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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

PALO ALTO NETWORKS, INC.,

Plaintiff and Counter-Defendant,

v.

PACKET INTELLIGENCE LLC

Defendant and Counterclaimant.

Case No. 3:19-cv-02471-WHO

JOINT SUBSEQUENT CASE MANAGEMENT STATEMENT

Date: January 7, 2020
Time: 2:00pm
Place: Courtroom 2, 17th Floor
Judge: Honorable William H. Orrick III

Pursuant to Civil L.R. 16-9(d), Plaintiff and Counter-Defendant Palo Alto Networks, Inc. ("Palo Alto Networks") and Defendant and Counterclaimant Packet Intelligence LLC ("Packet Intelligence") (collectively, the "Parties"), submit this Joint Subsequent Case Management Conference Statement in advance of the January 7, 2020 Case Management Conference in this matter.

1. Progress or Changes Since Last Joint Case Management Conference Statement (Dkt. 27), Filed August 13, 2019

Discovery

Discovery is in early stages. The parties have exchanged initial written discovery requests and have produced some documents. The Parties have also exchanged contentions pursuant to Patent L.R. 3, with the exception of Palo Alto Networks' Patent L.R. 3-9 Responsive Damages Contentions, which are due January 8, 2020. No fact depositions have been noticed or taken, and no third-party discovery has been taken.

Claim Construction

The parties have exchanged their respective claim construction positions and filed a Joint Claim Construction and Prehearing Statement. No party has noticed or taken a deposition in connection with claim construction. Claim construction briefing has not yet begun.

***Inter Partes* Review Proceedings**

Palo Alto Networks' position:

Palo Alto Networks expects to file petitions for *inter partes* review ("IPR") against all of the patents at issue here. The petitions will include all of the claims that Packet Intelligence has asserted against Palo Alto Networks. Palo Alto Networks expects institution decisions by about July or early August 2020. Those IPR petitions and resultant proceedings may resolve this suit completely, or at least significantly simplify the issues for this Court to address.

Packet Intelligence's position:

Palo Alto Network's statement that it *expects* to file petitions for *inter partes* review should have no bearing on this CMC conference or the schedule going forward in this case. How can Palo Alto Networks make any representation to the Court about the timing of a potential

institution decision occuring with respect to a non-existent IPR petition? Palo Alto Networks' statement that any issues in this case could be simplified or resolved by such an IPR are purely speculative and should be disregarded. Palo Alto Networks has been on notice of Packet Intelligence's infringement allegations since at least January 18, 2019 when Packet Intelligence sent Palo Alto Networks a notice letter to that effect. Rather than seeking to engage the patent office in this matter, Palo Alto Networks, instead, filed this litigation as a declaratory judgment action asking this Court to resolve the disputed issues between the parties. Nearly a year after learning of Packet Intelligence's allegations, Palo Alto Networks should not be allowed to derail the very litigation it filed in this Court.

Palo Alto Networks' response:

Palo Alto Networks does not believe it necessary to address the exact nature of Packet Intelligence's "notice letter" in this pleading. It notes, however, that the letter did not contain a complete listing of asserted claims or a disclosure of infringement theories. Palo Alto Networks first learned of the claims Packet Intelligence is asserting on September 3, 2019 and served invalidity contentions on October 18, 2019.

Related Cases

On August 13, 2019, Packet Intelligence filed suit against Juniper, asserting the same patents at issue in this suit. *See Packet Intelligence LLC vs. Juniper Networks, Inc.*, Case No. 3:19-cv-04741-WHO (the "Juniper Suit").[1] On August 14, 2019, Packet Intelligence moved this Court to relate the Juniper Suit to this suit, noting that both cases involved "infringement of the same claims of the Patents-in-Suit." Dkt. 28 at 1.[2] The Court granted that motion on August 21, 2019. Dkt. 33.

[1] The Initial Case Management Conference in the Juniper Suit also is scheduled for January 7, 2019. Based on the Patent Local Rules, a claim construction hearing in the Juniper Suit, addressing the same claims asserted in this suit, is expected to occur in approximately late July 2020.

[2] The asserted patents are U.S. Patent No. 6,651,099 ("'099 patent"); U.S. Patent No. 6,665,725 ("'725 patent"); U.S. Patent No. 6,771,646 ("'646 patent"); U.S. Patent No. 6,839,751 ("'751 patent"); and U.S. Patent No. 6,954,789 ("'789 patent") (collectively, the "Asserted Patents").

At the time of the last Case Management Conference, there were two cases pending in the Eastern District of Texas in which Packet Intelligence was asserting the Asserted Patents against other defendants. *See* Dkt. 27 at 7. Each of those suits has been dismissed due to settlements. In addition, the petitions for *inter partes* review ("IPR") filed by one of those defendants, Nokia, *see id.*, were withdrawn due to settlement prior to the filing of Patent Owner Preliminary Responses by Packet Intelligence or the issuance of institution decisions on those petitions.

Still pending at the Federal Circuit Court of Appeals is *Packet Intelligence LLC v. NetScout Systems, Inc.*, Case No. 19-2041, docketed on June 12, 2019. That appeal stems from prior litigation in the Eastern District of Texas involving the same Asserted Patents. Among the issues the Federal Circuit has been asked to address are the validity and patentability of claims 19 and 20 of the '789 patent, claims 10 and 17 of the '725 patent, and claims 1 and 5 of the '751 patent—each of which Packet Intelligence has asserted against Palo Alto Networks. Briefing is complete and oral argument is to be scheduled.

2. Proposal for the Remainder of the Case Development Process

Palo Alto Networks' position:

This case and the Juniper Suit remain in early stages. Palo Alto Networks submits that the schedule in this case should be modified to align with the schedule that the Court enters in the Juniper Suit, including with respect to claim construction proceedings. Because it is now clear that there is significant overlap between the two suits, including with respect to asserted claims, aligning schedules will enhance judicial and party economy. Packet Intelligence itself has contended there is significant overlap between this suit and the Juniper Suit:

> The First Suit [this suit] and Second Suit [Juniper Suit] concern substantially the same parties, property, transaction or event as defined by Civil L.R. 3-12(a). Specifically, the cases involve the same patent owner, the same Patents-in-Suit, and infringement of the same claims of the Patents-in-Suit. . . . [¶]

> The issues that arise out of the litigation will contain, at a minimum, sufficient overlap to create duplication of effort, for example, in construing the asserted claims.

Dkt. 28 at 1. Accordingly, Palo Alto Networks submits that the schedule in this case should be adjusted to align with the schedule entered in the Juniper Suit.

Packet Intelligence's Position:

Packet Intelligence requests that the Court keep this litigation on its current schedule which was jointly proposed by the parties, including the Markman hearing set to go forward on March 9, 2020. While Packet Intelligence did initially request that the Court set a joint Markman hearing in both this and the Juniper Networks cases, this request was made with the understanding that the case against Juniper Networks could move along quickly enough such that there would not be a significant delay in the current case. Given the date of the first CMC conference in the Juniper Networks case and the timeframes set forth in the Patent Local Rules, Juniper Networks has proposed a schedule in which the Markman hearing would not occur until about July 28, 2020, which is about 4.5 months after the Markman hearing currently set in this case. *See* Case No. 3:19-cv-04741-WHO, at Dkt. 31.

Packet Intelligence does not believe that the schedule in the present case should be pushed back such a significant period of time. If the Court determines that a joint Markman hearing should be held in both cases, then Packet Intelligence proposes that the joint Markman hearing be set on or around May 8, 2020. In the Joint CMC Statement in the Juniper Networks case, Packet Intelligence set forth a claim construction disclosure and briefing schedule that would accommodate all parties and the suggested May 8th date for a joint Markman hearing. *Id.*

In this Joint CMC Statement, Palo Alto Networks informs the Court for the first time that it might file an IPR petition and requests that the Court extend the current schedule significantly. It is clear that Palo Alto Networks now seeks to push back the schedule to which it agreed only for the purposes of delay, and perhaps to file a petition for IPR and seek a stay of this litigation which it originally filed in this District.

3. Parties' Views on ADR

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