UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

I/P ENGINE, INC.,	)	
Plaintiff,	)	
v.	)	Civ. Action No. 2:11-cv-512
AOL, INC. et al.,	)	
Defendants.	)	

PLAINTIFF I/P ENGINE, INC.'S REPLY IN FURTHER SUPPORT OF ITS SECOND MOTION FOR DISCOVERY SANCTIONS REGARDING UNTIMELY DISCOVERY RESPONSES

I. INTRODUCTION

Google does not dispute that, for all three matters raised in I/P Engine's motion, Google withheld highly relevant information for more than nine months. It stonewalled, failing to provide documents, interrogatory answers, or Rule 30(b)(6) deposition testimony until after I/P Engine's expert reports were filed. Then, Google provided the withheld information to its own experts, who criticized I/P Engine's experts for lacking the information Google refused to provide in discovery.

Google does not contend that the information was not requested by I/P Engine; there is no dispute that all of this information was requested in November 2011. Google does not contend that the information was provided prior to August 29, 2012, two business days before the close of fact discovery. Google does nothing more that baldly assert that the timing of its supplementations were proper because they came immediately before the close of discovery.

Google's conduct is contrary to every aspect of litigation in this District, as well as the Federal Rules and this Court's Scheduling Order.

Google claims that any prejudice can be cured by engaging in additional discovery outside of the discovery period. I/P Engine has not sought additional discovery, does not want to delay trial, and does not believe that the violator gets to determine his own punishment. And doing so would not cure the harms that I/P Engine has already suffered. If this Court does not sanction Google for its egregious misconduct, then Google will have received a significant strategic advantage from its behavior. It avoids critical examination of the evidence by preventing deposition testimony and expert testimony about the evidence. It places the experts on an uneven playing field by granting Google's experts' access to information that I/P Engine's experts were denied. It gains the ability to criticize I/P Engine for failing to obtain the withheld information. And it encourages Google and other litigants to play fast and loose with the discovery rules in this District. I/P Engine therefore requests that the Court enforce its Scheduling Order and the Federal Rules of Civil Procedure by sanctioning Google for its gamesmanship.

II. DISCUSSION

A. Google Seeks To Avoid Any Punishment For Its Gamesmanship Regarding The Revenue Base

1. Google's Behavior Was Improper

Prior to the service of its rebuttal expert damages report, Google failed to produce any information besides what it now identifies as worldwide information in response to I/P Engine's document requests, served November 7, 2011. Google fails to allege any deficiency in those requests. Google long has known that I/P Engine was seeking defendants' statement of revenues; instead of being forthcoming, Google elected to hide the ball. Google's defense in its

opposition (at 6) that I/P Engine could have made "estimates" or "waited for an update" blatantly disregards the purpose of discovery, and Google's own conduct: Before I/P Engine served its damages report, it wanted a clear, unequivocal statement of Google's U.S. revenues relating to the accused systems. Instead of providing the actual numbers, Google used Rule 33(d) to refer to the exact documents that it had previously produced. Google now says that response was wrong. It offers no justification whatsoever for misleading I/P Engine. It just says that I/P Engine should have known that Google was being dishonest.

In response to I/P Engine's long-standing discovery requests, Google failed to produce any information prior to the close of discovery regarding its U.S. revenues for the accused products. Despite Google's spinning to the contrary, the transcript of Google's Rule 30(b)(6) witness on financial topics was equivocal. That witness added, however, that it would not be difficult for him to obtain the requested information. For that reason, I/P Engine served a stratighforward interrogatory seeking that information, and Google stonewalled the response. Despite acknowledging in its Rule 30(b)(6) deposition that the information I/P Engine sought was easy (for Google) to obtain, Google failed to provide that information.

Google's opposition provides no justification whatsoever for its behavior. Despite withholding information for ***more than nine months***, forcing I/P Engine to rely on the incomplete information in its own expert reports, Google does nothing more than self-servingly label its supplementations as "timely" because they fell just days before the close of discovery. Google's continued justifications belie its own characterization of its behavior. Indeed, Google argues (at 8) that I/P Engine is not prejudiced because it allegedly could have taken depositions of fact witnesses outside of the discovery period. Google ignores that I/P Engine's expert has already been forced to make do without the information that Google improperly withheld. I/P

Engine has no desire to jeopardize the trial date, and it should not have to scramble after the close of discovery to accommodate Google's desire to withhold information for nearly the entire duration of the discovery period.

2. Google's Sandbagging Was Strategic

Google's Opposition clearly explained (at 5-8) the advantage Google gained from its repeated failure to comply with its discovery obligations: It forced the damages experts to compete on an uneven playing field. Google repeatedly asserts that it is perfectly appropriate for I/P Engine's damages expert to operate without complete information, instead making estimates, guesses, or waiting to see if Google ever decided to provide more information,[1] but Google's damages expert is provided with all of the information he needs. Google also claims that I/P Engine and its expert could have served a supplemental report – something not permitted by the Scheduling Order – or taken additional depositions after the discovery cutoff – again forbidden by the Scheduling Order. These are not reasonable or even good faith responses, but are the protestations of a party who is facing the logical consequence of breaking the rules: exclusion of the untimely evidence.

In one aspect, Google is right. I/P Engine was not surprised by Google's updated interrogatory response. Although I/P Engine was entitled to, and did, rely on Google having complied with its discovery obligations, I/P Engine suspected Google's prohibited gamesmanship. After all, Google has engaged in that pattern repeatedly in this litigation. But

[1] Google even lays bare the strategic significance of its behavior. Google says (at 6-7) it expected Dr. Becker to engage in speculation by "estimating" Google's U.S. revenues between 2009 and 2012 by using "as a guideline" information from 2005-2009. Had Dr. Becker engaged in this impermissible speculation, his number may well have been lower than what the actual data might show. If this had happened, Google would have had no incentive to provide the actual, higher numbers, and would still have been able to criticize Dr. Becker for his engaging in guesswork.

just because Google's behavior was not a surprise does not mean it was proper or should not be sanctioned. In the unfair game Google was playing, heads means Google wins and tails means I/P Engine loses. Unless the Court intervenes, Google has nothing to lose and everything to gain by unjustifiably withholding its financial information.

3. Google Argues For A Result That Rewards, Rather Than Punishes, Its Improper Behavior

Google argues (at 8) that holding it to its own sworn interrogatory responses of July 14, 2012 would be "unjustified." Interrogatory answers are *supposed* to be statements upon with other parties can rely. There is nothing at all unjustifiable about holding Google to the statements upon which I/P Engine and Dr. Becker were forced to rely. Indeed, striking untimely supplementations is the default remedy provided by the Rules. *See* Fed. R. Civ. P. 37(c)(1). Indeed, Google's arguments effectively seek leniency, arguing that allowing reliance on its misstatements would be too severe.

Google's proposed remedy, however, does nothing at all to punish Google. Prohibiting Google from criticizing Dr. Becker for relying on the information Google provided eliminates just *one* of the advantages Google gained form its misconduct. This remedy does not allow I/P Engine access to the information it requested early in this case, when it could have been used for strategic and/or settlement purposes. It does not allow I/P Engine the ability to depose a properly-prepared Rule 30(b)(6) witness about Google's financial information. And it does not allow Dr. Becker to prepare his initial report with the routine information that is normally provided in patent cases. Google's "remedy" does nothing to compensate for these harms. Google's proposed remedy would still reward Google for its discovery misconduct.

B. Google's Failure To Timely Produce Emails Relating To How Quality Score Impacted Revenue Merits Sanctions

1. Google's Behavior Was Improper

I/P Engine requested the e-mails that Google withheld on November 7, 2011. Google withheld the emails as more than nine months passed. During this time I/P Engine's damages expert relied on the contents of the e-mails that Google did produce. Only on August 29, 2012, after Dr. Becker's expert report has been served, did Google finally release the e-mails. Google again characterizes this behavior as "timely and proper." Opposition at 13.

Google's stated justification for withholding these e-mails is that it did not look for them until after Dr. Becker produced his report. Opposition at 14. Google conducted its investigation only after it realized that it could undermine Dr. Becker's opinion by producing previously-withheld information. *Id.* This behavior is anything but timely. Indeed, I/P Engine previously moved to compel production of custodial documents such as these. D.I. 117. The Court ruled that Google was to complete its production by May 30, 2012. D.I. 156. Google missed the Court's deadline by three months.

Google does not contend, nor can it, that these documents were not requested. Instead, Google claims I/P Engine's document request is "vague" because it does not understand the phrases "internal testing" or "increases in revenue after incorporating a Relevant Score into a paid search advertisement system." Opposition at 14. Google does not explain what is vague about these terms. It cannot. Under every reasonable interpretation, the withheld e-mails are covered by these requests and should have been produced.

Google's protestation that "Google is a large company with many products" is also unavailing. Similarly, Google's claim that its Rule 30(b)(6) witness could not be expected to answer questions on this topic are disingenuous. Google alleges that the words "Quality Score,"

as used in these questions, were too broad because they covered more than just the withheld information. ("[H]e understood the term Quality Score as an overbroad 'umbrella' term." Opposition at 15.) According to Google's opposition, fact discovery is determined by the content of expert reports. Opp. At 14-15 ("Only after Plaintiff's expert reports identified that Plaintiff was concerned specifically with experiments surrounding the 2004 Smart Ads implementation was Google able to focus its search and locate the documents.") This turns discovery on its head, and is contrary to every discovery rule and practice in American jurisprudence.

2. Google Argues For A Result That Rewards, Rather Than Punishes, Its Improper Behavior

Google's improper withholding of the emails again placed the experts on an uneven playing field. Google provided the information to its expert in time for him to use it in his report, but Dr. Becker was kept in the dark until after his report was filed. In addition, I/P Engine was stonewalled on this topic during Google's Rule 30(b)(6) deposition. Google's concealment of the emails prevented I/P Engine from asking questions about these e-mails prior to when Dr. Becker served his report. Google's belated offer to allow depositions outside of the discovery period do not and cannot cure this prejudice.

C. Google Seeks To Avoid Any Punishment For Its Failure To Comply With Its Discovery Obligation To Disclose Non-Infringing Alternatives

1. Google's Behavior Was Improper

Google does not dispute that failed to provide a meaningful response to Interrogatory No. 9, regarding non-infringing alternatives, for more than nine months after the interrogatory was served. Non-infringing alternatives are a core aspect of patent litigation, and discovery into them

is routine. Google again argues that delay, which spans nearly the entire length of the discovery period, does not render its supplementation "untimely." Opposition at 9.

Google contends that it had no responsibility to provide an answer to this interrogatory until after claim construction and after it received I/P Engine's infringement report. Google cites no authority for this position, nor can it. Indeed, Google has taken the exact opposite position in its opposition to I/P Engine's Fourth Motion *In Limine,* alleging there that I/P Engine was obligated to provide a complete interrogatory response regarding validity in less than 23 days, before Google served its invalidity report, and before claim construction completed. D.I. 511 at 3. Google, of course, delayed for far more than 23 days. It withheld its response for more than nine months, yet still claims its supplementation was timely.

Google also attempts to blame I/P Engine for Google's own failure to provide a Rule 30(b)(6) witness on non-infringing alternatives. I/P Engine's responsibility is to serve a deposition notice listing relevant topics. It is Google's responsibility to designate a witness for each topic. But Google places the blame for its failure to designate a witness at I/P Engine's feet, saying (at 12) the "Plaintiff never requested that Google provide a 30(b)(6) witness on the topic of non-infringing alternatives after the claim construction order issued." I/P Engine's request for a Rule 30(b)(6) witness on non-infringing alternatives was served *before* the claim construction order issued. Google had not identified any non-infringing alternative at this time. Google was required to designate a witness regardless of when the claim construction order issued, so the timing of I/P Engine's deposition notice has no bearing on whether Google is permitted to ignore the topics listed therein. According to Google's opposition, opposing counsel must inquire daily to determine if Google's position has changed. This, however, is not how the Scheduling Order works. Google failed to disclose the existence of any non-infringing

alternatives until the very end of discovery, after I/P Engine's expert had performed his analysis that there were no such alternatives. Google's "gotcha" litigation tactics cannot be permitted to stand.

2. Google's Desired Result Would Reward, Rather Than Punish, Its Improper Behavior

Yet again, Google's improper withholding of information again placed the experts on an uneven playing field. Google provided the information to its expert in time for him to use it in his report, but I/P Engine's expert was kept in the dark until after his report was filed. Similarly, I/P Engine was denied the opportunity to depose Google itself (pursuant to Rule 30(b)(6)) before expert reports were filed.

Google claims that I/P Engine could cure these harms by engaging in depositions and supplementations outside of the discovery period. As before, I/P Engine has no desire to prolong discovery or flout the Court's Scheduling Order. And engaging in additional discovery at this point would not cure the harm caused by Google's misconduct. Indeed, I/P Engine's experts have already take positions based on the information that was available. I/P Engine should not be expected to scramble after the close of discovery to accommodate Google's desire to withhold information for nearly the entire duration of the discovery period.

III. Conclusion

Google's supplementations were unjustified. They served to sandbag I/P Engine, giving Google an unfair advantage. The Court should grant I/P Engine's Second Motion for Discovery Sanctions in order to avoid rewarding Google's gamesmanship.

Dated: October 4, 2012

By: /s/ Jeffrey K. Sherwood

Donald C. Schultz (Virginia Bar No. 30531)
W. Ryan Snow (Virginia Bar No. 47423)
CRENSHAW, WARE & MARTIN PLC
150 West Main Street
Norfolk, VA 23510
Telephone: (757) 623-3000
Facsimile: (757) 623-5735

Jeffrey K. Sherwood (Virginia Bar No. 19222)
Frank C. Cimino, Jr.
Kenneth W. Brothers
Dawn Rudenko Albert
Charles J. Monterio, Jr.
DICKSTEIN SHAPIRO LLP
1825 Eye Street, NW
Washington, DC 20006
Telephone: (202) 420-2200
Facsimile: (202) 420-2201

Counsel for Plaintiff I/P Engine, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of October, 2012, the foregoing, **PLAINTIFF I/P ENGINE, INC.'S REPLY IN FURTHER SUPPORT OF ITS SECOND MOTION FOR DISCOVERY SANCTIONS REGARDING UNTIMELY DISCOVERY RESPONSES,** was served via the Court's CM/ECF system on the following:

Stephen Edward Noona
Kaufman & Canoles, P.C.
150 W Main St
Suite 2100
Norfolk, VA 23510
senoona@kaufcan.com

David Bilsker
David Perlson
Quinn Emanuel Urquhart & Sullivan LLP
50 California Street, 22nd Floor
San Francisco, CA 94111
davidbilsker@quinnemanuel.com
davidperlson@quinnemanuel.com

Robert L. Burns
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
Two Freedom Square
11955 Freedom Drive
Reston, VA 20190
robert.burns@finnegan.com

Cortney S. Alexander
Finnegan, Henderson, Farabow, Garrett & Dunner, LLP
3500 SunTrust Plaza
303 Peachtree Street, NE
Atlanta, GA 94111
cortney.alexander@finnegan.com

/s/ Jeffrey K. Sherwood