all Defendants. The theories are also included in Defendants' Invalidity Expert Report.

theories until after I/P Engine was locked into its claim construction positions, after this Court has ruled on those positions, during expert discovery, and with three months left until trial, amounts to sandbagging.

This tactic, unfortunately, is characteristic of Google. In *Oracle America, Inc. v. Google Inc.*, Case No. 10-cv-03561, 2011 WL 3443835 (N.D. Cal. Aug. 8, 2011), Google likewise delayed in disclosing its prior art invalidity theories. There, as here, Google waited until after *Markman* to make its disclosure. There, as here, Google knew of the prior art months before disclosure. There, as here, Google's tactics created unjustifiable prejudice to the patentee. There, the untimely prior art was stricken as a discovery sanction. The same result is appropriate here.

II. BACKGROUND

On November 7, 2011, I/P Engine served its first set of interrogatories on Google, including Interrogatory No. 8, which asked Google to “[i]dentify and describe each basis for Google’s contention that the claims of the ‘420 and ‘664 Patents are invalid including, but not limited to, all facts, dates, documents, communications and/or events, including prior art, which Google contends are pertinent thereto.” Ex. 2 at 9. On December 7, 2011, Google responded to I/P Engine’s Interrogatory No. 8 by identifying twelve prior art references. Ex. 3 at 20-21.

During a meet and confer on November 4, 2011 and pursuant to a discovery plan being exchanged by the parties, the parties agreed that Google would produce its Preliminary Invalidity Contentions by January 18, 2012.² On January 24, 2012, Google and its co-defendants served joint Preliminary Invalidity Contentions, which included element-by-element claim charts showing how six prior art references supposedly anticipated or rendered obvious the patents-in-

² At the request of Google’s counsel on the day before the contentions were due, I/P Engine agreed to extend the date for Google to submit its invalidity contentions to January 24, 2012.

suit. Ex. 4. On February 13, 2012, Google’s counsel stated that “Google produced all of the prior art it has identified on December 16, 2011.” Ex. 5.

As a result of a meet and confer, Google agreed to supplement its Preliminary Invalidity Contentions by no later than March 2, 2012.³ Ex. 6. Google did not supplement its invalidity contentions on March 2, however. Instead, in a footnote of a four page letter summarizing her recollection of a meet and confer the previous day, Google’s counsel stated “*there is no further art for us to identify in our invalidity contentions today.*” Ex. 8 at 3 n.2 (emphasis added)

On March 5, 2012, I/P Engine wrote that I/P Engine was relying upon Google’s failure to supplement its invalidity contentions to mean that Google would not rely on any references not disclosed in its original contentions:

We understand from your letter that defendants are standing on their previously identified art *I/P Engine is relying upon defendants’ representation that they are not aware of additional relevant prior art related to the asserted claims.*

Ex. 9 at 2 n.1 (emphasis added). Google’s counsel replied by confirming that it was not aware of any additional relevant prior art:

³ In a February 13, 2012 supplemental response to I/P Engine’s Interrogatory No. 8, Google merely incorporated by reference its December invalidity contentions, and listed a range of Bates numbers. Ex. 7 at 57. While the identified range of production did include a copy of one of the newly asserted references (the Ryan reference), Defendants failed to identify this reference as part of its invalidity contentions. Disclosure of the reference alone was not sufficient to put I/P Engine on notice of Defendants’ invalidity positions. *Laboratory Skin Care, Inc. v. Limited Brands, Inc.*, 661 F. Supp. 2d 473, 479 (D. Del. 2009) (finding that the defendants breached their duty to supplement under Rule 26(e) when they merely identified a Bates range, because “[s]uch identification, or lack thereof, does not qualify as adequate notice of Defendants’ invalidity contentions”); *see also*, *ChemFree Corp. v. J. Walter, Inc.*, No. 1:04-CV-3711-JTC, 250 F.R.D. 570, 573 (N.D. Ga. Oct. 29, 2007) (“[I]nvalidity contentions serve a function far more important than the mere identity and disclosure of potentially relevant evidence: they explain exactly *how* the opposing party will use that evidence to invalidate the patents.”) (emphasis in original).

As we have no further clarity on Plaintiff's contentions, *there is no further art for us to identify in our invalidity contentions at this time*, and, accordingly, nothing to compel.

Ex. 10 at 2 (emphasis added).

On March 14, 2012, one week after Ms. Kammerud reaffirmed that Google had no additional prior art to identify for its invalidity contentions, I/P Engine and Google exchanged claim terms that they proposed would require this Court's construction, pursuant to this Court's February 15, 2012 Scheduling Order. Rule 16(b) Scheduling Order, dated February 15, 2012, D.I. 90, at 5. On March 22, 2012, I/P Engine served its response to Google's Interrogatory No. 13, detailing numerous deficiencies with each of the six prior art references asserted in Google's January 24, 2012 invalidity contentions. Ex. 11 at 5-15.

Between March and July of 2012, I/P Engine conducted fact and expert discovery, prepared expert reports, and selected, exchanged, and fully briefed its claim construction positions. In June, this Court held a claim construction hearing and, after considering arguments made by all parties, issued its claim construction opinion on June 15, 2012. *See* Memorandum Opinion and Order, dated June 15, 2012, D.I. 171. I/P Engine did all of this on reliance of Defendants' representations that they had fully disclosed their invalidity theories, and that there was no further prior art on which Defendants would rely.

On July 2, 2012, Google revealed three new invalidity theories, based on three previously unasserted prior art references, U.S. Patents Nos. 6,185,558 ("Bowman"), 6,006,222 ("Culliss"), and 6,421,675 ("Ryan"). Exs. 12-14. Google presented these new theories as a supplement to its December 7, 2011 response to I/P Engine's Interrogatory No. 8. Ex. 1. Google chose to reveal these new prior art references and accompanying invalidity theories less than two weeks before initial expert reports (including on invalidity) were due in this case. Trial is scheduled to begin on October 16, 2012. Rule 16(b) Scheduling Order, dated February 15, 2012, D.I. 90, at 1.

III. DISCUSSION

A. This Court Should Strike The Three Untimely Prior Art References

As discovery sanctions, district courts can exclude contentions from use at trial if the party advancing that information fails to timely supplement that information, as required by the Federal Rules, “unless the failure was substantially justified or is harmless.” Fed. R. Civ. P. 37(c)(1); *see ePlus, Inc. v. Lawson Software, Inc.*, 3:09-cv-620, 2010 WL 3219318, *2 (E.D. Va. Aug. 13, 2010) (citing Fed. R. Civ. P. 37(c)(1) as authority that a “party’s failure to abide by Court scheduling deadlines may result in the exclusion of testimony”). The Federal Rules required Defendants to supplement their invalidity contentions and response to I/P Engine’s Interrogatory No. 8 (as to Google) in a timely manner. Fed. R. Civ. P. 26(e)(1).

Defendants unjustifiably delayed disclosing these three prior art references as potential invalidity references for months, while I/P Engine relied on Google’s statements that it was not withholding any of its invalidity theories. Defendants should not be permitted to add new invalidity references at this late juncture, particularly after repeatedly telling I/P Engine throughout discovery that they had no additional prior art to disclose.

B. Defendants Cannot Excuse Their Disclosure Delay

Trying to excuse their delay, Google’s supplemental interrogatory response of July 2 offered two reasons why it unjustifiably delayed in identifying these references until this late date: 1) I/P Engine’s March 22, 2012 interrogatory response; and 2) this Court’s decision not to adopt Defendants’ preferred claim construction positions. Ex. 1 at 6-7. Neither justifies Defendants’ delay.

1. I/P Engine's timely interrogatory response does not justify the late disclosure

In I/P Engine's timely March 22 response to Google's Interrogatory No. 13, I/P Engine detailed numerous deficiencies with each of the six prior art references asserted in Google's January 24, 2012 invalidity contentions. Ex. 11 at 5-15. Google asserted in its untimely July disclosure that I/P Engine's March interrogatory response listing the deficiencies in Defendants' asserted prior art somehow justified Google's untimely identification of new invalidity theories. Specifically, Google suggests that its introduction of new references is proper because the references address two deficiencies identified by I/P Engine: that Defendants' existing references (1) "do not filter informons 'for relevance to the query'" or (2) "receive information 'found to be relevant to the query by other users.'" Ex. 1 at 6-7. These deficiencies, however, were identified four months earlier, and Google (and every other defendant) chose not to timely supplement their invalidity contentions, or suggest that they were searching for additional prior art. If Google was going to respond to I/P Engine's identification of deficiencies in these references, it should not have waited nearly four months to do so.⁴ Even if Google now concedes that its originally identified prior art references fall short, this Court should not permit Defendants to ambush I/P Engine by piling on new prior art references so late in the case, contrary to the agreements between the parties and after I/P Engine had completed the majority of its fact and expert discovery.

⁴ Defendants cannot say that they were waiting on this Court's claim construction order before remedying these deficiencies, because the claim construction for the terms "informon" and "for relevance to the query" were agreed upon by the parties well before the claim construction hearing, and this Court declined to construe the term "receiving information found to be relevant to the query by other users." See Memorandum Opinion and Order, dated June 15, 2012, D.I. 171, at 8 and 12.

2. This Court’s decision to not adopt constructions “as defendant’s had originally proposed” does not justify Defendants’ delay

Tacitly acknowledging the weakness of its first proffered justification, Google tries to justify its new prior art references by arguing that this Court’s claim construction decision did not construe all of the terms “as Defendant’s had originally proposed.” Ex. 1 at 7. This Court already has rejected this theory.

This Court has held that, for a claim construction order to provide a basis for a defendant to subsequently cite additional invalidating art, the order must have “changed the rules of the game.” *ePlus, Inc.*, 2010 WL 3219318 at *2 (quoting *Johns Hopkins University v. CellPro, Inc.*, 152 F.3d 1342, 1357 (Fed. Cir. 1998)). Here, *the rules of the game have not changed*. Defendants cannot point to any claim term that was construed by this Court that necessitated the need for new prior art. The mere fact that a district court’s definition of a particular claim term differs from that proposed by one or both parties does not automatically justify admission of new invalidity defenses. *See, e.g., Finisar Corp. v. DirecTV Group, Inc.*, 424 F.Supp.2d 896, 901 (E.D. Tex. 2006) (“DirecTV did not adequately explain how the court’s definition of any of the terms in dispute was so surprising, or differed so greatly from the proposals made by the parties, that it justifies admission of new prior art references two weeks before Finisar’s deadline to submit rebuttal expert reports.”). As the *Finisar* Court explained:

A party cannot argue that because its precise proposal for a construction of a claim term is not adopted by the court, it is surprised and must prepare new invalidity defenses to meet claims of infringement. In the first place, courts seldom simply adopt the construction of one party or the other. Secondly, accepting such an argument would encourage parties to file narrow proposed constructions with an eye towards hiding important prior art until shortly before trial. Finally, one of the goals of the Federal Rules of Procedure and the Local Patent Rules is to speed up the litigation process and make it less expensive. A party simply can not wait until shortly before trial to prepare its case. 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.

Id. at 901-02.

Defendants apparently believe that this Court “changed the rules of the game” by adopting two positions with which Defendants disagreed: (1) by not limiting the process of “scanning” to “spidering or crawling”; and (2) by not limiting the terms “collaborative feedback data” and “[feedback system for] receiving information found to be relevant to the query by other users” such that they would “require that the feedback or received information comes from users with similar interests or needs.” Ex. 1 at 7. *These constructions, however, are in no way game changers.*

Defendants offered narrow constructions for several terms, and now claim surprise when those precise constructions were not adopted by this Court. But when Defendants took their aggressively narrow claim construction positions, “[t]he risk of the construction rendered by the presiding judge was well known and anticipated by Defendant.” *Sunpower Corp. Systems v. Sunlink Corp.*, Case No. No. 08-cv-2807, 2009 WL 1657987, *1 (N.D. Cal. Jun. 12, 2009) (holding that Court’s issuance of a claim construction order did not constitute good cause for defendant to amend its invalidity contentions to add new references). For example, Defendants’ narrow proposed construction of the “scanning” term was disputed by I/P Engine, which offered a construction that did not require spidering or crawling. Relying on well established claim construction principles, this Court decided not to limit a claim term “based on a preferred embodiment of the invention,” an outcome that can hardly be described as surprising or unanticipated especially in light of I/P Engine’s claim construction positions. *See Memorandum Opinion and Order*, dated June 15, 2012, D.I. 171, at 14.

Similar to the defense in the *Finisar* case, Defendants presupposed that this Court would accept their aggressive and narrow claim construction positions, and now seek relief from their own calculated decision. Granting such relief, and permitting Defendants' use of references that they have withheld for months, would condone and encourage such practices. Defendants newly adduced prior art should be struck and excluded from this case.

C. I/P Engine Would Be Severely Prejudiced If Defendants Were Allowed to Proceed With Its Newly Revealed Contentions

Allowing Defendants to inject three new prior art references into the case at this late juncture would be extremely prejudicial to I/P Engine. I/P Engine is prejudiced by the pressing need to evaluate and refute Defendants' new prior art theories in the midst of expert reports and the close of fact and expert discovery. Injecting three new prior art references with three new theories of invalidity into the case, when a trial is scheduled only three months away, would needlessly complicate the case. Certainly these references could have been disclosed as part of Google's January 24, 2012 invalidity contentions, or in a timely response to I/P Engine's March 22, 2012 interrogatory response. Defendants cannot suggest that they were not aware of, or could not have located, this prior art earlier, and have not shown any justification for delaying their identification of the Culliss, Bowman, and Ryan patents until July 2, 2012.⁵

The Culliss and Ryan patents merit special attention in this context. Without a doubt, Defendants knew about the Culliss patent at least as early as September 15, 2011 because it

⁵ Other district courts have held that a defendant cannot unjustifiably delay its search for relevant prior art, and then remedy this deficiency merely by diligently seeking to add that prior art once it is discovered. *Streak Products, Inc. v. Antec, Inc.*, Case No. 09-cv-04255, 2010 WL 3515752, *2 (N.D. Cal. Sep. 8, 2010) (“[T]he critical issue is not what Defendants did after they discovered the [newly identified prior art], but whether Defendants could have discovered them earlier had they acted with the requisite diligence.”); *see also Sunpower Corp.*, 2009 WL 1657987 at *3 (denying defendant's motion to amend its invalidity contentions to add publication prior art references because “there is no showing that the prior art references were difficult to locate and no showing that any diligence was exercised in discovering them.”).

appears on the face of the patents-in-suit.⁶ At the very least, diligent counsel must examine the references that were part of the Patent Office's file to determine their potential relevance. This Court should assume that Defendants did so. I/P Engine assumed so and then relied upon Defendants' repeated statements to I/P Engine that they had no further prior art to identify, which would certainly include any references disclosed by the patents-in-suit. Ex. 8 at 3 n.2; Ex. 10 at 2. Defendants knew or at least must be charged with notice of the Culliss patent when they prepared and submitted their invalidity contentions on January 24, 2012, and when their counsel told I/P Engine that they had no further prior art to identify on March 2, 2012.

Similarly, Defendants knew about the Ryan reference at least by February 13, 2012, when Google listed the corresponding Bates Range in an interrogatory response. By that point, Defendants presumably had recognized that the Ryan reference needed to be identified in its invalidity contentions, yet told I/P Engine only a few weeks later that "*there is no further art for us to identify in our invalidity contentions today.*" Ex. 8 at 3 n.2 (emphasis added).

Nonetheless, Defendants saw fit to wait until after claim construction briefing was complete, and after this Court had issued its claim construction ruling rejecting their narrow and aggressive positions, to reveal their theories that the Cullis and Ryan references were allegedly invalidating prior art. As courts have held, this tactic severely prejudices I/P Engine by hiding Defendants' positions until after the claim construction process has completed. *ChemFree Corp.*, 250 F.R.D. at 573 ("Most importantly . . . this Court has already construed the claims of the patents-in-suit when Defendants amended their invalidity contentions. Defendants could

⁶ See, e.g., *ChemFree Corp.* 250 F.R.D. at 573 (holding that Defendant became aware of patents listed on the face of the patent-in-suit on the day the complaint was filed); *Nano-Second Technology Co., Ltd. v. Dynaflex Intern.*, No. 10-cv-9176, 2012 WL 2077253, *1-2 (C.D. Cal. Jun. 6, 2012) (accused infringer should have known of prior art referenced in asserted patent since being served with the complaint).

have amended their contentions well before the Markman hearing.”). Defendants’ “failure to diligently inquire into these patents is inexcusable, and it serves only to delay this litigation.” *Id.*

To condone Defendants’ delay is to discourage the open and proactive identification of contentions that is encouraged by the Federal Rules. As explained by the Federal Circuit, “[i]f the parties were not required to amend their contentions promptly after discovering new information, the contentions requirement would be virtually meaningless as a mechanism for shaping the conduct of discovery and trial preparation.” *O2 Micro Intern. Ltd. v. Monolithic Power Systems, Inc.*, 467 F.3d 1355, 1366 (Fed. Cir. 2006).

In fact, Google has unsuccessfully sought to use this “sandbagging” tactic before. *Oracle America, Inc. v. Google Inc.*, Case No. 10-cv-03561, 2011 WL 3443835 (N.D. Cal. Aug. 8, 2011). In the *Oracle* case, Google attempted to supplement its invalidity case one month after the court issued its claim construction ruling:

The claims and defenses at issue have been significantly narrowed in reliance on the parties’ infringement and invalidity contentions. The final pretrial conference and jury trial are only two months away. This action is well advanced, and Google now seeks leave to bring an entire fleet of new invalidity defenses into the fray.

Id. at *1. There, the court refused to allow Google to inflate its invalidity case with new prior art, holding that “Google’s decision to wait until after Oracle was locked into its claim selections to fortify its invalidity case with defenses that it has now determined are among its strongest amounts to sandbagging.” *Id.* at *2 (*internal citations omitted*). The same conclusion should be applied here.

IV. Given The Circumstances In This Case, The Requested Discovery Sanctions Are The Only Proper Remedy

I/P Engine has conducted discovery based in part on Defendants’ statements regarding their prior art references. For example, as I/P Engine told Defendants, the extent of I/P Engine’s

conception and reduction to practice investigation was guided in part and became moot because of the dates of Defendants' identified prior art invalidity theories. Once I/P Engine was aware of the effective dates of Defendants' prior art references and concluded that those dates were too early to be pre-dated by any document related to conception and reduction to practice activities, I/P Engine stalled its investigation given the fast-paced discovery schedule in this case. Related to this decision, I/P Engine specifically requested confirmation that Defendants were not holding back any prior art references.

Now, Defendants have introduced and relied upon theories based on prior art references that only predate the effective date of the patents-in-suit by *a few months*. Thus, I/P Engine could now possibly pre-date these prior art references. Given this, I/P Engine would have conducted a more aggressive conception and reduction to practice investigation to possibly pre-date the effective dates of Defendants' new prior art references. I/P Engine cannot now re-ring that bell with only 5 weeks left before the fact discovery deadline; unfortunately, this is not a circumstance that can be cured. Thus, the only proper remedy at this juncture for Defendants' unjustifiable tactics is to strike and exclude the new untimely prior art references.

V. CONCLUSION

For the reasons discussed above, the three untimely asserted prior art references identified in Defendant Google Inc.'s Third Supplemental Objections and Responses to Plaintiff I/P Engine, Inc.'s Interrogatories should be struck and excluded from this case.

Dated: August 3, 2012

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CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of August, 2012, the foregoing **BRIEF IN SUPPORT OF PLAINTIFF I/P ENGINE, INC.’S MOTION FOR DISCOVERY SANCTIONS REGARDING UNTIMELY DISCLOSED PRIOR ART**, was served via the Court’s CM/ECF system, on the following:

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