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 REPLY RE 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 REFERENCE (DKT. 108)

Plaintiff AGIS Software Development LLC ("AGIS"), by and through its undersigned counsel, hereby submits this Reply in support of its 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 (Dkt. 108).

Local Patent Rule 3-3 requires that a party opposing claims for patent infringement serve invalidity contentions which must include: (1) the identity of each item of prior art that allegedly anticipates each asserted claim or renders it obvious; (2) whether each item anticipates each asserted claim or makes it obvious; (3) identify the combination of references that make a claim obvious and the motivation to combine; and (4) a chart identifying where specifically in each alleged item of prior art each element of each asserted claim is found. P.R. 3-3(a)-(c). Defendants have failed to adhere to Local Patent Rule 3-3 because "[t]o the extent that [defendant] has not provided information satisfying each of those four requirements for any obviousness combination," then defendant has not properly asserted that combination. *CyEee Grp. Ltd. v. Samsung Elecs. Co. Ltd.*, No. 2:17-CV-140-WCB, 2018 WL 4100760, at *2 (E.D. Tex. July 2, 2018) ("[T]he Court will not look favorably on an attempt to assert any improperly disclosed obviousness combination. . . .").

Defendants allege that they had sufficiently identified the '724 patent in its invalidity contentions and should not be precluded from relying on the '724 patent or any combinations thereof because it provided "notice" of the use of such prior art. Dkt. 154 at 3-4; Dkt. 154-13, Ex. 12 ("Defendants reserve the right to assert additional theories of invalidity based on the determination of the proper priority date or any future claim of priority AGIS makes . . .

including but not limited to U.S. Pat. Nos. 7,031,728; 7,630,724 . . . ."). However this Court has held that "this type of boilerplate language in invalidity contentions is contrary to this district's Local Patent Rules and case law." *CyEee Grp. Ltd. v. Samsung Elecs. Co. Ltd.*, *2. Defendants have not only failed to sufficiently identify and elect the '724 patent as invalidating prior art, but failed to identify any combination based on the '724 patent or provide a chart identifying where specifically in the '724 patent each element of each asserted claim is found.

Defendants argue that they "put AGIS on ***fair notice*** that the '724 patent rendered each-and-every element of the '055, '251, and '838 patents obvious." Dkt. 154 at 5, n. 2 (emphasis added). In support, they cite to two cases: *Realtime Data* and *EON Corp.* Both cases do not apply to the facts of this case. *Realtime Data* held that ***infringement contentions*** "are not intended to require a party to set forth a prima facie case of infringement and evidence in support thereof." *Realtime Data, LLC v. Packeteer, Inc.*, No. 6:08-CV-144, 2009 WL 2590101, at *5 (E.D. Tex. 2009) ("[I]nfringement contentions are intended to frame the scope of the case in order to provide for 'full, timely discovery and [to] provide parties with adequate notice and information with which to litigate their case.'") (citing *Nike, Inc. v. Adidas Am. Inc.*, 479 F. Supp. 2d 664, 667 (E.D. Tex. 2007)). The same applies for *EON Corp.*, where defendant sought to strike plaintiff's ***infringement contentions***. *EON Corp. IP Holdings, LLC v. Sensus USA Inc.*, No. 6:09-cv-116, Dkt. No. 112 at 4 (E.D.Tex. Jan. 21, 2010). Local Patent Rule 3-3 requires more than simply notice of the prior art.

The five-factor test in this Court to determine whether it is appropriate to exclude evidence based on a party's failure to comply with the Patent Rules include prejudice to the non-movant, the length of the delay, the reason for the delay, the importance of the matter sought to be excluded, and diligence. *LML Patent Corp. v. JPMorgan Chase & Co.*, No. 2:08-CV-448,

2011 WL 5158285, at *4 (E.D. Tex. 2011). Defendants have not established that they would be prejudiced by the exclusion of the non-elected and non-disclosed '724 patent. Defendants' own arguments show that "AGIS in its early discovery responses identified the '724 patent as providing priority support for the asserted patents." Dkt. 154 at 3. Following Defendants' argument, Defendants have been on notice that the '724 patent may be relevant, yet did not seek to include the '724 patent in its invalidity contentions or its final election of prior art. Defendants seem to allege there was sufficient reason for delay because the PTAB's decisions came months after its final prior art elections, and they had "reserved" their rights to present the '724 patent as invalidating prior art. Dkt. 154 at 4. Following the rendering of the PTAB decisions, Defendants have ***still*** not sought to amend their invalidity contentions or their election of prior art. In fact, LG served amended invalidity contentions as late as January 17, 2019 which does not identify the '724 patent as prior art and does not provide any charts for the '724 patent. *See* Dkt. 108-2, LG's Amended Invalidity Contentions, dated January 17, 2019. Defendants have not shown diligence in attempting to include the '724 patent as a prior art reference, and attempt to circumvent the Local Rules of this Court by including the '724 patent and any combinations thereof for the first time in its expert report. As a result, it is appropriate to exclude the '724 patent for Defendants' failure to elect, disclose, and chart the '724 patent and any combinations thereof.

Defendants rely on *Rembrandt Wireless Techs.* which held that a motion to strike was denied where "Plaintiff's objection arose for the first time in a motion to strike." Dkt. 154 at 6. This case is inapposite. In *Rembrandt*, plaintiff argued that defendants relied on references in their Second Amended Invalidity Contentions which were improperly served, and therefore should be precluded from use of such references. *Rembrandt Wireless Techs. LP v. Samsung*

Electronics Co. Ltd., No. 2:13-CV-213-JRG-RSP, 2015 WL 1848524, at *1 (E.D. Tex. 2015). The Court held that because plaintiff sought to exclude reliance on such references for the first time in its motion to strike, it had waived such objections. *Id.* at *2. Further, Defendants' Expert Report relied on ***portions*** of the reference that were never identified or charted in Defendants' invalidity contentions. *Id.* at *3. Here, AGIS does not take issue with reliance on references ***identified and charted*** in Defendants' amended invalidity contentions. However, Defendants neither identify nor chart the '724 patent or any portion thereof as a prior art reference. Without providing a claim-by-claim and element-by-element chart for any asserted prior art reference, Defendants fail to provide sufficient notice as to how each claim element is met. *Realtime Data, LLC v. Packeteer, Inc.*, 6:08-cv-144-LED-JDL, 2009 WL 4782062, at *3 (E.D. Tex. 2009) (striking invalidity theories relying on undisclosed references that defendants failed to provide in any invalidity chart and had not been identified on a claim-by-claim or element-by-element basis). Defendants' attempt to "preserve" its rights to later rely upon undisclosed combinations does not comply with the requirements of Local Patent Rule 3-3. *See id.*

Local Patent Rule 3-3 not only requires the timely disclosure of references, but also the timely disclosure of combinations defendant intends to rely upon. In *LML Patent Corp.*, the Court granted plaintiff's motion to strike twenty-eight new combinations, holding that "the Local Patent Rules and this court's Scheduling Order are clear: [the defendant] was required to disclose any combination of, or motivation to combine, prior art it was asserting against a particular claim in its Invalidity Contentions." *LML Patent Corp.*, 2011 WL 5158285, at *7. Like the defendant in *LML Patent Corp.*, Defendants do not present any authority holding that "new combinations are permissible simply because the constituent references were previously disclosed." *LML Patent Corp.*, 2011 WL 5158285 at *6 ("[l]anguage preserving a defendant an opportunity to

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