

Exhibit 3

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MAGNA MIRRORS OF AMERICA, INC.,

Plaintiff,

v.

SAMVARDHANA MOTHERSON
REFLECTEC GROUP HOLDINGS
LIMITED, et al.,

Defendants.

Case No. 1:17-cv-77

HON. JANE M. BECKERING

OPINION AND ORDER

Plaintiff Magna Mirrors of America, Inc. (“Magna”) initiated this patent case against Defendants SMR Automotive Systems USA, Inc.; SMR Automotive Mirrors UK Limited; SMR Automotive Mirrors Stuttgart GmbH; and SMR Automotive Vision Systems Mexico S.A. De C.V. (collectively, “SMR”). Now pending before the Court are three motions filed by SMR concerning certain evidentiary disputes first discussed on the record at the Final Pretrial Conference and a motion filed by Magna for reconsideration of a ruling by the Court at the Final Pretrial Conference. Having considered the parties’ submissions, the Court concludes that oral argument is unnecessary to resolve the issues. *See* W.D. Mich. LCivR 7.2(d). For the following reasons, the Court grants “SMR’s Motion to Resolve the Parties’ Dispute Regarding the Admissibility of Evidence of SMR’s Independent Development of the Accused Products Before Patent Issuance” (ECF No. 626); grants “SMR’s Motion to Redact the Last Three Sentences of PTX-89 and DX-34” (ECF No. 629); denies in part and grants in part “SMR’s Motion in Opposition to Magna’s Objection to

that SMR “may” “potentially” use the state-of-the-art references in its obviousness combinations—an intention SMR rejects—is not a proper ground for barring SMR from discussing the state of the art by using background prior art references (*id.* at PageID.24830–24831).

In response, Magna asserts that SMR has misconstrued its objection to the § 282 notice (ECF No. 649 at PageID.25158). According to Magna, it does not contend that prior art references can “never be used to show the state of the art”; rather, Magna contends that prior art references cannot be used for what SMR is attempting here: “an end-run around the Court’s order requiring SMR to narrow its prior art references for trial in exchange for narrowing the infringed claims Magna could present at trial from 16 to just 5” (*id.*). Magna opines that SMR’s “thinly-veiled attempt to broaden its prior art combinations by reclassifying prior art as ‘background’ material or ‘state of the art’ is improper” (*id.* at PageID.25163). Magna points out that of the 27 references included in the updated § 282(c) Notice, only 8 were discussed in the “technical background” sections of SMR’s technical expert (*id.* at PageID.25160).

SMR’s motion is denied in part and granted in part.

According to SMR, invalidating prior art refers to products or patents that anticipate (under 35 U.S.C. § 102) or render obvious (under § 103) the asserted claims (ECF No. 635 at PageID.24827). SMR opines that state-of-the-art references, in contrast, are not used to prove invalidity; instead, such references reflect “the knowledge that skilled artisans would bring to bear in reading the prior art identified as producing obviousness” or anticipation (*id.*, quoting *Genzyme Therapeutic Prod. Ltd. P’ship v. Biomarin Pharm. Inc.*, 825 F.3d 1360, 1369 (Fed. Cir. 2016)). See also *Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 454 (Fed. Cir. 1985) (A “person having ordinary skill in the art . . . is presumed to be aware of all the pertinent prior art.”); see, e.g., *Sensonics, Inc. v. Aerosonic Corp.*, 81 F.3d 1566, 1570 (Fed. Cir. 1996) (“The invention must be

viewed not after the blueprint has been drawn by the inventor, but as it would have been perceived in the state of the art that existed at the time the invention was made.”).

However, Magna points out that courts have repeatedly cautioned that merely affixing the label of “background material” does not alter the substance of what is at issue (ECF No. 649 at PageID.25162, citing *Pavo Sols. LLC v. Kingston Tech. Co.*, No. 8:14-cv-01352, 2019 WL 8138163, at *11 (C.D. Cal. Nov. 20, 2019) (noting that “the Court must look past [the defendant’s] labeling and analyze whether that which [an expert] terms ‘background’ is really being used as ‘invalidating prior art’”); *Largan Precision Co. v. Genius Elec. Optical Co.*, No. 13-cv-2502, 2014 WL 6882275, at *6 (N.D. Cal. Dec. 5, 2014) (striking portions of expert report that were not “background” but were instead offered “as an example of a reference that teaches the benefits of [a claim limitation] that would motivate modifying [the prior art] to include [that claim limitation]”)).

Hence, in *Medline Indus., Inc. v. C.R. Bard, Inc.*, No. 14 C 3618, 2020 WL 10485717, at *5 (N.D. Ill. Jan. 8, 2020), a district court in the Northern District of Illinois rejected the defendant’s request to rely on prior art references that were not disclosed in its Final Invalidity Contentions to describe the state of the art. The district court reasoned that allowing the defendant to do so would “circumvent the disclosure requirements of our Local Patent Rules by offering such materials as background.” *See also Avnet, Inc. v. Motio, Inc.*, No. 12 C 2100, 2016 WL 3365430, at *5 (N.D. Ill. June 15, 2016) (“It would turn the local rule on its head to allow a defendant to withhold prior art references from its final invalidity contentions, only to spring them on the plaintiff in the defense expert report.”).

In the Eastern District of Texas, where no similar local rule governed the question, the district court permitted the defendant and its experts to rely on unelected prior art contained in its

§ 282 notice, excluding patents and patent applications, for the limited purpose of providing evidence regarding state of the art in its § 101 challenges, but the court did not permit the defendant to rely on any unelected references as invalidating prior art. *Maxell, Ltd. v. Apple Inc.*, No. 5:19-CV-00036-RWS, 2021 WL 3021253, at *6 (E.D. Tex. Feb. 26, 2021). In a prior case, the same district court observed that “using unelected references to discuss the state of the art does not always violate an order that requires the parties to limit the references by which they will attempt to prove invalidity, [b]ut the Court has often barred parties from using unelected references to discuss the state of the art when the use of those references risks juror confusion.” *Better Mouse Co., LLC v. SteelSeries ApS*, No. 2:14-CV-198-RSP, 2016 WL 3611560, at *1 (E.D. Tex. Jan. 5, 2016) (internal citation omitted).

Here, even assuming some nuanced distinctions exist between “prior art” and “state of the art,” the distinctions do not ameliorate the prejudicial effect that admitting the unelected references, in total, would have, particularly in light of this Court’s Order streamlining the claims for trial. Therefore, the Court declines to grant SMR’s motion in its entirety.

However, the Court is inclined to permit some limited factual foundation to support SMR’s claim about what one of ordinary skill in the relevant art would have known. The Federal Circuit, in recognizing the role of “common knowledge and common sense,” has emphasized “the importance of a factual foundation to support a party’s claim about what one of ordinary skill in the relevant art would have known.” *Randall Mfg. v. Rea*, 733 F.3d 1355, 1362–63 (Fed. Cir. 2013). *See, e.g., PSN Illinois, LLC v. Abbott Lab’ys*, No. 09 C 5879, 2012 WL 5381278, at *4 (N.D. Ill. Oct. 31, 2012) (denying the plaintiff’s motion in limine and permitting certain prior art references “unrelated to invalidity contentions” for the “limited purpose of showing the ‘state of the art’ as required by 35 U.S.C. § 282(c)”).

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