**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., | ) | **REDACTED VERSION** |
| | ) | |
| Defendants. | ) | |

**MEMORANDUM IN SUPPORT OF PLAINTIFF I/P ENGINE, INC.'S
THIRD MOTION FOR DISCOVERY SANCTIONS
<u>REGARDING UNTIMELY DISCOVERY RESPONSES</u>**

**I.      INTRODUCTION**

On September 14, 10 days after the close of fact discovery, Google produced more than

250 pages of source code that had never previously been disclosed.  Google also served

supplemental interrogatory responses asserting that the previously concealed source code

allegedly shows that, prior to 2012, the accused systems did not include all features that I/P

Engine has accused of infringement.  Google's untimely new production and supplemental

interrogatory responses come after the close of fact discovery (September 4), after the close of

expert discovery (September 11), and after service of all expert reports.

There is no excuse for Google's delay.  I/P Engine requested production of Google's

technical documents in its November 11, 2011 First Request for Documents.  Google refused at

that time to produce any source code.  After the Court entered a Protective Order that contained

pages of provisions relating to source code, which Google insisted on, I/P Engine requested that

it be permitted to inspect specific portions of source code that Google's Rule 30(b)(6)

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representative identified at deposition as being necessary to confirm the technical operation of the accused systems.  Ex. 1.  As a result of that review and analysis, I/P Engine identified ██████████ in the source code that are important to the infringement issues in this case. I/P Engine then served an interrogatory requesting that Google identify of all ██████████ used in Google's accused systems for the period of alleged infringement (September 2005 to present). I/P Engine requested that information to confirm that Google had been using the same ████████ since 2005, so that I/P Engine's expert could rely on Google's identification of those particular ████████ for the full infringing period.  Google responded to that interrogatory by pointing to the exact same source code, and the exact same ████████ that had already been produced.  At no time during discovery did Google identify the additional 250 pages of source code that were disclosed on September 14, and at no time during fact discovery did Google suggest ████████ ████████████████████████████████████████ I/P Engine and its expert relied upon Google's discovery responses in formulating its infringement opinions, as set forth in I/P Engine's expert report of July 25, 2011.

Google cannot credibly argue that it was unaware – or did not understand – the significance of the ████████ information, nor can it argue that it was somehow exempt from answering I/P Engine's interrogatory based on a lack of understanding about the significance of the information.  Google long has been aware that the ████████ used in the source code would be relevant to the infringement issues in this case, e.g., the ████████ identified by Dr. Frieder's July 25 Report as representing the content and collaborative data recited in the claims.  In fact, Google identified certain ████████ during the testimony of its Rule 30(b)(6) witness.   Then, Google confirmed in its interrogatory responses that the source code produced as a result of that

testimony was fully responsive. Thus, Google has no justification for concealing the additional source code that was produced after the close of all discovery.

The prejudice to I/P Engine is severe. The production by Google of this evidence after the close of both fact and expert discovery, after I/P Engine served its expert reports, and after I/P Engine's infringement expert had already been deposed, utterly deprives I/P Engine from reviewing, analyzing, refuting, or deposing Defendants' fact witnesses regarding this new source code. Trial is imminent. There is no way for I/P Engine to cure this harm and preserve the pretrial schedule and trial date. Delay would only reward Google; I/P Engine is not seeking and would object to any delay. Preclusion of this untimely production is the appropriate remedy. Preclusion is appropriate under Rule 16(f) as Google's production violates this Court's Rule 16 Scheduling Order because the production was clearly after the close of fact and expert discovery. Preclusion also is consistent with this Court's comments during the hearing on September 18, 2012. Preclusion as a remedy for untimely disclosure has been endorsed by the Federal Circuit. *Woods v. DeAngelo Marine Exhaust, Inc.*, No. 2010-1478, 2012 WL 3683536 (Fed. Cir. Aug. 28, 2012) (sustaining as a discovery remedy the preclusion of evidence disclosed during the last days of fact discovery); *see also Barksdale v. E & M Transp., Inc.*, 2010 WL 4534954 (E.D. Va. 2010).

## II.  LEGAL STANDARD AND RELIEF SOUGHT

### A.  Legal Standards

Parties have an obligation under a court's Rule 16 scheduling order to comply with the discovery deadlines. Rule16(f) allows for sanctions if a party fails to obey a scheduling order, including "prohibiting the disobedient party … from introducing designated matters into evidence and "prohibiting the disobedient party from supporting or opposing designated claims or defenses." Fed. R. Civ. P. 37(b)(2)(A)(ii), which is referenced by Rule 16(f)(1).

The Federal Rules of Civil Procedure require parties to timely provide responses to discovery requests. Fed. R. Civ. P. 26, 33 and 34. Federal Rule of Civil Procedure 26(e)(1) requires timely supplementation of responses to interrogatories and requests for production if the previous response is incomplete or incorrect. If a party fails to provide the information required by Rule 26(e), the party is not allowed to use that information a trial unless the failure was substantially justified or is harmless. Fed. R. Civ. P. 37(c)(1) ("the party is not allowed to use that information . . . to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or harmless"). The Federal Circuit recently emphasized that these rules "prohibit[] parties who are aware of a deficient response from holding back material items and disclosing them at the last moment." *Woods*, No. 2010-1478, 2012 WL 3683536, at *7.

In the Fourth Circuit, five factors guide whether a failure to timely supplement was "substantially justified or harmless:"[1]

(1) the surprise to the party against whom the evidence would be offered;
(2) the ability of that party to cure the surprise;
(3) the extent to which allowing the evidence would disrupt the trial;
(4) the importance of the evidence; and
(5) the non-disclosing party's explanation for its failure to disclose the evidence.

*Southern States Rack And Fixture, Inc. v. Sherwin-Williams Co.*, 318 F.3d 592, 597 (4th Cir. 2003) (characterizing these factors as preventing "surprise and prejudice").

The party facing sanctions has the burden of showing that its actions were substantially justified or harmless. *Id*. at 596. Untimely supplementations may be struck regardless of

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[1] The factors to be considered in determining whether sanctions are appropriate under Rule 16(f) are similar to those considered under Rule 37(c)(1): (1) the reason for the failure; (2) the importance of the evidence; (3) potential prejudice in allowing the evidence and (4) the availability of a continuance to cure such prejudice. *Scott v. Holz-her, U.S., Inc.*, 2007 WL 3171937 (W.D. Va. 2007)

whether the supplementing party acted in bad faith.  *Id.* ("neither of these requirements suggests

that the non-disclosing party must act in bad faith or otherwise culpably").

## B. Relief Sought

I/P Engine is respectfully seeking to preclude Google from using in any form its untimely

produced source code for any purpose in this litigation, as well as to have such information

stricken from Google's supplemental responses to Interrogatory Nos. 21 and 22.

## III. DISCUSSION

### A. Background

In its November 7, 2011 First Requests for Documents, I/P Engine expressly asked for

Google's technical documentation.  For example, Document Request No. 6 stated:

> For each Google system identified in response to Plaintiff's Interrogatory
> No. 2, documents sufficient to show the function, operation and use of the
> identified systems to present advertisements on search results pages in
> response to a user query.

Ex. 2.

After receiving an initial technical production that did not include source code, the parties

painstakingly negotiated a protective order that contained pages of provisions related to source

code.  Google insisted on those provisions.  That Order was entered on January 23, 2012.

I/P Engine also asked Google to disclose all facts relating to non-infringement in its First

Set of Interrogatories to Google.  For example, Interrogatory No. 6 sought "each basis for

Google's contention that it is not a direct infringer including, but not limited to, all facts,

documents, communications and/or events which Google contends are pertinent thereto."  Ex. 3.

I/P Engine pressed Defendants to complete their document production, which was

substantially completed in April 2012.  Google still had not produced source code.  I/P Engine

proceeded with Rule 30(b)(6) deposition discovery; Google took more than two months to begin

to produce witnesses.  Based on the testimony of one of Google's 30(b)(6) representatives, Jonathan Alferness, I/P Engine requested specific portions of Google's source code that had not been previously produced.  Pursuant to the provisions of the Protective Order, Google made its source code available for inspection on July 11, 2012.  I/P Engine's counsel and technical expert reviewed the production, printing relevant portions.  I/P Engine used that source code production during depositions of Google engineers and in formulating its infringement positions.  Through I/P Engine's analysis, and deposition testimony from Google witnesses, I/P Engine learned that certain ███████ used in the source code were relevant to the infringement issues in the case. I/P Engine's infringement expert identified and discussed those templates in his expert report, and explained why they were relevant to his analysis.

To ensure that the source code that Google had produced was representative of all relevant source code in the accused systems since 2005, I/P Engine served an interrogatory requesting that Google identify all historical versions of the ███████ used in its source code:

███████████████████████████████████

Ex. 4 (emphasis added).  Google responded to these interrogatories by directing I/P Engine to the exact same source code that it had previously produced, and also to Google's fact witness deposition testimony regarding that same source code.  Ex. 5.  This was the same source code that Google relied upon throughout this case.  Google did not identify any other source code, or anything suggesting that there were different ███████ for different periods of time.

Then, after the close of both fact and expert discovery, and after the deposition of I/P Engine's infringement expert, on September 14, Google supplemented its responses to I/P Engine's Interrogatory Nos. 21-22.  Ex. 6.  Google also stated that it would be producing brand

new source code relating to its accused systems. *Id.* In its supplemental response, Google

identifies different ███████████, which it claims existed prior to November 8, 2010, and

directed I/P Engine to its soon-to-be produced source code for these additional ████

████████ *Id.*

Google apparently intends to use the untimely produced-source code to rebut I/P

Engine's infringement analysis and argue that there could be no infringing use prior to

November 8, 2010. If Google had non-infringement arguments, it had an obligation to make that

known during the discovery period. Nothing has transpired post-discovery that would justify

Google's production of this new source code. During the meet and confers relating to this

motion, Google's only claimed justification for its late production of the source code was the fact

that, prior to his deposition, Dr. Frieder's updated his infringement expert report to include

additional citations to evidence (deposition testimony and documents) that I/P Engine did not

have when he served his report.[2] Dr. Frieder's opinions and conclusions did not change in any

way.[3]

Dr. Frieder's citations to the deposition testimony of Google's fact witnesses does not in

any way justify Google's belated response to the interrogatory requesting ████████████

That information may have been newly disclosed to I/P Engine and Dr. Frieder, but Google has

had that information in its possession *for years*. Google knew that I/P Engine was interested in

the source code templates. During discovery, Google identified the source code ████████ on

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[2] Dr. Frieder also acknowledged that, after his report was served, this Court's altered the claim construction of the term "collaborative feedback data." Dr. Frieder concluded that the Court's new construction did "not alter [his] conclusion that all asserted claims are infringed" and stated that "[t]he evidence relied upon previously satisfies the Court's revised construction of 'collaborative feedback data.'"

[3] I/P Engine provided a redline version of Dr. Frieder's updated report so Defendants could easily what citations were new. Google has conceded that all of the new material in Dr. Frieder's updated report post-dated his initial report.

which I/P Engine relies.  Google cannot at its own discretion after the close of fact discovery

decide to now produce previously concealed information because it perceives the information

may help it.  I/P Engine's interrogatory requested all ███████ 2004-present, and Google pointed

to the already-produced source code.  The interrogatory did not reference Dr. Frieder's report,

nor did it ask for only the ███████ that would be relevant to his infringement theories[4] – the

interrogatories asked for ████████████, and Google cited the already-produced code.

Google should be held to that answer, as I/P Engine has relied on its accuracy.

The harm to I/P Engine is self-evident.  Google substantively responded to all of I/P

Engine's discovery and produced substantial source code, and I/P Engine relied on those

responses and productions.  I/P Engine served its infringement expert report on July 25, 2012.

I/P Engine relied on the completeness of Google's previously produced source code while

deposing Google's engineers and experts.  I/P Engine's expert witnesses prepared expert reports

based on the information that Google had made available.  With trial less than a month away, the

harm to I/P Engine cannot be mitigated in any meaningful way.  If the Court allowed Google to

make this supplementation, then Google would also have to produce all other source code sought

by I/P Engine's discovery requests (i.e., pre-2010 source code).  I/P Engine would then have the

right to properly analyze and assess Google's all of that information in addition to the newly

produced source code, I/P Engine would need to depose additional Google engineers on this

information, I/P Engine would need to update its expert report prior to trial to explain why the

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[4] Even now, Google appears to only respond to the portions of the interrogatory that helps its case.  Google only produced a single snapshot of history – a single 2010 version that Google claims shows ████████████.  Google has still not accounted for versions prior to 2010, and it certainly has not identified ██████████████████████████, as requested by the interrogatories.  Google cannot have it both ways, by picking and choosing what portions of an interrogatory it wants to comply with (and when) for its own self-serving reasons, but failing to provide a fulsome response when it decides it does not help it.

newly produced information also infringes the patents-in-suit and Google would want to respond to all of that discovery and disclosure. The time for all of that activity has passed.

**B. Preclusion of Google's Untimely Produced Source Code is the Only Appropriate Remedy to Mitigate the Harm and Substantial Prejudice caused to I/P Engine**

The five factors considered under Rule 37(c)(1) illustrate the unjustifiable delayed by Google and severe harm caused to I/P Engine because of Google's untimely discovery. Each of these factors are discussed in turn below.

**1. Factor 1: The Surprise to I/P Engine**

Factor 1 weighs in favor of I/P Engine. I/P Engine was surprised. There was no way that I/P Engine could have anticipated that after the completion of fact discovery, expert discovery, and on the eve of trial, Google would produce new source code relating to key infringement issues in this case. Google had relied on the previously produced source code for the entirety of this case. Further, Google never gave any indication prior to the close of discovery that the information it provided was incomplete. Indeed, during the discovery period Google responded to I/P Engine's interrogatories that requested identification of ▮▮▮▮▮▮▮▮▮ used from 2004 to the present by citing only to documents it had already produced. *See* Ex. 5 at 10-12. Even more, I/P Engine deposed three Google engineers about the source code and at no time during those depositions did Google's engineers testify that the source code was incomplete or that different relevant source code existed.

**2. Factor 2: I/P Engine's Ability To Cure the Surprise and Factor 3: The Extent to Which Allowing the Evidence Would Disrupt the Trial**

Factors 2 and 3 also weigh in favor of excluding Google's untimely discovery responses. There is no way for I/P Engine to cure this harm and preserve the pretrial schedule and trial date. At this late stage, the only way that the surprise (prejudice) may be cured is by precluding

Google from using in any form the untimely produced source code and striking its supplemental interrogatory responses. *See Jarrell-Henderson v. Liberty Mut. Fire Ins. Co.*, 2009 WL 347801 (E.D.Va. 2009) (striking documents produced after the close of discovery); *Barksdale v. E & M Transp., Inc.*, 2010 WL 4534954 (E.D. Va. 2010) (striking documents produced ten days after close of discovery and interrogatory responses produced twelve days after close of discovery).

Google's unilateral withholding of some, but not all, of its source code until after the close of discovery is not something that I/P Engine could have predicted. The effects of Google's untimely production on I/P Engine's case preparation cannot be undone. *See Slaughter v. Barton*, 2003 WL 24100297 (W.D. Va. 2003) ("allowing such an untimely disclosure would be disruptive to the trial in this matter because it would condone the strategy of last-minute disclosures, behavior that flies in the face of the Federal Rules of Civil Procedure").

Trial is scheduled to begin on October 16. Under the long-established pretrial schedule, there is no way that I/P Engine would be able to adequately account for Google's new source code and comply with the Court's pretrial schedule and trial date. Indeed, to understand and process Google's new source code as noted above, I/P Engine would have to expend significant time and effort, have its expert witness inspect the source code, conduct depositions of Google's engineers, and have its expert witness prepare a supplemental report to address this new evidence. These activities would essentially require the reopening of discovery and moving the pretrial deadlines and the trial date. Any such delay only would reward Defendants for their dilatory conduct.

### 3. Factor 4: The Importance of the Evidence

I/P Engine cannot fully evaluate the importance of the new evidence because it has not had a sufficient opportunity to review and analyze Google's new source code nor has it even received the remainder of the code requested by its interrogatory. Based on Google's

supplemental interrogatory responses, however, it appears that the new source code that Google

has selectively produced will be used, at a minimum, to force I/P Engine to supplement its

infringement proofs.  As discussed above, I/P Engine cannot do so a Court order reopening

discovery and modifying the Court's pretrial and trial dates.  This factor weighs in I/P Engine's

favor.

### 4. Factor 5: Google's Explanation For Its Failure To Disclose Its Evidence

Google has no justification for producing this new source code after the close of

discovery.  The source code is not *newly discovered* evidence.  Google itself acknowledges this

code dates back to at least November 8, 2010.  Ex. 6.  I/P Engine unambiguously requested

Google's source code.  Google alleges that its untimely disclosure was necessitated because Dr.

Frieder updated his report.  *Id*.  Nothing in Dr. Frieder's supplemental report justifies Google's

production of its additional source code after the close of discovery, particularly as I/P Engine

expressly asked for and sought out Google's source code in documents requests (November 7,

2011), through deposition (June 21, 2012), by letter (June 27, 2012), and by interrogatory

(August 1, 2012).   None of I/P Engine's discovery requests were tied to Dr. Frieder's report, so

any updates in his report have no bearing on Google's underlying discovery obligations.

## IV.   CONCLUSION

As explained above, Google's delay was neither justified nor harmless.  The harm to I/P

Engine because of Google's production of material source code after the close of discovery

cannot be cured.  The appropriate sanction is excluding the newly produced source code and striking Google's supplemental responses to Interrogatory Nos. 20-22.  Any other sanction would simply reward Google for its dilatory tactics.

Dated: September 21, 2012

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<div align="center">**CERTIFICATE OF SERVICE**</div>

I hereby certify that on this 21st day of September, 2012, the foregoing

**MEMORANDUM IN SUPPORT OF PLAINTIFF I/P ENGINE, INC.'S THIRD MOTION**

**FOR DISCOVERY SANCTIONS REGARDING UNTIMELY DISCOVERY**

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