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

MAXELL, LTD.,

Plaintiff

v.

APPLE INC.,

Defendant.

Civil Action NO. 5:19-cv-00036-RWS

JURY TRIAL DEMANDED

APPLE'S REPLY IN SUPPORT OF
MOTION FOR LEAVE TO SUPPLEMENT INVALIDITY CONTENTIONS

Apple irrefutably demonstrated its diligence in finding the Casio Camera prior art reference and the reference's significant importance, and Maxell has failed to show it would suffer any unfair prejudice if Apple is permitted to supplement its Invalidity Contentions. Indeed, Maxell cannot articulate how adding a single prior art reference—a reference which (applying Maxell's argument) Maxell knew of well before filing this lawsuit—would impact any position it has taken in this case or any of the pending deadlines.

Unable to show any prejudice, Maxell argues that Apple should have found the Casio Camera earlier based on Maxell's July 10 production of a single document that refers to hundreds of cameras in website screenshots, among almost 200,000 pages of documents. But this is nothing more than the type of hindsight argument that could be made with any prior art reference—once you have found it, it is easy to be criticized that you should have found it earlier. That the Casio Camera was included in a list of hundreds of cameras in screenshots Maxell produced does not support any conclusion that Apple should have immediately picked it out of the list, researched it, and appreciated its significance before serving its contentions. To the contrary, Apple diligently searched for prior art and only became aware of the relevance of the Casio Camera after serving its invalidity contentions. Apple's diligence, the importance of the reference, and the lack of prejudice to Maxell all weigh in favor of granting Apple's Motion.

I. APPLE HAS BEEN DILIGENT

The evidence presented in Apple's Motion demonstrates that Apple diligently searched for prior art, having conducted multiple searches by counsel and search firms, and that its discovery of the Casio Camera after serving its initial invalidity contentions was excusable. D.I. 130 at 2-4. Maxell instead argues that Apple should have found the Casio Camera earlier based on Maxell's July 10 document production and because information relevant to this camera was not difficult to find. *See* D.I. 148 at 3-6. Maxell is wrong on both points.

First, Maxell's production of screenshots from a German camera website does not demonstrate a lack of diligence by Apple. On July 10, Maxell produced 3,774 documents, totaling 193,586 pages, including 263 documents Maxell re-produced from its previous litigation against ASUSTek. *See* Simmons Decl., ¶ 2. Buried within these documents was a 17-page compilation of screenshots from the German website, produced without any accompanying explanation or even the usual header or footer with the website's address. *Id.*, ¶ 3; Ex. 1. The screenshots show a list of 390 cameras, identified by manufacturer and model number only—no features or images of any cameras are disclosed. *Id.*, Ex. 1. On one screenshot, "Casio QV-8000SX (1999)" (the Casio Camera) is listed, among 49 other camera models on the same page. *Id.* at MAXELL_APPLE0190995. The Casio Camera is not mentioned anywhere else in Maxell's production, nor is it cited in any of Asus's claim charts Maxell produced. Maxell asserts that to have been "reasonably diligent," Apple should have (1) immediately (indeed on July 10, the very day of the production) picked this 17-page compilation of screenshots out of nearly 200,000 pages of documents and surmised its significance, (2) located the actual German website from the screenshots, (3) researched the hundreds of products listed to identify the Casio Camera as relevant prior art, (4) found the Casio Camera's user manual, and (5) analyzed and charted that user manual, all within the 5-week period between Maxell's production and the due date for Apple's invalidity contention, while simultaneously analyzing hundreds of other prior art references and products for all ten Asserted Patents. Maxell's position is not reasonable.

Indeed, in *Hearing Components, Inc. v. Shure, Inc.*, the Court rejected a similar argument and granted defendant's motion to supplement. No. 9:07-CV-104, 2008 WL 11348009, at *1 (E.D. Tex. June 5, 2008). Like Maxell, the plaintiff there argued that its production of the prior art patent three months before defendant sought to supplement its contentions demonstrated

defendant's lack of diligence. *Id*. The Court disagreed, finding that because the patent was produced "as part of an avalanche of paper and native application data," the three-month delay was understandable. *Id*. at *1-2. "[W]hile there was some delay, it was not inordinate" and the "delay [could] be expected when a party conducts a proper investigation into the merits of its potential defenses." *Id*. Because "the claim construction hearing ha[d] not yet occurred and trial [was] still seven months away," and because "discovery [would] not close for more than four months" the Court found "[g]ranting [Defendant's] motion would permit [Plaintiff] sufficient time to address these new prior art references and invalidity defenses with its experts and prepare for depositions and trial accordingly." *Id*. The same is true here—Apple's delay was not unreasonable and Maxell has ample time to address the new reference.

Second, Maxell's claim that Apple was not diligent because Maxell was able to locate the Casio Camera's user manual with "a simple Google search" (D.I. 140 at 4) is irrelevant. With the benefit of hindsight—after Apple already provided a claim chart—it is no surprise that Maxell could easily find the documents Apple cited. But the right question is whether Apple should have found the reference before serving its initial invalidity contentions, *i.e.*, without the benefit of the knowledge that it now has—and the answer is no. Locating product prior art is a time-consuming process, particularly for 10 asserted patents and 90 claims. *See* D.I. 130 at 3. Even if it were reasonable to expect Apple to have located and recognized the significance of the German website from Maxell's production (it is not), Apple would still have had to research hundreds of cameras to determine the relevance of the Casio Camera. *See* D.I. 130-1 at ¶¶ 3-6. And while Apple was able to find the Casio Camera within a few weeks of locating the same German website in October, by then, Apple had acquired significant knowledge about the state of the prior art from months of research. *See id.* Maxell's argument that Apple could have

honed in on the Casio Camera as quickly in July—without the benefit of months of analyzing prior art and without additional details on the Casio Camera—is baseless. Thus, the fact that its user manual can be found now with a Google search is simply a red herring.

After months of diligently searching for prior art, Apple found and identified as relevant prior art the Casio Camera—that this discovery occurred in October 2019, after Apple had served its invalidity contentions, was not the result of a lack of diligence and is understandable and excusable. The diligence factor, therefore, favors granting Apple's Motion.

II. THE CASIO CAMERA IS AN IMPORTANT REFERENCE

Maxell knows well from Apple's invalidity chart that the Casio Camera is an important reference. *See* D.I. 130-4. And its argument to the contrary is not only unsupported but also flies in the face of its simultaneous claim that it would suffer "unfair prejudice" from Apple's supplementation. D.I. 143 at 7. Maxell "cannot have it both ways. If [Maxell] believes these references are indeed cumulative, not relevant to the validity of the patents-in-suit, or both, it is not readily apparent … how [Maxell] could suffer any prejudice." *e-Watch Inc. v. Apple, Inc.*, No. 2:13-CV-1061-JRG-RSP, 2014 WL 12668405, at *2 (E.D. Tex. Dec. 5, 2014).

Apple demonstrated the importance and unique strengths of the Casio Camera in its invalidity chart. In response, Maxell disingenuously cites the total number of references disclosed in Apple's invalidity contentions. But as Maxell well knows, Apple has already served its preliminary election of prior art, and the Casio Camera is one of only seven references—and ***one of only two products***—remaining against U.S. Patent No. 8,339,493. *See* Simmons Decl., ¶ 4. In view of Apple's short list of prior art references and the importance of this reference, denying Apple's Motion to add this important reference would significantly prejudice Apple.

III. MAXELL MAKES NO SHOWING OF UNFAIR PREJUDICE

Maxell has not, and cannot, articulate any actual prejudice it would suffer from allowing

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