

## Lindsay, Jonathan

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**From:** Rick Lyon <rick@dovellaw.com>  
**Sent:** Wednesday, October 02, 2013 5:05 PM  
**To:** Lindsay, Jonathan  
**Cc:** Scheer, Michael J.; Dunham, Thomas M.; lionel.lavenue@finnegan.com; erika.arnner@finnegan.com; rwalters@mwe.com; chawkins@mwe.com; Wieland III, Charles; Sean Luner; Holst Katsma; AV1-PRPS  
**Subject:** RE: IPR2013-00071 - Network-1's Discovery Obligations

Jonathan,

We address below certain statements made in your email.

*First*, you state that Network-1 has “mischaracterized Avaya’s position” concerning Network-1’s obligation to identify relevant inconsistent information, but your email makes clear that Network-1 has correctly characterized Avaya’s position.

In particular, Network-1 characterized Avaya’s position as requiring Network-1 to perform the following steps: (1) review all documents from prior litigations (*i.e.*, the hundreds of thousands of documents gathered and produced, the hundreds of court filings, dozens of deposition transcripts, etc.); (2) evaluate whether each document includes any relevant information that is inconsistent with any position advanced by Network-1 in this IPR; and, (3) serve those documents that Network-1 determines includes relevant inconsistent information.

Your email confirms that this characterization of Avaya’s position is correct. For example, you assert that “Network-1 may be in the possession, custody, or control of relevant inconsistent information (including documents from the prior litigations)” and then take the position that Network-1 has a “duty to search, review, or otherwise identify all such information.” Indeed, to identify “all such information” from the “documents from the prior litigations” requires the same three step approach articulated above. There is no mischaracterization here.

*Second*, you state that Network-1 “misinterprets Network-1’s obligations,” but you fail to explain either (1) how Avaya’s interpretation of Network-1’s obligation is correct, or (2) how any other as-yet-unstated interpretation of Network-1’s obligations is correct. In particular, you fail to explain how the inefficient, cumbersome, and very costly obligations Avaya seeks to impose on Network-1 – *i.e.*, a search that requires (a) an attorney, (b) who is intimately familiar with each statement advanced in this proceeding, (c) to review each of the hundreds of thousands of pages of documents, and (d) apply a yet-to-be clearly defined standard to such documents to determine whether relevant information inconsistent with position advanced in this *IPR* proceeding is found in such documents – comports with efficient, streamlined, cost effective policy underlying *IPR* proceedings. Moreover, Greg Dovel’s “well established familiarity” with the asserted patent and underlying litigation does not alleviate the inefficient, cumbersome, and very costly nature of the approach advocated by Avaya. Mr. Dovel’s familiarity does not mean that he has memorized each of the hundreds of thousands of pages of documents.

*Third*, you ask Network-1 to confirm that all relevant inconsistent information in its possession, custody, or control has been produced, but 37 CFR § 42.51(b)(1)(iii) says nothing about all information in a party’s possession, custody, or control. “Routine discovery under 37 C.F.R. § 41.51(b)(1)(iii) [sic] is

narrowly directed to specific information known to the responding party to be inconsistent with a position advanced by that party in the proceeding,” Case IPR2012-00001, Paper No. 26 at 4. Network-1 can confirm that it has produced all information known by Network-1 to be inconsistent with a position it has advanced in the *IPR* proceeding. Regarding your specific inquiry concerning the inventor deposition transcripts, Network-1 can confirm that the transcripts do not include information inconsistent with a position it has advanced in the *IPR* proceeding.

As always, thank you for your cooperation in this matter.

Best regards,  
Rick

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**From:** Lindsay, Jonathan [mailto:JLindsay@crowell.com]

**Sent:** Tuesday, October 01, 2013 2:55 PM

**To:** Rick Lyon

**Cc:** Scheer, Michael J.; Dunham, Thomas M.; lionel.lavenue@finnegan.com; erika.arnier@finnegan.com; rwalters@mwe.com; chawkins@mwe.com; Wieland III, Charles; Sean Luner; Holst Katsma; AV1-PRPS

**Subject:** RE: IPR2013-00071 - Network-1's Discovery Obligations

Rick:

You mischaracterize Avaya’s position, and misinterpret Network-1’s obligations. We have simply asked for relevant information in Network-1’s possession, custody, or control that is inconsistent with positions it has advanced in this IPR. We asked you to confirm that all such information had been produced. In response, you now lay out a self-serving response in an attempt to defend why you have selectively relied on certain prior litigation material while at the same time been unwilling to fully identify all relevant inconsistent information. The situation is as follows:

1. In moving for the *pro hac vice* admission of Greg Dovel, Network-1 touted Mr. Dovel’s “well established familiarity” with the asserted patent and prior litigations involving such patent. *See* Motion for *Pro Hac Vice* Admission of Greg Dovel, page 3. When it has suited Network-1’s purposes, you have used that “well established familiarity” in Network-1’s briefing in this IPR.
2. Network-1 may be in the possession, custody, or control of relevant inconsistent information (including documents from the prior litigations), but Network-1 takes the position that they are under no duty to search, review, or otherwise identify all such information.
3. Network-1 interprets the Board’s phrase “known to the responding party to be inconsistent” as only including information that is in the present recollection of those individuals involved in the prior litigation. Based on that interpretation, Network-1 alleges it has no such relevant information inconsistent with positions it has taken in this IPR.
4. Absent having a present recollection of relevant inconsistent information (which Network-1 claims it does not have), Network-1 will only produce (i) certain documents identified by Avaya (not including the deposition(s) of Katzenberg and the other inventors) and (ii) documents where such information “would most likely be located” in Network-1’s own subjective view.

As we have made clear, we disagree with Network-1’s position, and do not agree that your approach here satisfies Network-1’s discovery obligations if relevant inconsistent information is in your possession custody or control. Network-1’s approach of apparently blindly serving discovery is not a “reasonable” one. It does nothing more than shift the burden to the Petitioner to discover any relevant inconsistent information which was in Network-1’s possession, custody and control. There is a reason why the USPTO regulations require the Patent

Owner to produce such information--so that the procedure, in your own words, can be “efficient, streamlined and cost-effective.”

Network-1’s position is that it “identified the additional universe of documents in which inconsistent information, if it exists, would most likely be located” and produced such information. While we disagree with that approach, since it is the one Network-1 is taking here, Petitioner believes the inventor deposition transcripts are also in the “universe” of documents where such information would likely exist. Therefore, we again request the production of the inventor deposition transcripts, particularly since portions of those transcripts are referenced in the information that was produced.

Best regards,

Jonathan

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**From:** Rick Lyon [<mailto:rick@dovellaw.com>]  
**Sent:** Monday, September 30, 2013 6:16 PM  
**To:** Wieland III, Charles; Lindsay, Jonathan; Sean Luner  
**Cc:** Scheer, Michael J.; Dunham, Thomas M.; AV1-PRPS  
**Subject:** RE: IPR2013-00071 - Network-1's Discovery Obligations

Dear Jonathan,

We write to elaborate further on Chad’s email below concerning Network-1’s production of documents in this *IPR* proceeding. In particular, we write to explain: (1) what is required to satisfy a party’s obligation to provide “information that is inconsistent with a position advanced by the party” pursuant to 37 CFR § 42.51(b)(1)(iii), (2) how Avaya misconstrues this obligation, and (3) how Network-1 has complied with (and, in fact, exceeded) its obligation. At the end of this email we summarize Network-1’s production of documents in this *IPR* proceeding.

**1. A party’s obligation to provide documents that include relevant inconsistent information.**

The Regulations require that “a party must serve relevant information that is inconsistent with a position advanced by the party during the proceeding.” 37 CFR § 42.51(b)(1)(iii). The Regulations, which are just beginning to be interpreted by the Board, are silent regarding the following question: What measures must a party undertake to identify relevant inconsistent information?

When statutes or regulations are silent or ambiguous on a particular question, we must turn to the policy underlying the statutes or regulations to answer the question. *See Unexcelled Chemical Corp. v. United States*, 345 U.S. 59, 64 (1953) (“Arguments of policy are relevant when ... there are ambiguities in the legislative language that must be resolved.”). The correct answer is the approach that is in line with the underlying policy, while the incorrect answer is the approach that “frustrate[s] the congressional policy underlying the statute [or regulation].” *SEC v. Sloan*, 436 U.S. 103, 161 (1978).

As this Board noted, the congressional policy underlying the statutes and regulations of the AIA (*i.e.*, the very reason why *IPR* proceedings were created) is to provide an “efficient, streamlined, and cost effective alternative to district court litigation.” *See* Sony Paper 13 [IPR 2013-000495] (“The America Invents Act (AIA) created new administrative trial proceedings, including *inter partes* review, as an efficient, streamlined, and cost-effective alternative to district court litigation.”) (emphasis added); *see also* Federal Register Volume 77, Number 28 (February 10, 2012) (<http://www.gpo.gov/fdsys/pkg/FR-2012-02-10/html/2012-2534.htm>) (“The purpose of the Leahy-Smith America Invents Act and these proposed regulations is to establish a more

efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”) (emphasis added).

Accordingly, when determining what measures a party must undertake to identify and serve relevant inconsistent information under 37 CFR § 42.51(b)(1)(iii), the correct approach must be in line with, and not contrary to, the policy underling the AIA of promoting an “efficient, streamlined, cost effective” proceeding.

## **2. Avaya’s position regarding a party’s obligation to identify inconsistent information undermines the reason why the AIA created *IPR* proceedings.**

Avaya’s position concerning the measures Network-1 should undertake to identify relevant inconsistent information is directly contrary to an “efficient, streamlined, and cost effective” proceeding which is the policy underlying *IPR* proceedings.

Avaya asserts that Network-1 is obligated to: (1) review all documents from prior litigations (*i.e.*, the hundreds of thousands of documents gathered and produced, the hundreds of court filings, dozens of deposition transcripts, etc.); (2) evaluate whether each document includes any relevant information that is inconsistent with any position advanced by Network-1 in this *IPR*; and, (3) serve those documents that Network-1 determines includes relevant inconsistent information.

Such a task would not be “efficient, streamlined, or cost effective,” but instead would be inefficient, cumbersome, and very costly – exactly what *IPR* proceedings were designed to avoid. Unlike other types of searches that take place in District Court litigation (*e.g.*, an electronic search for a particular individual, a key word, or a key phrase), a search for “inconsistent information” could not be performed electronically using search terms. Instead, such a search would require (a) an attorney, (b) who is intimately familiar with each statement advanced in this proceeding, (c) to review each of the hundreds of thousands of pages of documents, and (d) apply a yet-to-be clearly defined standard to such documents to determine whether relevant information inconsistent with position advanced in this *IPR* proceeding is found in such documents.

Because this approach is the opposite of “efficient, streamlined, and cost effective,” it is contrary to the purpose of *IPR* proceedings and, therefore, cannot be the correct approach.

Moreover, the Board has confirmed that the correct approach does not impose an obligation on a party to review all of its documents for inconsistent information. Indeed, the obligation does not even extend to categories of documents. Instead, the correct approach is limited to materials “known to the responding party to be inconsistent.”

Routine discovery under 37 C.F.R. § 41.51(b)(1)(iii) [sic] is narrowly directed to specific information known to the responding party to be inconsistent with a position advanced by that party in the proceeding, and *not* broadly directed to any subject area in general within which the requesting party hopes to discover such inconsistent information.

Case IPR2012-00001, Paper No. 26 at 4 (emphasis added). As set forth below, Network-1 has complied with (and exceeded) this obligation.

## **3. Network-1 has taken appropriate measures (and more) to identify relevant inconsistent documents.**

Network-1 has adopted a reasonable approach to identify relevant inconsistent information. This “efficient, streamlined, or cost effective” includes the following:

*First*, because Network-1's obligation is "directed to specific information known [by Network-1] to be inconsistent with a position advanced by [Network-1] in the proceeding," Case IPR2012-00001, Paper No. 26 at 4, individuals who could potentially have knowledge of any inconsistent information (*i.e.*, individuals with knowledge of both (i) the positions advanced during this *IPR* proceeding, and (ii) statements made and documents created during the litigations concerning the patent-in-suit) identified documents with potential relevant inconsistent information which were provided to Avaya.

*Second*, Network-1 undertook additional measures that went beyond its obligation to produce relevant materials known to be inconsistent:

- (1) Network-1 produced certain specific documents identified by Avaya as potentially including relevant inconsistent information; and
- (2) Network-1 identified the additional universe of documents in which inconsistent information, if it exists, would most likely be located – *e.g.*, claim construction papers, invalidity contentions, expert reports concerning validity, and depositions concerning validity. Rather than (a) reviewing these documents and applying its own judgment of whether they include any statements meeting the yet-to-be defined standard of relevant inconsistent information, and then (b) producing only those documents it deems to include such statements, Network-1 produced *all* of these documents, even if they would not be required to be produced under the broadest interpretation of the requirement.

Accordingly, Network-1's "efficient, streamlined, or cost effective" approach has resulted in the production of not only any inconsistent information of which it is aware, but also the universe of documents that, if inconsistent information unknown to Network-1 exists, are most reasonably likely to include such information.

#### 4. The following summarizes Network-1's production.

(1) On June 28, 2013, at the request of Avaya, Network-1 produced (a) a communication between Corey Horowitz and Merlot Communication, and (b) claim construction documents from the *Cisco* and *D-Link* litigations. Network-1 voluntarily produced these documents at Avaya's request even though Network-1 did not believe these documents included any inconsistent information.

(2) During a July 1, 2013 phone call, Network-1 informed Avaya that, based on its familiarity with the prior litigation, it was not aware of any relevant inconsistent information but that, based on a request from the Board to try to work through any issues relating to document production, it would be willing to review any particular documents or groups of documents identified by Avaya for inconsistent information. Avaya stated during the call that it would identify such documents and follow up with Network-1. It did not. In fact, we did not hear back from Avaya again concerning this issue until September 12, 2013.

(3) On September 12, 2013, Avaya sent the email below (see below), seeking certain documents from the *Cisco* litigation. In response, Network-1 promptly produced (a) the following documents identified in Avaya's e-mail, and (b) any other documents that it believed might have a reasonable possibility of including inconsistent information:

- on September 18, 2013: (a) Defendants' invalidity report in the *Cisco* litigation; (b) Dr. Knox's validity report in the *Cisco* litigation; and (c) a sample Dr. Knox infringement report in the *Cisco* litigation. (Network-1 produced the infringement report from the *Cisco* litigation relating to defendant Cisco. The reports for the other defendants are essentially the same as the Cisco report except that each separate report includes confidential information for each individual



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