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17 UNITED STATES DISTRICT COURT
18 NORTHERN DISTRICT OF CALIFORNIA
19

20 Windy City Innovations, LLC,
21 Plaintiff,
22
23 v.
24 Facebook, Inc.,
25 Defendant.
26

Case No. 4:16-cv-01730-YGR

**PLAINTIFF WINDY CITY INNOVATIONS,
LLC'S RESPONSE TO FACEBOOK, INC.'S
ADMINISTRATIVE MOTION REGARDING
THE IDENTIFICATION OF ASSERTED
CLAIMS**

1 Facebook asks this Court to force Windy City to reduce the scope of infringement allegations in
2 this action so that Facebook can better prepare its *inter partes review* (“IPR”) petition. The Court should
3 decline to do so. No law necessitates, much less encourages, court intervention of this kind—
4 intervention designed to benefit one party in an administrative proceeding to the detriment of the other
5 party in a district court litigation. Forcing Windy City to narrow its case at this stage—months before
6 the case management conference, before P.R. 3-1 disclosures, before any discovery has occurred, and
7 before *Markman* proceedings have even begun—subverts the local patent rules of this District and
8 foments the violation of Windy City’s due process rights. Facebook’s desire for a tactical advantage in
9 any impending IPR petition does not justify such prejudice to Windy City.

10 Furthermore, by improperly filing its Motion as “administrative” under Civ. L.R. 7-11, Facebook
11 asks the Court to make a snap decision on a substantive dispute in Facebook’s favor, just in time to
12 simplify Facebook’s IPR petition. But “[a] motion for administrative relief is not the appropriate vehicle
13 for resolution of the substantive arguments raised by the parties.” *Avago Techs. Fiber IP (Singapore)*
14 *PTE. Ltd. v. IPtronics, Inc.*, No. C 10-CV-02863 EJD (PSG), 2013 U.S. Dist. LEXIS 1055 (N.D. Cal.
15 Jan. 2, 2013). Facebook’s Motion should be denied.

16 **I. It Would Be Improper to Impose Early Claim Limits to Assist Facebook’s IPRs.**

17 While the Court may supervise and streamline patent litigation, “it does not follow that a federal
18 court should use its case management authority for the purpose of narrowing claims that may be
19 contested in an entirely separate proceeding.” *Univ. of Va. Patent Found. v. Gen. Elec. Co.*, No. 3:14-
20 CV-51, 2015 WL 6958073, at *3 (W.D. Va. Nov. 10, 2015). Post-grant review is an *alternative* to
21 district court litigation, and Facebook points to nothing in the America Invents Act to suggest legislative
22 intent to impose a burden on plaintiffs—or courts—to ease a defendant’s IPR workload. Indeed, “[t]he
23 argument that meaningful IPR is impossible without court-ordered claims reduction ignores the purpose
24 and structure of the procedure.” *Id.* Moreover, requiring Windy City to significantly narrow its
25 infringement allegations at this infant stage to assist Facebook’s IPRs would mint a new and perverse
26 policy, one which forces patentees to forego asserting the vast majority of its claims, not because those
27 claims are not infringed, but solely to decrease a defendant’s costs of petitioning for IPR—all without

1 defendants in patent actions, as IPRs do not limit the number of prior art references a petitioner may
2 assert, allowing a defendant to bury patent owners in invalidity theories at the patent office, while the
3 patent owner is forced to forego constitutionally protected property rights in the name of costs and
4 efficiencies. In *VirnetX v. Apple*, Judge Davis, recognizing the unfair effects of this asymmetry, refused
5 Apple's request to narrow claims and declined to enter the district's own model order until *after* IPRs
6 were to be decided, observing that defendants can obtain a tactical advantage by forcing a plaintiff to cut
7 down its case without a comparable concession from defendants. See Ex. A, *VirnetX Inc. v. Apple Inc.*,
8 Case No. 6-12-cv-00855 (E.D. Tex. Aug. 4, 2014).

9 Facebook does not deny that it seeks a tactical advantage and cost savings for its IPR petitions.
10 See Ex. B. Yet even if it were not seeking these advantages, Facebook's request is still improper and
11 premature. Because mandatory claim narrowing deprives Windy City of substantive rights, it raises due
12 process concerns. Although the Federal Circuit in *In re Katz* determined that requiring a patentee to
13 limit asserted claims in a patent infringement lawsuit did not *per se* violate due process, the Court
14 nevertheless noted that "a claim selection order *could come too early* in the discovery process," which
15 would deny "the plaintiff the opportunity to determine whether particular claims might raise separate
16 issues of infringement or invalidity in light of the defendants' accused products and proposed defenses."
17 *In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1313, n. 9 (Fed. Cir. 2011)
18 (emphasis added). Here, no discovery has occurred, infringement contentions are not yet due, invalidity
19 contentions are not yet due, and claim construction is well in the future. Based on the concerns
20 recognized in *Katz*, courts around the country routinely deny premature requests for claim narrowing.¹

22 ¹ See, e.g., *Elec. Power Group, LLC v. Alstom, S.A., et al.*, Case No. 12-cv-06365-JGB (C.D. Cal. Aug.
23 28, 2014) (Dkt. No. 152) (not requiring plaintiff to reduce claims until ten days after the close of fact
24 discovery); *Fleming v. Cobra Electronics Corp.*, Case No. 1:12-CV-392-BLW, 2013 WL 1760273, at
25 *3 (D. Idaho Apr. 24, 2013) ("*Katz's* concern about employing the process too early applies here—
26 discovery has just begun, and it would be unfair to require Fleming to choose representative claims at
27 this stage of the litigation."); *Avocent Redmond Corp. v. Rose Elecs., Inc.*, No. C06-1711-RSL, 2012
WL 4903270, *1-2 (W.D. Wash. May 29, 2012) ("*Katz* neither approves of nor authorizes the exclusion
of viable causes of action based on nothing more than efficiency concerns."); *Fractus, S.A. v. Samsung
Electronics Co., Ltd.*, Civ. No. 6:09-cv-203, slip op. at 2-3 (E.D. Tex. Mar. 8, 2010) (Dkt. No. 332)
("The Court has not construed the claims and discovery may proceed for several more months. The risk

1 Indeed, the single case-narrowing order Facebook attached to its Motion, *Rambus v. LSI*, completely
2 undermines Facebook’s position. The court-ordered narrowing in *Rambus* happened *after* the CMC,
3 *after* review of the asserted patents by the USPTO Board of Patent Appeals and Interferences, *after*
4 service of infringement and invalidity contentions, and *after* claim construction in that case. *Rambus v.*
5 *LSI*, No. 10-cv-05446 (N.D. Cal. Dec. 28, 2012).² Because a defendant’s (anticipated) IPR petition does
6 not justify a limit on the number of patent claims asserted in a patent infringement case in federal district
7 court, Facebook’s motion should be denied.

8 **II. Facebook Does Not Actually Seek to Narrow *This Case*.**

9 Facebook ignored this case for months. Now, as the deadline to file IPRs nears, it demands that
10 Windy City unilaterally hobble its own case to ease Facebook’s IPR burden. Rather than reject
11 Facebook’s preposterous proposal outright, Windy City offered a reasonable and routine compromise: to
12 negotiate a mutual claim and prior art narrowing proposal that tracked the various model orders on the
13 topic. (McCarty Decl ¶ 2); *see also* Exs. C, D. Facebook declined that offer, demanding instead that
14 Windy City first elect and identify forty claims before Facebook’s IPR deadline. *See* Ex. B.³ After
15 Facebook filed its Motion, Windy City again contacted counsel for Facebook and offered another
16 mutual case-narrowing proposal, this time even suggesting a modification to the model order to align the
17 claim narrowing deadline with the P.R. 3-1 deadline—a unilateral concession on Windy City’s part. *See*
18 Ex. E. Facebook again refused, indicating that no deal was to be had unless Facebook obtained the
19 windfall benefit of Windy City removing 95% of claims from the district court case and identifying to

20 ² Further, to the extent Facebook argues that this case should be treated differently based on the number
21 of patent claims at issue, this concern is assuaged by Windy City’s numerous offers to narrow the case
22 pursuant to the model orders for narrowing claims. And even absent that agreement, Facebook should
23 not be rewarded with a windfall benefit merely because the United States Patent and Trademark Office
24 saw fit to grant Windy City the patent claims asserted in this action.

25 ³ Facebook’s “offer[] to make its source code available for review by Windy City’s counsel and
26 approved experts” is specious. Facebook and its counsel demanded that Windy City negotiate a
27 protective order, fly experts across the country to various locations to review thousands of lines of
source code, and analyze that source code in order to drop 95% of the claims in this case (without *any*
mutual narrowing on the part of Facebook), *all in a matter of days*. That Windy City refused this
unworkable proposal does not reflect a lack of preparation. Windy City, obviously, could not agree to
incur exorbitant last-minute expenses all to give short shrift to its infringement investigation—the very

1 Facebook the remaining 5% in a few days, with no mutual narrowing of prior art by Facebook. *Id.* In
2 other words, contrary to the rhetoric of Facebook’s motion, it is Facebook who is unwilling to streamline
3 this case.

4 **III. The Court Should Not Deviate from the Local Patent Rules of This District.**

5 Local Patent Rule 3-1 provides a deadline for plaintiffs to disclose “each claim of each patent in
6 suit that is allegedly infringed.” In this case, that deadline is July 21, 2016. *See* Dkt. 33. The Court
7 should not rewrite the local rules simply to accommodate Facebook’s IPR petition by moving that
8 deadline forward by more than two months *and* imposing an arbitrary forty claim cap on asserted
9 claims, particularly where Facebook can cite to no case supporting this extraordinary relief.

10 Moreover, Facebook’s contention that Windy City “has refused to identify” claims is a red-
11 herring. There are established procedures under the Local Rules for when and how to identify asserted
12 claims, procedures that exist to minimize gamesmanship and provide a fair framework to the case.
13 Windy City is merely abiding by those procedures.

14 Facebook’s criticism of Windy City’s complaint does not provide a justification for deviating
15 from these procedures. *First*, the alleged pleading deficiency is addressed in Facebook’s pending
16 12(b)(6) motion and bears no relationship to the local patent rules or Facebook’s IPRs, or the propriety
17 of early stage, mandatory claim reductions. *Second*, although Facebook implies that the complaint’s
18 alleged deficiencies provide cause for claim reductions, it offers no legal authority supporting the
19 premise that Windy City was required to articulate specific infringed claims in its complaint, much less
20 any authority tying an alleged pleading deficiency to Court intervention for the purpose of assisting
21 IPRs.⁴ *Third*, Facebook’s complaints about a lack of notice are also simply untrue. Although not
22 required to do so, Windy City outlined numerous claim limitations that are met by Facebook’s accused
23 products in its complaint. *See, e.g.*, Dkt. 1 at ¶ 23. In this way, Windy City does identify claims.⁵

24 _____
25 ⁴ Indeed, in light of the need for further case investigation, many complaints do not “identify” asserted
26 claims when a case is filed. Presumably because of this unremarkable reality, the same counsel
27 defending Facebook has filed numerous patent infringement claims, on behalf of Facebook and others,
which also do not “identify” particular claims in the complaint. *See, e.g.*, Ex. F (Facebook asserting ten
patents comprising 350 claims, with no claim identification); Ex. G.

5/11/16 Windy City's Complaint Infringed by Facebook's Products, Dkt. 1 at ¶ 16

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