

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

QUEST NETTECH CORPORATION,

Plaintiff,

v.

APPLE INC.,

Defendant.

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C.A. No. 2:19-cv-00118-JRG

JURY TRIAL DEMANDED

**APPLE INC.'S REPLY
TO QUEST NETTECH CORPORATION'S RESPONSE IN OPPOSITION
TO APPLE INC.'S MOTION
FOR LEAVE TO SUPPLEMENT ITS INVALIDITY CONTENTIONS**

INTRODUCTION

The Court should grant Apple leave to supplement its invalidity contentions to add a single reference: U.S. Patent No. 5,590,038, issued on December 31, 1995 to Satyan G. Pitroda (“Pitroda”). NetTech’s Response in Opposition (Dkt. 60) fails to rebut Apple’s showing of good cause to supplement its invalidity contentions. NetTech’s brief misunderstands or ignores the reasons given in Apple’s opening brief regarding diligence, and it attempts to raise arguments that are irrelevant to the questions of importance and prejudice.

ARGUMENT

All four of the relevant factors weigh in favor of permitting Apple to supplement its invalidity contentions: *First*, Apple diligently pursued its prior art search, despite NetTech’s assertions of claims that it later dropped and vague infringement allegations, both of which greatly inflated the scope of the prior art search and thereby needlessly diverted time and resources that delayed the discovery of Pitroda. Moreover, contrary to NetTech’s incorrect allegation of a five week delay, Apple disclosed Pitroda within days of discovering its significance. *Second*, Pitroda is important because it anticipates or renders obvious all of the asserted claims, and thus could end this case. *Third*, no prejudice would result from adding Pitroda. Contrary to its complaint of hypothetical, unspecified prejudice to its “claim construction positions,” NetTech has not identified any new terms or constructions that it would change in light of Pitroda, even though claim construction discovery is still open and it has had (and still has) ample time to do so. And *fourth*, NetTech identifies no reason that supplementation would require a continuance at this stage, prior to claim construction briefing and long before the *Markman* hearing.

A. Apple Diligently Located Pitroda and Diligently Delivered It to NetTech.

Contrary to NetTech’s protests, Apple offered a detailed account of its diligence in locating and disclosing Pitroda. As Apple’s motion showed, its efforts to locate and identify prior art were

hampered by a confluence of three factors, two of which stemmed from NetTech’s own actions and a third that was beyond the control of either party.

First, NetTech’s infringement contentions asserted multiple claims against Apple, which NetTech later withdrew, but not until after the deadline for Apple’s invalidity contentions. Mot. 2; Mot. Exs. 4-6. Those claims raised limitations that are non-cumulative of the other claims, and so required additional—and ultimately unnecessary—prior art searching. Mot. at 4-6. Notably, NetTech failed to dispute any of the foregoing facts.

Second, NetTech’s vague infringement contentions failed to serve one of their intended and important purposes: fairly disclosing the scope of the allegations against Apple products and, with it, the prior art search needed to address the claims. *See* Mot. 4-5; *O2 Micro Intern. Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1365-66 (Fed. Cir. 2006). Apple alerted NetTech that its deficient contentions “prejudice[d] Apple’s ability to prepare its invalidity contentions” shortly after receiving them. Mot. Ex. 3 at 5. But because NetTech did not—and still has not—remedied those deficiencies, Apple had to conduct a broader prior art search than would have been necessary had NetTech more clearly disclosed how it intended to read the asserted claims.¹ This District has acknowledged that similar circumstances necessitated a “detailed prior art search” that “consume[d] months.” *Optis Wireless Tech., LLC v. Huawei Techs. Co. Ltd.*, No. 2:17-CV-123,

¹ NetTech suggests that its contentions could not have influenced Apple’s prior art search because Apple began searching before receiving them. Resp. 4-5. This argument does not follow. Litigants may, and frequently do, begin prior art searching before receiving the infringement contentions. But that does not diminish the important function proper infringement contentions serve by helping to narrow and make the review and presentation of the results of that search more efficient—a function that was thwarted by NetTech’s deficient contentions in this case. Similarly, NetTech attempts to excuse its deficient contentions by alleging that Apple has not previously escalated the deficiencies to this Court’s attention, ignoring that any delay is the result of NetTech’s inaction, not Apple’s: Apple made its source code available for inspection beginning on September 12, 2019 but NetTech did not review the code until November 7. Ex. 10 (source code log). And regardless, NetTech cannot deny that Apple has repeatedly challenged the sufficiency of its contentions—and specifically noted that those deficiencies “prejudice Apple’s ability to prepare its invalidity contentions”—beginning shortly after NetTech first delivered them. Mot. Ex. 3 at 5; *see* also Mot. 2; Mot. Exs. 4-5. NetTech’s failure to comply with this court’s rules should not serve as a basis to deny Apple’s motion to supplement.

slip op. at 2 (E.D. Tex. Jan 26, 2018), ECF No. 119. Accordingly, this court has found diligence where relevant art was not discovered (even until after a *Markman* hearing) because of such circumstances. Mot. 4-5; *Alt v. Medtronic, Inc.*, No. 2:04-CV-370, 2006 WL 278868, at *2-4 (E.D. Tex. Feb. 1, 2006).

Third, Pitroda itself obscured its relevance to the dispute at hand by using nonstandard terms for well-known components. Mot. 2-3, 5. For example, Pitroda coined the term “universal electronic transaction card” but never uses the better-known terms “smart card,” integrated circuit card,” “IC card,” “payment card,” “contactless card,” or “chip card.” *See* Mot. Ex. 8 (Pitroda); *see also, e.g.*, Dkt. 6-1 (’137 Patent) at 2:5-6. NetTech misunderstands this point. Apple does not argue that “Pitroda was not discoverable” because of idiosyncratic language. *See* Resp. 5. Rather, Pitroda’s nonstandard language delayed examination of Pitroda for some time after Apple first received it. Mot. 2-3, 5.

For these reasons, the caselaw NetTech cites is easily distinguishable or simply inapposite. For example, in *Blue Calypso, Inc. v. Groupon, Inc.*, the court held only that a defendant must offer some explanation for a multiple-month delay in alerting opposing counsel that it intended to rely on a patent already known to both parties. No. 6:12-cv-486-JRG, slip op. at 2 (E.D. Tex. Aug. 6, 2015), ECF No. 317, *reproduced at* ECF No. 60-3. Similarly, in *Nanology Alpha LLC v. Witec Wissenschaftliche Instrumente Und Technologie GMBH*, the defendant delayed until a month after submitting its expert report before disclosing its intent to rely on a reference. No. 6:16-cv-445-RWS at 5, ECF No. 112, *reproduced at* ECF No. 60-2. None of those facts are present here. NetTech does not dispute that Apple had not previously known about Pitroda. When it did discover the reference, not only did Apple alert opposing counsel to the reference within days of realizing its significance, it did so while offering a detailed explanation of the reasons for the delay

(the same three reiterated above) and disclosed its intention to rely on the reference months before the *Markman* hearing and the fact (let alone expert) discovery cut-off.² Mot. 2-3, 5.

Because Apple exercised diligence throughout the search that uncovered Pitroda, and promptly disclosed Pitroda to NetTech, this factor strongly supports granting leave to supplement.

B. The Pitroda Reference Is Important to Apple’s Invalidity Case.

As set forth in Apple’s claim chart, the Pitroda reference is important because it can drastically simplify this case by *ending* it. NetTech does not dispute this.

NetTech instead asserts, in conclusory fashion, that Pitroda is cumulative of Apple’s five other primary references, but NetTech has provided no support or explanation for that assertion. The mere fact that two references are both alleged to invalidate a claim does not necessarily render them cumulative of one another. For example, they may invalidate the claim in different ways depending upon the plaintiff’s interpretation of the claim as understood from its infringement contentions.³ And the cases, including the lone case cited by NetTech, are fully consistent with that non-controversial fact. For example, in *MacroSolve, Inc. v. Antenna Software, Inc.*, the defendant only “vaguely assert[ed] one reference relates to limitations in [one claim] without any explanation as to what the relationship is or how it applies to particular limitations within the claim.” 2013 WL 3833079, at *2 (E.D. Tex. July 23, 2013). By contrast, here Apple specifically and in great detail explained in a 42-page claim chart how Pitroda anticipates or renders obvious each limitation of each asserted claim. Mot. Ex. 1. And as this Court has repeatedly recognized, “[p]rior art references potentially rendering a patent invalid are important” and support granting leave to supplement, even where a plaintiff contends that the references are cumulative of other

² NetTech mistakenly asserts that Apple “inexplicably” delayed “five weeks” in bringing Pitroda to NetTech’s attention. Resp. 6. But as Apple has consistently explained, Pitroda was examined later than other references due to its nonstandard terminology. Mot. 2-3, 5. Once Apple examined Pitroda, it alerted NetTech promptly. *Id.*

³ Contrary to NetTech’s assertion that Apple has asserted hundreds of references, Apple *charted* only five primary references in its original invalidity contentions. See Ex. 8 at pg. 10, Table 1 (listing invalidity claim charts).

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