IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

AGIS SOFTWARE DEVELOPMENT LLC, Plaintiff, v. HTC CORPORATION, Defendant.	§ § § § § § § § § §	Case No. 2:17-CV-0514-JRG (LEAD CASE) **JURY TRIAL DEMANDED**
LG ELECTRONICS INC., Defendant.	§ § § § §	Case No. 2:17-CV-0515-JRG (CONSOLIDATED CASE) **JURY TRIAL DEMANDED**

PLAINTIFF AGIS SOFTWARE DEVELOPMENT LLC'S OPPOSED MOTION TO STRIKE THE EXPERT REPORT OF DR. SCOTT ANDREWS FOR UNDISCLOSED OBVIOUSNESS COMBINATIONS AND FAILURE TO ADHERE TO DEFENDANTS' FINAL ELECTION OF PRIOR ART REFERENCES

I. INTRODUCTION

Plaintiff AGIS Software Development LLC ("AGIS") submits this Motion to Strike Portions of the December 14, 2018 Expert Report of Scott Andrews ("Andrews Report") based on Defendants HTC Corporation ("HTC") and LG Electronics, Inc.'s ("LG") (collectively, "Defendants") failure to timely disclose invalidity theories and obviousness combinations based on non-elected prior art references. The Andrews Report advances untimely invalidity theories based on U.S. Patent No. 7,630,724 ("the '724 Patent") which is not identified in Defendants' final election of prior art. Defendants never identified the '724 Patent as anticipatory or obviousness-type prior art references in their amended invalidity contentions. Ex. A, LG's Amended Invalidity Contentions, dated January 17, 2019; Ex. B, HTC's Invalidity Contentions, dated March 15, 2018; Ex. C, Expert Report of Scott Andrews.[1]. The Andrews Report thus exceeds the scope of Defendants' amended invalidity contentions and its final election of prior art references. Because Defendants failed to put AGIS on notice of these undisclosed invalidity theories in accordance with the local patent rules and this Court's orders, AGIS respectfully moves the Court to strike portions of the Andrews Report that rely on the non-elected prior art reference as improperly based on previously-undisclosed invalidity theories.

II. FACTUAL BACKGROUND

LG served invalidity contentions on February 6, 2018 and amended its invalidity contentions on January 17, 2019. Ex. A. HTC served invalidity contentions on March 15, 2018. Ex. B. Neither LG nor HTC's invalidity contentions identified the '724 Patent as anticipatory or an obviousness-type prior art reference, or disclosed obviousness combinations based on the

[1] References to Exhibits A-K refer to the exhibits submitted with the Declaration of Alfred R. Fabricant in support of this Motion and attached hereto.

'724 Patent. Defendants provided no charts identifying citations and evidence to support the '724 Patent as anticipatory and/or obviousness references.

The Parties negotiated a date for the final election of claims and prior art, as reflected in the Docket Control Order. *See* Ex. D, *AGIS Software Development LLC v. HTC Corporation*, 2:17-cv-00514-JRG, Dkt. 39 Docket Control Order, dated February 20, 2018 (ordering parties to serve a Final Election of Asserted Claims identifying no more than 15 claims per asserted patent, no more than 38 claims total; and Defendants to elect no more than 15 prior art references against each patent and no more than 40 references total); Ex. E, *AGIS Software Development LLC v. Huawei Device USA Inc., et al.*, 2:17-cv-00513-JRG, Dkt. 85 Docket Control Order, dated February 2, 2018. AGIS substantially narrowed its claims to a final election of 38 claims across 4 patents. *See* Ex. F, AGIS's Final Election of Asserted Claims against HTC; Ex. G, AGIS's Final Election of Asserted Claims against LG. Defendants were each required to make a final election of fifteen (15) prior art references on August 29, 2018. *See* Ex. H, LG's Final Election of Prior Art, dated August 29, 2018; Ex. I, HTC's Final Election of Prior Art, dated August 29, 2018. Defendants' final election of prior art references did not identify the '724 Patent. Ex. D; Ex. E.

On December 14, 2018, Defendants served the Andrews Report which included, for the first time, anticipation and obviousness arguments based on the non-elected '724 Patent. Ex. C, Andrews Report at 144-148, 370-463, 754-792, 971-1003.[2]

III. LEGAL STANDARD

Invalidity contentions are intended to put the party alleging infringement on notice of the alleged infringer's arguments as to "[w]hether each item of prior art anticipates each asserted

[2] AGIS notes that the Andrews Report contains a paragraph numbering error. On page 267 of the Andrews Report, the numbering of paragraphs ends at ¶ 592 and the next paragraph begins at ¶ 351. To avoid confusion, AGIS refers to the Andrews Report by page number.

claim or renders it obvious. If a combination of items of prior art makes a claim obvious, each such combination, and the motivation to combine such items, must be identified." P.R. 3-3. These rules are intended to "require parties to crystallize their theories of the case early in the litigation so as to prevent the 'shifting sands' approach" to litigation. *Keranos, LLC v. Silicon Storage Tech., Inc.*, 797 F.3d 1025, 1035 (Fed. Cir. 2015) (citations omitted); *see also Tyco Healthcare Group LP v. Applied Medical Resources Corp.*, 2009 WL 5842062, at *1 (E.D. Tex. Mar. 30, 2009) (explaining that the purpose of the rules is to "further the goal of full, timely discovery and provide all parties with adequate notice and information with which to litigate their cases, not to create supposed loopholes through which parties may practice litigation by ambush."). Parties must seek leave to amend their invalidity contentions with a showing of good cause, if the need arises. P.R. 3-6.

In determining whether to strike an expert report for failure to comply with local P.R. 3-3, courts in this District have considered a list of five non-exclusive factors: (1) the danger of unfair prejudice to the non-movant; (2) the length of the delay and its potential impact on judicial proceedings; (3) the reason for the delay, including whether it was within the reasonable control of the movant; (4) the importance of the particular matter and, if vital to the case, whether a lesser sanction would adequately address the other factors to be considered and also deter future violations of the court's Scheduling Orders, Local Rules, and the Federal Rules of Civil Procedure; and (5) whether the offending party was diligent in seeking an extension of time, or in supplementing discovery, after an alleged need to disclose the new matter became apparent. *LML Patent Corp. v. JPMorgan Chase & Co.*, 2011 WL 5158285, at *4 (E.D. Tex., Aug. 11, 2011); *Tyco* , 2009 WL 5842062, at *2 -; *see also Betzel v. State Farm Lloyds*, 480 F.3d 704, 707 (5th Cir. 2007).

IV. ARGUMENT

Defendants should not be permitted to rely on undisclosed invalidity theories based on non-elected references raised for the first time in the Andrews Report. In their failure to comply with P.R. 3-3, Defendants did not identify the '724 Patent as anticipatory or an obviousness-type prior art reference, and did not identify the '724 Patent as part of any combination of prior art references rendering the asserted claims obvious. The '724 Patent was not charted with citations or evidence identifying where specifically in each '724 Patent each element of each asserted claim is found. Defendants add a single line to their election of prior art, stating that they "further reserve[] the right to assert at trial . . . U.S. Patent No. 7,630,724 would also render the claims invalid under at least AIA 35 U.S.C. § 102." Ex. I at 3; Ex. I at 2. A reservation of rights is not an election, and therefore, Defendants cannot argue that this disclosure was sufficient to elect the '724 Patent as a prior art reference. The Andrews Report departs from Defendants' representations designed to mutually narrow the issues. Mr. Andrews attempts to resurrect non-elected prior art references and submits undisclosed invalidity theories and combinations based on the '724 Patent. Ex. C at 144-148, 370-463, 754-792, 971-1003.

Courts in this District have held that expert reports may not introduce theories not previously set forth in infringement contentions. *Cardsoft, Inc. v. Verifone Holdings, Inc.*, No. 2:08-cv-98-RSP, Dkt. 371 (E.D. Tex. 2012) ("To the extent that Defendants' expert offers previously undisclosed non-infringement positions . . . such testimony or opinions will be excluded upon proper motion or objection at trial."); *Tyco* , 2009 WL 5842062, at *3 ("The Local Patent Rules and this court's Scheduling Order are clear: [the alleged infringer] was required to disclose any combination of, or motivation to combine, prior art it was asserting against a particular claim in its Invalidity Contentions. Failure to do so, unless substantially justified or harmless, means the evidence will be excluded."); *DataQuill Ltd. v. Huawei Techs.*

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