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Hon. Paul G. Gardephe
United States District Court
Southern District of New York
40 Foley Square, Room 2204
New York, New York 10007

Re: ***Network-1 Technologies, Inc. v. Google LLC, et al.,***
Case Nos. 1:14-cv-2396-PGG & 1:14-cv-9558-PGG

Dear Judge Gardephe:

Pursuant to Local Civil Rule 37.2 and Paragraph 4(E) of the Court's Individual Rules of Practice (Civil Cases), the parties respectfully submit the following joint letter concerning a dispute between the parties. The parties exchanged letters concerning the dispute and then met and conferred via a thirty minute teleconference on September 23, 2019. The attorneys involved were Amy Hayden and Jacob Buczko for Network-1 and Andrew Trask and Graham Safty for Defendants.

I. Network-1's Position: Google's Second Supplemental Invalidity Contentions Should be Stricken Because Google Served Them Over Six Months Past the Court's Deadline to Supplement.

Plaintiff Network-1 Technologies, Inc. ("Network-1") moves to strike as untimely, pursuant to Paragraph 6 of the Scheduling Order and Fed. R. Civ. P. 16(b)(4) and 16(f)(1)(c), Defendants' (Google LLC and YouTube LLC, hereinafter "Google") Second Supplemental Invalidity Contentions (served August 30, 2019). Ex. A. (hereinafter "Late Contentions"). The Late Contentions disclose, for the first time, Google's invalidity theories concerning a purported prior art system identified as "Relatable FreeAmp audio identification system, including when used in conjunction with the MusicBrainz audio information database" (hereinafter "MusicBrainz" system). Ex. A at 1-2. Google also, on September 12, 2019, served three Notices of Depositions of persons purportedly having knowledge related to the system first disclosed in Google's Second Supplemental Contentions. Exs. B-D (Breslin, Kaye and Ward Notices). Network-1 requests that the depositions be stayed pending the Court's resolution of the motion to strike.

Google's new contentions should be stricken because they were late and Google neither sought nor obtained leave to present untimely invalidity contentions. Google agreed, and the Court ordered, that "Defendants shall supplement ***any Invalidity Contentions*** … ***no later than*** **March 15, 2019**." (Doc. 137-1, ¶ 6)(emphasis added); Ex. E at 4:22-24. Google violated this order when it served its Late Contentions on August 30, 2019 - over six months past the deadline. Google failed to seek to alter the deadline or seek leave of Court to serve contentions after the deadline. Therefore, the Late Contentions should be stricken from the case. Fed. R. Civ. P. 16(b)(4) ("A schedule may be modified only for good cause and with the judge's consent"); Rule 16(f)(1)(c) ("a court may, upon motion or on its own, strike material "if a party or its attorney fails to obey a

scheduling or other pretrial order"); *Roche Diagnostics GMBH v. Enzo Biochem.*, No. 04-cv-4046-RJS, Doc. 129, pp. 2-3 (S.D.N.Y. Nov. 11, 2013)([t]he Court will not permit Roche to posit new invalidity contentions after the [Court-ordered deadline for invalidity contentions]")(Ex. F); *Roche Diagnostics GMBH v. Enzo Biochem.*, No. 04-cv-4046-RJS, Doc. 238, pp. 3-6 (S.D.N.Y. Mar. 4, 2015)(same)(Ex. G); *Convolve, Inc. v. Compaq Comput. Corp.*, No. 00CIV.5141(GBD)(JCF), 2006 WL 2527773, at *5 (S.D.N.Y. Aug. 31, 2006)("By attempting to reserve the right to amend its invalidity contentions, Seagate also violated the Scheduling Order.").

Google attempts to excuse its violation of the Scheduling Order by insisting that the Court's March 15, 2019 deadline to supplement was meaningless. Google cites Patent Local Rule 9, which states that "[t]he duty to supplement in Fed. R. Civ. P. 26(e) shall apply to the Infringement Contentions and the Invalidity Contentions" and argues this provision effectively moots the deadline ordered by the Court in Paragraph 6 of the Scheduling Order. Google's position is that, because it did serve something by the March 15 deadline, it can freely supplement and add prior art references past the deadline under the guise of Rule 26(e)'s "duty to supplement." Google's position defies not only logic, but also the plain language of the Scheduling Order that makes clear "Defendants shall supplement ***any Invalidity Contentions … no later than March 15, 2019***." This case-specific order takes precedence over any reading - no matter how strained - of the general Patent Local Rule provision. *See* Patent Local Rule 1 ("The Court may modify the obligations or deadlines set forth in these Local Patent Rules…"). Even if Google's argument has some merit (and it does not), the "duty to supplement" of Fed. R. Civ. P. 26(e) explicitly requires any such supplementation be "in a timely manner." Google's Late Contentions were not timely. They were served over six months after the deadline.

Google's legally unsupported position would also impose unnecessary burdens. Network-1 and Google negotiated and agreed to the provisions of Scheduling Order, which set a hard deadline for Network-1 to amend its infringement contentions (January 31, 2019), and a hard deadline to follow for Google to amend its invalidity contentions (March 15, 2019). Doc. 137-1, ¶¶ 5, 6. This bilateral agreement bound both parties and was ordered by the Court. It is simply unfair to enforce the agreement against Network-1 but excuse Google's noncompliance. *See, e.g.*, *Roche* at pp. 2-3 (Ex. G)("Now Roche seeks to supplement is invalidity contentions, but the same rule applies: The Court will not permit Roche to posit new invalidity contentions after the … deadline.")

The parties agreed to hard deadlines to serve supplemental contentions with good reason. Courts in this District have recognized that "[e]arly contentions force parties to crystallize their theories early in the case, to identify the matters that need to be resolved, and to streamline discovery …" *Roche* (Ex. G) at 1. Here, Google's Late Contentions entirely frustrate this purpose and disclose, for the first time in this case, a MusicBrainz system, which Google argued during the parties meet-and-confer was always publicly-available. Google has also been in communication directly with nonparty individuals regarding this system and seeks to introduce their testimony into the case at this latest of junctures. Google noticed three depositions to occur as early as October 8, 2019 and they are to take place in disparate locations - England, Spain, and Washington D.C. Exs. B-D. This global discovery of nonparty witnesses apparently cooperating with Google is rushed and

occurring at a time when Network-1's counsel is taking and defending numerous other depositions in this case. Worse, given that document discovery closes on September 30, and all depositions must be conducted by November 1, Network-1 has no opportunity to identify, locate, and depose other individuals with knowledge of the MusicBrainz system that are not working with Google. Network-1 also has no opportunity to perform any follow-up discovery on the system, such as interrogatories, document requests, or requests for admissions. Google's unjustified delay in disclosing this alleged prior art will directly prejudice Network-1.

Google fails to offer any explanation of why it failed to comply with the Court's order and disclose the MusicBrainz system at the tail-end of discovery. Network-1 filed this case in April 2014. Over five years have passed during which Google had the opportunity to investigate its invalidity defenses. During the parties' meet-and-confer, Google confirmed its position that the MusicBrainz system was always publicly-available, but refused to explain why it disclosed the system so late.

Google failed to move for leave to serve the Late Contentions, but even if it had, Google would be unable to demonstrate the requisite "good cause" needed to amend the case schedule. Google simply cannot meet its burden to demonstrate diligence. *Holmes v. Grubman*, 568 F.3d 329, 335 (2d Cir. 2009)("Whether good cause exists turns on the "diligence of the moving party."). This is the end of the inquiry. *Id.* But worse, as explained above, Network-1 is greatly prejudiced by the Late Contentions because *inter alia*, it is unable to take its own discovery of the system.

The Court should strike Google's Late Contentions. The Court should also, in the interim, stay Google's three noticed depositions beginning October 8 because they solely concern Google's Late Contentions. Should Google press ahead with the depositions in absence of a stay, and the Court does eventually strike Google's Late Contentions, Network-1 should be awarded its fees and costs associated with the three depositions. *See* Local Civil Rule 30.1.

II. Google's Position: Google's supplemental contentions are timely and appropriate under the Scheduling Order and this Court's Local Patent Rules.

The Local Patent Rules expressly permit the timely supplementation of parties' contentions during discovery. Local Patent Rules 6 and 7 provide for the service of "Infringement Contentions" and "Invalidity Contentions." Local Patent Rule 9 establishes a "Duty to Supplement Contentions," providing that "[t]he duty to supplement in Fed. R. Civ. P. 26(e) shall apply to the Infringement Contentions and the Invalidity Contentions required by Local Patent Rules 6 and 7." Rule 26(e), in turn, states that a disclosing party "must supplement or correct its disclosure or response … in a timely manner if the party learns that in some material respect the disclosure or response is incomplete or incorrect." The Local Patent Rules, therefore, contain a "*duty* to supplement" contentions as discovery progresses. *See* Local Patent Rule 9 (emphasis added); *see also* Fed. R. Civ. P. 26(e).

Consistent with the plain language of the Rules, multiple courts have expressly recognized a party's duty to supplement its contentions. *See, e.g., Intellectual Ventures II LLC v. JP Morgan Chase & Co.*, No. 13-cv-3777, 2015 WL 3855069, at *5 (S.D.N.Y. June 22, 2015) (quoting Local

Patent Rule 9 and explaining that "[t]he Local Rules contemplate that the infringement contentions will be supplemented as discovery progresses pursuant to Fed. R. Civ. P. 26(e)"); *see also Simo Holdings Inc. v. Hong Kong uCloudlink Network Tech. Ltd.*, 354 F. Supp. 3d 508, 509-10 (S.D.N.Y. 2019) (acknowledging the duty to timely supplement contentions under Local Patent Rules 7 and 9); *PopSockets LLC v. Quest USA Corp.*, No. 17-cv-3653, 2018 WL 2744707, at *3 (E.D.N.Y. June 7, 2018) (holding, under the same local patent rules as in this District, that a party could supplement its contentions after the date in the scheduling order under "Rule 9 of the Local Patent Rules"). Indeed, in *Mediated Ambiance LLC v. TouchTunes Music Corp.*, No. 18-cv-02624-PGG-GWG (S.D.N.Y), despite the defendant serving supplemental contentions "[p]ursuant to Local Patent Rules 7 and 9" several months after the specified date, both sides *expressly agreed* that "the parties are in compliance with the local rules concerning infringement and invalidity contentions." *See id.* (Doc. 31, at 1-2) (Ex. H); *see also id.* (Doc. 16, ¶ 5(e)) (Ex. I); (Doc. 29-1, at 1) (Ex. J). There is simply no support for Network-1's position that the Local Patent Rules prohibit supplementation.

There can also be no doubt that the Local Patent Rules—which "apply to patent infringement, validity and unenforceability actions and proceedings" in this Court—apply to this case. *See* L. Patent R. 1. Indeed, the parties' Scheduling Order states expressly that the parties shall serve contentions under "Local Patent Rule 6" and "Local Patent Rule 7." *See* 14-cv-2396 (Doc. 137-1, ¶¶ 5, 6) (Ex. K). Earlier this year, Google supplemented its contentions under "Local Patent Rule 7," *see* Ex. A at 1, and Network-1 submitted its contentions under "Local Patent Rules 6 and 9," *see* Ex. L at 1. Nothing in the Scheduling Order or procedural history of this case suggests that the Local Patent Rules, including Local Patent Rule 9, are inapplicable.

The parties' Scheduling Order, moreover, reflects the duty to supplement contentions. On January 2, 2019, as part of the agreement to lift the stay in this case, Network-1 dropped some asserted patent claims and added new ones. *See* 14-cv-2396 (Doc. 134, at 2-3). On account of changes in the asserted claims, the parties agreed to an early exchange of contentions on January 31 and March 15. *See* Ex. K at ¶¶ 5, 6. The parties also agreed that fact discovery would remain ongoing for more than six months following the contentions exchange, *see id.* ¶¶ 7, 8(e), and Google made clear its intent to pursue third-party discovery into prior art and other invalidity defenses during this period, *see* Ex. D at 5:18 – 6:4. Given the prolonged discovery period after the contentions exchange, supplementation served a meaningful purpose.

Google's supplemental contentions, moreover, were both modest and timely. The supplementation identified only a single additional piece of prior art—the FreeAmp/MusicBrainz system, a system that is remarkably similar to, and predates, Network-1's asserted patent claims. In mid-to-late June 2019—*i.e.*, three months after Google filed its first contentions under the current Scheduling Order—Google first became aware of this system as potential prior art. *See* Decl. of Sumeet P. Dang, Esq., ¶ 2 (Ex. M). Google undertook a diligent investigation, contacting relevant witnesses (some of whom reside in Europe) and seeking documentation regarding the system's operation. *Id.* ¶¶ 2-3. By August 15, 2019, Google obtained source code sufficient to confirm, for the first time, how the system operated. *Id.* ¶ 4. Google promptly reviewed that code

and supplemented its contentions a mere two weeks later, on August 30. *Id.* ¶ 5; Ex. A. Several weeks remained in the fact-discovery period, which does not end until November 1, 2019. By any measure, Google's supplemental contentions were timely.

Network-1's arguments to the contrary have no merit. First, Network-1 argues that the Scheduling Order "set a hard deadline" for contentions. But nothing in the Scheduling Order overrides the Local Patent Rules' duty to supplement. Second, Network-1 contends that "[i]t is simply unfair to enforce the [Scheduling Order] against Network-1 but excuse Google's noncompliance." But Google *did* comply with the Scheduling Order, serving contentions by March 15, *see* Ex. N, and then supplementing those contentions on August 30 with one additional, newly-uncovered system, *see* Ex. A at 2. There was no prejudice to Network-1, which received Google's supplement with a month remaining for written fact discovery and two months for fact depositions. *See* Ex. K at ¶ 7; 14-cv-2396 (Doc. 175). Network-1 had ample opportunity to pursue whatever discovery it wished regarding this system. It also remained free throughout discovery to supplement its own contentions. Third, Network-1 urges this Court to apply a "good cause" standard that required Google to seek "leave of Court" before serving its supplement. But those standards find no support in the Local Patent Rules or the cases applying them. Nor is there any basis for Network's invocation of Rule 16, which involves requests for modification of a court schedule. Supplementation of contentions under the Local Patent Rules is governed by Rule 26(e), not Rule 16. *See* Local Patent Rule 9 ("The duty to supplement *in Fed. R. Civ. P. 26(e)* shall apply to the Infringement Contentions and the Invalidity Contentions required by Local Patent Rules 6 and 7." (emphasis added)).

Network-1's cited cases are also inapposite. *Convolve* involved application of "the Northern District of California Patent Local Rules," *see* 2006 U.S. Dist. LEXIS 62606, at *3-4, which are inapplicable here, *see Simo*, 354 F. Supp. 3d at 510 ("decisions from other courts imposing a 'good cause' standard for supplementing invalidity contentions are inapposite."). *Roche* is likewise off-point. Roche was precluded from amending its contentions only after *Roche itself* sought and obtained a court order prohibiting Enzo from supplementing its contentions after the date specified in the scheduling order. *See* Ex. F at 2-3, 5. Unlike in *Roche*, Google has never suggested that the Scheduling Order prohibits the supplementation of either party's contentions, and Network-1 has remained free to supplement its contentions.

At bottom, Network-1's attempt to strike Google's supplemental contentions is a thinly-veiled effort to eliminate a prior-art system carrying serious invalidity consequences for Network-1's asserted claims. With its threat to seek fees and costs, moreover, Network-1 seeks to stymie discovery that is wholly appropriate under the express provisions of the Local Patent Rules. Google respectfully submits that the Court should decline Network-1's requests to strike Google's supplemental invalidity contentions and stay the scheduled fact depositions.

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