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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 L.C.R. 37.2 and Para. 4(E) of the Court's Individual Rules, the parties submit this joint letter. The parties (Amy Hayden for Network-1 and Andrew Trask and Melissa Collins for Google) met and conferred via teleconference for approximately ten minutes on March 22, 2021.

**I. Network-1's Position: Defendants Cannot Unilaterally Re-Open Discovery**

Fact discovery in these cases closed *more than a year ago* on November 1, 2019. Dkt. No. 201. The parties have completed both expert discovery (Dkt. No. 213) and summary judgment briefing (Dkt. No. 246). These two cases have been pending since 2014. Google has continually attempted to delay resolution, including with a long stay for PTAB proceedings and a related appeal, ultimately resulting in a remand vindicating the validity of the asserted patent claims. The parties exchanged over 800,000 pages of documents, conducted review of voluminous source code, as well as took 16 party depositions (both in the U.S. and Europe), 8 non-party depositions, and 8 expert depositions. At this point, except for the Court deciding the pending motions for summary judgment and to the extent necessary claim construction disputes, this case is ready for trial.

Yet on February 19, 2021, out of the blue, Google served supplemental interrogatory responses (Ex. A) and informed Network-1 they "also are in the process of identifying relevant documents and will produce them when they are available," and "are prepared to make a corporate representative for 30(b)(6) testimony on this topic at a time mutually convenient to the parties." Ex. B. And Google, for the first time in this joint letter, seeks to expand this discovery even more, suggesting Network-1 could supplement expert reports if Google were also permitted to do so. Google's belated discovery purports to articulate new alleged bases for its damages theories.

To serve additional discovery and bring additional evidence at this stage, Google must move this Court to re-open discovery, making the requisite good cause showing. *U.S. v. Prevezon Holdings, Ltd.*, 236 F. Supp. 3d 871, 873 (S.D.N.Y. 2017) (construing request to introduce additional evidence as application to re-open discovery). Network-1 promptly informed Google it cannot unilaterally re-open discovery, and must seek leave. Ex. C. Google refused (*see* Ex. D), and then produced more than 1500 pages of documents on March 12, 2021. Ex. E.

Google cannot show good cause to re-open discovery, and has not even attempted to do so. Rather, it attempts to excuse its blatant discovery violation by insisting it is merely complying with its obligations pursuant to Rule 26(e). Ex. D. "Making a supplemental disclosure [more than] a year after the close of fact discovery is not 'timely,' by any definition." *Ritchie Risk-Linked Strats*.



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*Trdg. v. Coventry First LLC*, 280 F.R.D. 147, 161 (S.D.N.Y. 2012). Google seeks to introduce “evidence” to support its damages theories, likely because Network-1’s experts (more than a year ago) pointed out those theories are fatally flawed.<sup>1</sup> This is not a supplementation to remedy a failure to disclose evidence Google failed to locate during discovery. Instead, Google manufactured untimely evidence it hopes to use to bolster its own defenses. Invoking Rule 26(e) is both disingenuous and unsupported. *See U.S. v. Celgene Corp.*, 2016 U.S. Dist. LEXIS 156826, at \*26 (C.D. Cal. Aug. 23, 2016) (“The late disclosure of new opinions and the expansion of the case requiring Defendant to defend ever-changing theories of liability is prejudicial to Defendant. [Plaintiff] cannot simply keep adding theories when she realizes that some will not work.”).

“In determining whether good cause [to re-open discovery] exists, courts consider six factors: (1) the imminence of trial; (2) whether the request is opposed; (3) whether the non-moving party would be prejudiced; (4) whether the moving party was diligent in obtaining discovery within the guidelines established by the court; (5) the foreseeability of the need for additional discovery in light of the time allowed for discovery by the district court; and (6) the likelihood that the discovery will lead to relevant evidence.” *Prevezon*, 236 F. Supp. 3d at 873. Concerning the first three, “while trial is not imminent, all the requests are opposed and [Network-1] would be prejudiced if discovery was reopened, as it would increase litigation costs, and further delay resolution of this litigation.” *Saray Dokum ve Madeni Aksam Sanayi Turizm A.S. v. MTS Logistics, Inc.*, 335 F.R.D. 50, 52 (S.D.N.Y. 2020). This case is at an advanced stage, with summary judgment briefing already completed. Google seeks to use unilateral self-help to reinitiate discovery. This would impose significant prejudice on Network-1, including analysis of belated materials, and deposition of an unknown number of witnesses on topics Network-1 already conducted depositions on at great expense.

Concerning the fourth factor, Google was not diligent in obtaining the evidence it now seeks to introduce, which relates to alleged changes to its infringing system made in late 2020 and 2021. Ex. A at 3-5. Google posits these changes would allegedly “be relatively simply as a technical matter, would not take long, would be relatively inexpensive, and would have no adverse effect on the functioning of the [infringing system].” *Id.* at 4-5. If this were true, Google could (and should) have made these changes well before fact discovery closed (at any time in the more than six years this case has been pending), but instead elected to wait many years. On the fifth factor, Google previously introduced evidence concerning the same alleged non-infringing alternative, confirming it foresaw wanting to introduce evidence concerning this defense. It already purported to offer a witness designated to testify on this topic and required Network-1 to incur the cost of taking that deposition in the U.K. Finally, the proposed discovery is not likely lead to any relevant, admissible evidence, and if introduced at trial would confuse the issues and mislead the jury. The presence or absence of non-infringing alternatives is to be considered at the time of the hypothetical negotiation, in this case in 2011 when the ’988 patent issued. *See Grain Processing Corp. v. Am. Maize-Prods. Co.*, 185 F.3d 1341, 1353, 1355 (Fed. Cir. 1999). If Google asserts it

<sup>1</sup> Google cites no support for its theory that the cost of implementing a non-infringing alternative serves as an “upper bound” on a reasonable royalty. Indeed, the Federal Circuit has rejected this notion. *See, e.g., Mars, Inc. v. Coin Acceptors, Inc.*, 527 F.3d 1359, 1373 (Fed. Cir. 2008).



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could not have made these changes until recently, the information is irrelevant on its face. If Google argues it could have altered the old LSH version of ContentID as it existed in 2011, it has not offered any evidence the alleged changes made to its new Siberia system in 2020-2021 are somehow representative of or related to (unspecified) changes that could have been made a decade ago to the pre-Siberia system that undisputedly operated in a different manner and different technological environment.

Alternatively, Network-1 moves to strike Google's supplemental responses and any subsequent document production. "If a party fails to provide information or identify a witness as required by Rule 26(a) or (e), the party is not allowed to use that information or witness to supply evidence on a motion, at a hearing, or at a trial, unless the failure was substantially justified or is harmless." Rule 37(c)(1). "Rule 37(c)(1) is intended to prevent the practice of 'sandbagging' an opposing party with new evidence." *New World Solns., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287, 304 (S.D.N.Y. 2015). "To determine whether preclusion is warranted under Rule 37, a court must consider '(1) the party's explanation for the failure to comply with the disclosure requirement; (2) the importance of the testimony of the precluded witnesses; (3) the prejudice suffered by the opposing party as a result of having to prepare to meet the new [evidence]; and (4) the possibility of a continuance.'" *Id.* (quoting *Design Strategy, Inc. v. Davis*, 469 F.3d 284, 296 (2d Cir. 2006)).

Google has offered no credible reason for failing to disclose this information earlier (and claims it need not seek leave to do so), the evidence is unlikely to be relevant or admissible, and Network-1 will suffer prejudice. In addition, a continuance is not appropriate here: "To reopen discovery now, a year after it has closed, would seem to be an unjustified drain on the resources of the parties and the Court and weighs in favor of preclusion." *523 IP LLC v. CureMD.com*, 48 F. Supp. 3d 600, 638-39 (S.D.N.Y. 2014) (rejecting defendant's argument it was simply complying with Rule 26(e) and excluding evidence introduced a year after the close of discovery). However, if the Court allows Google to re-open fact discovery and declines to strike this evidence, Network-1 requests that the Court order Google to pay Network-1's attorneys' fees and costs incurred in filing this discovery letter and conducting this additional discovery. *See Ritchie*, 280 F.R.D. at 162.

## **II. Google's Position: Supplementation Pursuant to Rule 26(e) Is Proper.**

Network-1's position flies in the face of Rule 26(e)(1), which *requires* a party to supplement its discovery responses if newly available evidence renders its prior responses incomplete. To be clear: the documents and other recently produced evidence could not have been produced earlier because *they did not exist earlier*. Within a few weeks of the relevant events, Google supplemented discovery responses as required by Rule 26(e)(1), and even offered a 30(b)(6) witness. Network-1 tries to characterize Google as having "re-opened" discovery. But Google's compliance with Rule 26(e)(1) provides no basis for the remedy Network-1 seeks—namely, excluding evidence unfavorable to Network-1. Google's timely supplement demonstrates that Google successfully relocated the Match System portion of the accused product, Content ID, outside of the United States. That evidence serves both to cut off Network-1's theory of ongoing infringement and to undermine Network-1's damages claim. Not only was Google's supplementation prompt and appropriate, it also did not unfairly prejudice Network-1. The new



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evidence does not affect the pending summary judgment motions, and no trial date has been set.

A central issue in this case is the alleged patent infringement by Defendants' Content ID system. Because each of Network-1's asserted claims is a method claim, Content ID infringes only if it performs every step of the methods within the United States. *NTP, Inc. v. Rsch. In Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005). Google does not infringe the asserted patents for a number of reasons. But even so, Google has long disclosed that locating all or part of the accused system outside of the United States is a viable non-infringing alternative. In 2015 and 2019, Google witnesses testified that it would be technically feasible and impose little cost or resource burden to operate the entire Match System on non-U.S. servers. Exs. F & G. Despite this evidence, Network-1's experts took the position that such a move was not a "viable" alternative, opining that it likely would affect system performance and impose significant resource costs. Ex. H ¶¶ 32–33. Based on the notion that Google could not design around its patents, Network-1 seeks over \$240 million in damages. *Id.* ¶ 90. In contrast, Google's damages expert estimated that relocating the Match System would cost just over \$1 million dollars, which would inform the upper bound on Google's willingness to pay for a license in a hypothetical negotiation if Google were found to infringe. Ex. I ¶ 88.

Recent events confirm that Network-1's understanding was wrong and that moving the Match System abroad was as straightforward and relatively inexpensive as Google's witnesses had testified. In the latter half of 2020, Google initiated the relocation of the Match System to servers entirely outside the United States. The moving process began in earnest in November 2020 and was completed in late January 2021. Ex. A. Google tracked costs and employee time for the project, resulting in figures fully consistent with the prior estimates by Google's witnesses. *Id.* Network-1 had propounded interrogatories requesting that Google identify its bases for non-infringement (No. 7) and its non-infringing alternatives, including the costs and effects of implementation (No. 13). *Id.* It also had served requests for production of documents relating to Google's non-infringement positions (Nos. 4 & 56) and any planned or implemented design-around (Nos. 13 & 63). *See* Exs. J & K. Accordingly, Google promptly supplemented its responses on February 19, Ex. A, and followed up with a supplemental 432-document production on March 12, Ex. E. Google also apprised Network-1 that it is willing to make a corporate representative available for 30(b)(6) testimony on this topic.

This supplementation was consistent with Google's obligations under Rule 26(e)(1) to "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." Fed. R. Civ. P. 26(e)(1). "Disclosures under Rule 26(e) are continuing—they do not end when fact discovery closes." *Merryman v. Citigroup, Inc.*, 2018 WL 1621495, at \*19 (S.D.N.Y. Mar. 22, 2018); *see also Schindler Elevator Corp. v. Otis Elevator Co.*, 2010 WL 4007303, at \*4–5 (S.D.N.Y. Oct. 6, 2010) (denying motion to strike supplemental interrogatory response after close of discovery). The duty to supplement applies to documents and information that did not exist prior to the close of fact discovery, as is the case with the evidence provided here. *Robbins & Myers, Inc. v. J.M. Huber Corp.*, 274 F.R.D. 63, 74–77 (W.D.N.Y. 2011).

There is no question that Google supplemented "in a timely manner." Network-1's only



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argument that Google unduly delayed is based on the unfounded notion that Google was somehow required to change its system years ago simply because it had identified the possibility of doing so. *See* Ltr. at 2. But there is no legal requirement that a party who discloses a viable non-infringing alternative must immediately implement that alternative.

Supplementing in response to already-served requests does not “re-open fact discovery,” as Network-1 claims, nor is it a basis to exclude evidence that did not exist during the discovery period. On the contrary, if a party *fails* to comply with Rule 26(e)—i.e., if Google did *not* supplement as it has done—then a Court may elect, but is not required, to preclude previously-undisclosed evidence submitted in support of a motion or at trial. Fed. R. Civ. P. 37(c). Network-1 would turn this rule on its head, and have the Court impose a preclusion sanction on the basis of the very supplementation the rules require.

None of Network-1’s cited authority supports the remedy it seeks: precluding a party from supplementing discovery responses with relevant evidence that did not exist during the fact discovery period. Instead, its cases involve evidence that was or could have been obtained earlier, and many involve a party *failing* to supplement its responses—not the situation here, where the evidence did not exist during the fact discovery period, yet Network-1 opposes supplementation. *See, e.g., Saray Dokum ve Madeni Aksam Sanayi Turizm A.S. v. MTS Logistics Inc.*, 335 F.R.D. 50, 53 (S.D.N.Y. 2020) (denying request to reopen discovery because plaintiff had not pursued available evidence during the discovery period); *United States v. Prevezon Holdings, Ltd.*, 236 F. Supp. 3d 871, 873–75 (S.D.N.Y. 2017) (limiting the reopening of discovery when plaintiff gave no reason why the evidence was not obtained earlier, and produced 43,000 pages less than four months before trial); *New World Sols., Inc. v. NameMedia Inc.*, 150 F. Supp. 3d 287, 305, 309 (S.D.N.Y. 2015) (precluding evidence by a party witness who failed to appear for or reschedule his deposition); *523 IP LLC v. CureMD.Com*, 48 F. Supp. 3d 600, 638 (S.D.N.Y. 2014) (excluding evidence that existed during discovery regarding a system defendants had not disclosed they would rely on as invalidating prior art); *Ritchie Risk-Linked Strategies Trading (Ireland), Ltd. v. Coventry First LLC*, 280 F.R.D. 147, 159, 162 (S.D.N.Y. 2012) (allowing evidence even when party failed to disclose a theory of damages that had been available since the beginning of the suit); *United States v. Celgene Corp.*, 2016 WL 6562065, at \*4 (C.D. Cal. Aug. 23, 2016) (expert not permitted to supplement “based on evidence that was available at the time the initial expert report was due”).

Even if the Court were to construe Google’s supplementation as “re-open[ing] fact discovery,” that discovery is warranted. Network-1 cannot credibly contend this evidence is irrelevant to its claim of continued infringement, and any argument that it is not probative of damages can be weighed by a factfinder. The record shows that Google promptly disclosed new evidence supporting its existing theories when that evidence became available, and there is no undue prejudice to Network-1. The court has not set a trial date, and the new evidence has no impact on the pending summary judgment motions. Network-1 can easily review the documents Google produced, and to the extent Network-1 has further questions, Google has offered a 30(b)(6) deposition on the topic, which can be held remotely. Moreover, if Network-1 desires to timely supplement its expert reports on this discrete topic, then Google would not oppose, provided that Google were permitted rebuttal supplementation of its experts’ reports. Finally, because Google is complying with its disclosure obligations, there is no basis to award discovery fees and costs.

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