

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION**

I/P ENGINE, INC.,

Plaintiff,

v.

AOL, INC. et al.,

Defendants.

Civ. Action No. 2:11-cv-512

**REPLY IN SUPPORT OF PLAINTIFF I/P ENGINE’S
MOTION FOR DISCOVERY SANCTIONS**

I. INTRODUCTION

Nowhere in their 21-page opposition do Defendants dispute the fact that they knew about the three newly-asserted references well before revealing their related invalidity theories to I/P Engine. Instead, Defendants claim that they had no reason to disclose the long-known prior art references until they did because they did not previously think that they had to. Defendants make a myriad of excuses to justify their position, including blaming this Court’s claim construction decision, and I/P Engine’s supplemental infringement contentions and interrogatory responses. As discussed below, none of these events altered the facts triggering a “new” need to disclose the new invalidity theories.

As they have done in previous litigations, Defendants strategically withheld their invalidity theories about known prior art 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 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.

Under Fed. R. Civ. P. 26(e)(1), the parties have a duty to supplement their interrogatory responses in a timely manner if, and when, they have newly discovered information. None of the parties dispute that fact. Here, Defendants failed to comply with their duty when they disclosed the “three newly-asserted prior art theories” based on three prior art references that were anything but newly discovered.

As admitted by Defendants, “Rule 37(c)(1) states that a court may exclude evidence that is not disclosed under Rule 26(e).” Opposition at 12. This Court should do just that with respect to Defendants’ three *newly-asserted*, but not *newly-discovered*, prior art references.

II. ARGUMENT

A. Defendants’ Conduct is a Violation of Rule 26(e) and Amounts to “Sandbagging” Because the Three Prior Art References are “Newly Asserted” – Not “Newly Discovered” Information

Again, Defendants do not dispute that they knew about the three prior art references long before they disclosed them on July 2. Nor do they claim to have recently discovered them. And indeed, such assertions would be baseless.

The Culliss patent appears on the face of the patents-in-suit. *See, e.g., ChemFree Corp. v. J. Walter, Inc.*, No. 1:04-cv-3711-JTC, 250 F.R.D. 570, 573 (N.D. Ga. Oct. 29, 2007) (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). Thus, Defendants knew about the Culliss patent at least as early as September 15, 2011—the day that the complaint was filed. I/P Engine was entitled to and properly assumed that Defendants did not intend to rely

upon Culliss, particularly in light of Defendants' repeated statements that they had no further prior art to identify, which would certainly include any references disclosed by the patents-in-suit themselves. *See* D.I. 200, Ex. 8 at 3 n.2 and Ex. 10 at 2.

Defendants similarly knew about the Ryan reference since at least February 13, 2012, when Google listed the patent in a string cite in an interrogatory response. Ex. 1. By that point, Defendants presumably had recognized that the Ryan reference needed to be identified in its invalidity contentions, yet only a few weeks later, told I/P Engine that it would not be supplementing its invalidity contentions as "there is no further art for us to identify in our invalidity contentions today." D.I. 200, Ex. 8 at 3 n.2.

Finally, Defendants do not claim that they had no previous knowledge of Bowman; they simply argue that they had no reason to identify it before they did. But nothing has changed the issues in this case that justify why Defendants should not have disclosed Bowman earlier. Nor do Defendants explain why, when expressly asked if they knew of any additional prior art, when they obviously did, they told I/P Engine that they knew of no additional prior art.

Defendants made a strategic decision to withhold these references and invalidity 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. As courts have held, Defendants' hiding of their positions severely prejudices I/P Engine. *ChemFree Corp.*, 250 F.R.D. at 573.

B. Claim Construction, Nor I/P Engine's Infringement Contentions Justify Defendants' Delay

a. Defendants cannot point to any claim term that was construed by this Court that necessitated the need for new prior art

Defendants assert that "the status of Bowman, Culliss, and Ryan as anticipatory art did not become clear until after Plaintiff finally disclosed its contentions regarding the "collaborative

feedback data” limitation during the *Markman* hearing, and after the Court issued an Order excluding the “users with similar interests or needs” requirement from that limitation.”

Opposition at 20.

According to Defendants, “it was not until the *Markman* hearing on June 4 that Plaintiff first disclosed what it meant by the ‘users with similar interests or needs’ requirement in ‘collaborative feedback data’” so “Defendants’ invalidity position could (and did) expand to include prior art references that do not compare user profiles to determine which users have ‘similar interests or needs.’” *Id.* at 12. Defendants’ assertion is without merit.

I/P Engine has *always* maintained that clickthrough data is “collaborative feedback.” Ex. 2 (“Google AdWords receives feedback (in the form of clickthrough data) about information, e.g., advertisements, considered by the other users.”).¹ I/P Engine stated, with no ambiguity, that to Defendants as early as its preliminary infringement contentions on November 7, 2011 (Ex. 2); and Google confirmed its understanding of it. D.I. 127, Ex. 22 at 40 and Ex. 23 at 10. Thus, even under Defendants’ logic, Defendants have always been on notice that I/P Engine interpreted the claims in a manner that required Defendants to consider I/P Engine’s infringement positions and constructions for invalidity purposes. To say otherwise would mean that Defendants blatantly ignored I/P Engine’s contentions when searching for prior art references – which is not a sufficient excuse for violating Rule 26. Defendants had an obligation to consider prior art (particularly that it was already aware of) that would allegedly fall within both sides constructions.

¹ And Google understood this long ago – at least as early as March 30, 2012 – when it admitted in its response to I/P Engine’s non-infringement interrogatories that “Plaintiff apparently asserts that this limitation is met . . . by the use of historical clickthrough rate or CTR in the calculation of Quality Score.” D.I. 127, Ex. 22 at 40 and Ex. 23 at 10.

Defendants’ excuse that this Court’s claim construction decision “expanded the field of anticipatory art” is equally without merit. Because, even assuming the Defendants are correct that “[t]he Court’s *Markman* Order [] expanded the field of anticipatory art by eliminating the filtering based on the ‘users with similar interests or needs’ limitation from the asserted patents” (Opposition at 13), I/P Engine has always contended an interpretation of “collaborative feedback data” that included its known infringement positions. Defendants cannot now claim the game has changed simply because this Court rejected their unduly narrow constructions. Defendants’ newly asserted prior art references do not address any deficiencies in their invalidity argument that were not already apparent well before claim construction.

b. I/P Engine’s supplemental infringement contentions relevant to “collaborative feedback data” are *exactly* the same as its previous contentions about this issue.

Defendants argue that they should be allowed to supplement their invalidity contentions with new prior art because I/P Engine supplemented their infringement contentions that same day with allegedly new infringement theories. This is a non sequitur. The relevant evidence regarding the infringement contentions has not changed. As before, the supplemental infringement contentions clearly state “Google AdWords receives feedback (in the form of clickthrough data) about information, e.g., advertisements, considered by the other users.” This is the *exact same language* used with respect to this feature in the prior version.²

² Further, the newly accused functionalities in I/P Engine’s infringement contentions were discovered through the depositions conducted throughout the month of June and thus newly discovered information, whereas the prior art references at issue here were known prior art references – not newly discovered information.

C. The Asserted Priority Date For the Patents-In-Suit has Been the *Same* Throughout this Litigation

Defendants seem to argue that because I/P Engine supplemented its priority date-related interrogatory response, that somehow excuses Defendants' untimely disclosure of the three newly identified references; that is not the case. In every response, the priority date has *never* changed—it has always been December 3, 1998.

Specifically, I/P Engine identified December 3, 1998 as the effective date for the patents-in-suit on December 7, 2011 (Ex. 3); and again, on February 13, 2012 (Ex. 4); then again, on May 11, 2012 (Ex. 5); and then again, on July 2, 2012 (Ex. 6). It is thus inexplicable as to how Defendants have been prevented from focusing their prior art searches on references that pre-date December 3, 1998. The only difference between I/P Engine's discovery responses is semantic – the language was merely modified to accommodate and quell Defendants' unjustified concern that I/P Engine was somehow withholding information.

D. Whether Defendants Violated a Deadline or Court Order Is Not Dispositive

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). As this Court is aware, Fed. R. Civ. P. 37(c)(1) does not require a violation of a Deadline or Court Order. What the rule does require is 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). They failed to do so and had a duty to do so.

E. Contrary to Defendants' Assertions, I/P Engine Has Been Prejudiced

Striking these untimely asserted references is the only meaningful remedy for Defendants' violation of the discovery rules. Any other remedy would only reward Defendants

for their obstructive conduct. I/P Engine is prejudiced by the pressing need to evaluate and refute Defendants' new prior art theories at the last minute in the midst of expert reports and the close of fact and expert discovery when there is no justifiable reason for needing to do so. Defendants attempt to excuse this prejudice by stating that these prior art theories "were served several weeks before Defendants' invalidity expert report issued, nine weeks before the close of expert and fact discovery, and long before the first expert has even been deposed." Opposition at 1. Based on that logic, it appears that Defendants' position is: yes we violated Rule 26, so what; Plaintiff still has enough time to prepare a response. This Court cannot condone such conduct.

Further, the prejudice that I/P Engine has suffered cannot be so easily corrected. Defendants waited until after *Markman* to assert these three prior art references. Without dispute, Defendants knew of the prior art references months before they asserted them. I/P Engine structured its discovery based upon, *inter alia*, Defendants' invalidity contentions and their repeated confirmations that they were not going to rely on any prior art other than the six references identified in their invalidity contentions. Defendants' tactics created unjustifiable prejudice to I/P Engine.

III. CONCLUSION

Defendants do not deny knowing about the prior art references for many months before disclosing them. Instead, they say that I/P Engine's infringement contentions, interrogatory responses and this Court's claim construction justified the delayed assertion of the already known references. As discussed above, none of these events changed the facts or theories of this case justifying Defendants' failure to timely disclose their invalidity theories. They were relevant to the same facts and theories before these events.

Defendants intentionally and strategically waited to place I/P Engine at a disadvantage. Defendants intentional sandbagging is even more blatant considering that Defendants expressly (and repeatedly) told I/P Engine that they were not going to rely upon any additional prior art or withholding any additional invalidity theories, statements which I/P Engine relied upon to its detriment. Defendants should not be permitted to add new invalidity references at this late juncture, after repeatedly telling I/P Engine throughout discovery that they had no additional prior art to disclose, after claim construction and so close to the end of fact discovery and trial.

For the foregoing reasons, I/P Engine respectfully requests that this Court strike and exclude 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.

Dated: August 23, 2012

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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of August, 2012, the foregoing **REPLY IN SUPPORT OF PLAINTIFF I/P ENGINE'S MOTION FOR DISCOVERY SANCTIONS**, was served via the Court's CM/ECF system, on the following:

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