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UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

APPLE INC.,

Plaintiff,

v.

WI-LAN, INC.,

Defendant.

AND RELATED COUNTERCLAIMS

CASE NO. 3:14-cv-02235-DMS-BLM (lead case);
CASE NO. 3:14-cv-1507-DMS-BLM (consolidated)

APPLE INC.'S REPLY BRIEF IN SUPPORT OF ITS MOTION FOR LEAVE TO AMEND ITS INVALIDITY CONTENTIONS

[FILED UNDER SEAL]

Date: March 9, 2018
Time: 1:30 p.m.
Dept.: 13A
Judge: Hon. Dana M. Sabraw
Magistrate Judge: Hon. Barbara L. Major

I. INTRODUCTION

Wi-LAN does not dispute that: (1) the Wi-LAN Prior Art has been in its possession for years; (2) Wi-LAN did not identify or produce the Wi-LAN Prior Art in response to Patent Local Rule 3.2(a) or Apple's Interrogatory No. 6; and (3) Apple was diligent in seeking leave to amend its contentions once it discovered the faulty chain of priority last month. Apple's motion therefore turns on a single issue—whether Wi-LAN has satisfied its burden of demonstrating that the '723, '020 and '761 patents are entitled to the May 1999 filing date of the ancestor '518 application and '068 patent. Wi-LAN has not. Instead, Wi-LAN misapplies dicta from the *Lemelson* Federal Circuit decision while ignoring more recent Federal Circuit decisions, including *Zenon Envtl., Inc. v. U.S. Filter Corp.*, that totally undermine Wi-LAN's failed effort to preserve the validity of these three patents. Wi-LAN also focuses on irrelevant statements it made to the Patent Office in 2001 rather than its misrepresentations to the Patent Office in 2011, and it tries unsuccessfully to recant its contention that its own Fiberless product practices the asserted claims. Each of Wi-LAN's arguments misses the mark, so the Court should permit Apple's amendment to its invalidity contentions. Otherwise, Wi-LAN would be rewarded for its failure to disclose this prior art as it was required to do.

II. ARGUMENT

A. Wi-LAN Failed To Prove That The '723, '020, and '761 Patents Are Entitled To A May 1999 Priority Date.

Wi-LAN, not Apple, bears the burden of establishing that the '723, '020 and '761 patents are entitled to a priority date earlier than their actual 2011 filing dates. *PowerOasis Inc. v. T-Mobile U.S.A., Inc*. 522 F.3d 1299, 1305-06 (Fed. Cir. 2008) (district court "correctly placed the burden on [the patentee] to come forward with evidence to prove entitlement to claim priority to an earlier filing date"). Wi-LAN

has not satisfied its burden of showing that these patents are entitled to the May 1999 priority date, because they are not.

For starters, Wi-LAN mischaracterizes the holding of *Lemelson v. TRW, Inc.*, 760 F.2d 1254 (Fed. Cir. 1985) to try to claim the Federal Circuit has already "rejected Apple's theory." Opp. at 1. On the contrary, the *Lemelson* court addressed a different question (the identity of a species of claims selected for prosecution) and did not find that the patents at issue were entitled to an effective filing date earlier than their actual filing date. Rather, the Federal Circuit stated that "any claims of the [patents at issue] which read on the species of controls of the Group II invention elected for prosecution in the 1954 application would be invalid due to the 'hiatus' in disclosure discussed above." *Lemelson*, 760 F.2d at 1267 (emphasis added). Wi-LAN speculates that the Federal Circuit would have found the patents valid if an intermediary divisional application had been signed, as required by the then-applicable statute. Opp. at 7 n.2. But the Federal Circuit did not reach that question, so Wi-LAN's speculation is unsupported by the Federal Circuit's actual decision.[1]

In reality, the *Lemelson* court found there was a "hiatus" in the required continuity of disclosure because an earlier application had been abandoned. The Federal Circuit reasoned that, at that point, the applicant could no longer reinstate into the application the matter it had previously deleted. *Lemelson*, 760 F.2d at 1267 ("[A]ny of the cancelled matter could have been reinstated into the 1954 application by Lemelson without raising any new matter objection, at least until the abandonment of that application in 1961. The hiatus we would observe runs from

[1] The portions of *Lemelson* Wi-LAN cites also are dicta and therefore not binding precedent. *Love v. Scribner*, 691 F. Supp. 2d 1215, 1241 (S.D. Cal. 2010) ("General remarks by the appellate court about a broader issue not necessary to the result are dicta."), *aff'd sub nom. Love v. Cate*, 449 F. App'x 570 (9th Cir. 2011). Wi-LAN cites a section of the *Lemelson* opinion entitled "Additional Comments" that comes after the court had already vacated the lower court's summary judgment order and remanded the case. Opp. at 7, citing *Lemelson*, 760 F.2d at 1266-67. As dicta, these "Additional Comments" are not binding as precedent. *Love*, 691 F. Supp. 2d at 1241 ("Dicta have no preclusive effect and are not law of the case.").

this latter event."). Here, the '518 application to which Wi-LAN claims priority issued as the '068 patent in August 2005. At that point, Wi-LAN could no longer reinstate into the application any portion of the specification it "deleted" and "canceled" in December 2002, because the issuance of a patent ends prosecution of the underlying application. Any continuity of disclosure the '723, '020 and '761 patents may have had upon filing therefore was precluded by a "hiatus" that arose in August 2005. *See Lemelson*, 760 F.2d at 1267. The applications that issued as the '723, '020, and '761 patents were filed six years later, in 2011. Therefore, when these applications were filed in 2011, they were not entitled to the benefit of the May 1999 filing date of the '581 application.

More recent Federal Circuit cases—which Wi-LAN fails to cite, much less analyze—confirm the conclusion that the chain of priority was broken here. In *Zenon Envtl., Inc. v. U.S. Filter Corp.*, 506 F.3d 1370, 1377 (Fed. Cir. 2007), a case with similar facts, the defendant asserted that the chain of priority was broken because "the asserted claims in the [at-issue] patent were not supported by each patent in the family chain—a requirement for entitlement to the benefit of the filing date of an earlier patent under 35 U.S.C. § 120." (Emphasis added.) The Federal Circuit agreed with the defendant: "[i]n order for the [later] patent to be entitled to priority from the [earlier] patent, continuity of disclosure must have been maintained throughout a chain of patents from the [earlier] patent leading up to the [later] patent." *Id.* at 1378 (emphasis added). Wi-LAN's assertion that "Apple provides no case law to support its proposition that an amended specification causes a previously filed continuation application (or its children) to lose priority claims" (Opp. at 1) ignores the Federal Circuit's decision in *Zenon* without explanation.

The Federal Circuit's requirement of continuity throughout a "chain of patents" was not a mistake, and it controls the conclusion here. *Zenon*, 506 F.3d at 1378. The '723, '020 and '761 patents do not have "continuity of disclosure" with the '068 patent, because it has an entirely different specification. *See* Mot. at 8-9.

The '723, '020 and '761 patents therefore are not entitled to claim priority from the '068 patent. *See Zenon*, 506 F.3d at 1378; *see also Lampi Corp. v. Am. Power Prods., Inc.*, 228 F.3d 1365, 1377 (Fed. Cir. 2000) ("For a claim in a later-filed application to be entitled to the filing date of an earlier-filed application under 35 U.S.C. § 120, the earlier application must comply with the requirement of 35 U.S.C. § 112, ¶ 1, that the specification 'contain a written description of the invention.'"). Here, as *Lemelson* recognizes, the specification of the '518 application became final in August 2005 when the '068 patent issued, because at that point the applicant could no longer attempt to reinstate the deleted matter. The '068 patent confirms the scope of specification of the '518 application because the patent's specification does not include any of the content that Wi-LAN deleted from the '518 application in 2002. Therefore, as of at least August 2005—six years before the filing of the applications that led to the '723, '020 and '761 patents—the specification of the '518 application did not provide written description support for those patents. Mot. at 8-9; *see also Encyc. Britannica, Inc. v. Alpine Elecs. of Am., Inc.*, 609 F.3d 1345, 1351 (Fed. Cir. 2010) ("It makes no sense to allow the applicant to rewrite history and resurrect [an] application's priority claim."). These asserted patents therefore are not entitled to the benefit of the May 1999 filing date, and Wi-LAN cannot prove otherwise.

B. Good Cause Exists For Apple's Amendments Because Wi-LAN Misrepresented The Chain Of Priority For These Three Patents.

As established in Apple's motion, Wi-LAN misrepresented the chain of priority for these three patents to the Patent Office during prosecution and to Apple in this case, prejudicing Apple. Mot. at 7-9. Apple's discovery of these misrepresentations is precisely the type of "surprise" that justifies Apple's requested amendments. *See* Dkt. No. 297 at 2.

Not surprisingly, Wi-LAN claims it did not misrepresent the chain of priority because, to claim priority to the May 1999 filing date, it needed only to claim

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