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15 UNITED STATES DISTRICT COURT
16 SOUTHERN DISTRICT OF CALIFORNIA

17
18 MULTIMEDIA PATENT TRUST, a
Delaware Statutory Trust

19 Plaintiff,

20 v.

21 APPLE INC., a California corporation,
22 CANON INC., a Japanese corporation,
CANON U.S.A., INC., a New York
23 corporation, LG ELECTRONICS, INC., a
Korean corporation, LG ELECTRONICS
24 U.S.A., INC., a Delaware corporation, LG
ELECTRONICS MOBILECOMM U.S.A.,
25 INC., a California corporation,

26 Defendants.
27
28

Case No. 10-cv-2618 H (CAB)

**DEFENDANTS' OPPOSITION TO
PLAINTIFF'S MOTION FOR
PARTIAL SUMMARY JUDGMENT
OF NO INEQUITABLE CONDUCT**

Date: August 13, 2012
Time: 10:30 a.m.
Courtroom: 13, 5th Floor

Hon. Marilyn L. Huff

1 **I. INTRODUCTION**

2 Plaintiff MPT filed its present motion for summary judgment *before* it produced any
3 documents pursuant to Defendants' initial document requests. The present Defendants—who
4 were not parties to the prior MPT actions—have had no opportunity to take discovery to develop
5 further facts to support their properly pled defenses. Moreover, Canon's counsel was not
6 involved in the prior MPT actions and has little access to the discovery from the prior actions.

7 The Court should deny or defer MPT's motion as premature. Defendants should be
8 allowed to review the documents recently produced by MPT, evaluate their inequitable conduct
9 defense, determine what, if any, additional discovery they might take to support their defense, and
10 take such discovery before a ruling on this motion.

11 **II. BACKGROUND FACTS**

12 On December 20, 2010, Multimedia Patent Trust filed suit in this Court against, *inter alia*,
13 Apple Inc., Canon, Inc., Canon U.S.A., Inc., LG Electronics, Inc., LG Electronics U.S.A., Inc.,
14 and LG Electronics Mobilecomm U.S.A., Inc. (collectively, "Defendants") alleging infringement
15 of four patents. On March 21, 2011, the Defendants filed their respective answers (and in some
16 case counterclaims) containing various inequitable conduct allegations.

17 During this early stage in the litigation, MPT claimed that it had performed a proper pre-
18 suit investigation and had developed particularized infringement theories. Nevertheless, MPT
19 insisted that it needed additional discovery prior to submitting its infringement contentions
20 pursuant to this Court's local rules. Accordingly, this Court afforded MPT six months of limited
21 discovery. After that time, MPT was still unable to provide the Defendants with appropriate
22 infringement contentions. This Court afforded MPT an additional six months.

23 Despite having a full year of infringement-related discovery, to date, MPT has failed to
24 provide infringement charts on a majority of its purported assertions. However, the Court,
25 needing to move its docket forward, opened general discovery on June 8, 2012. *See Parties'*
26 *Revised Joint Case Management Brief*, D.I. 178, at 6 (discovery to commence after status
27 conference held June 8, 2012); *Scheduling Order*, D.I. 184, at 2 (status conference held June 8,
28 2012). Canon, Apple, and LG served subpoenas, deposition notices, document requests, and

1 interrogatories aimed at adducing evidence of inequitable conduct. Canon served its first requests
2 for production to MPT on June 8, 2012. Several of those requests sought documents related to
3 inequitable conduct. *See, e.g.*, Defendants Canon, U.S.A., Inc. and Canon Inc.’s First Set of
4 Requests for Production of Documents and Things to Plaintiff Multimedia Patent Trust, Exh. 1 to
5 Freilich Decl., at Request Nos. 6, 13, 31-33, 39.

6 MPT finally responded to Canon’s requests for production on July 12, 2012 (three days
7 after its response was due), but it did not produce responsive documents at that time. *See* June 17,
8 2011, Letter from Freilich to Hutnyan, Exh. 3 to Freilich Decl. (“[P]ersonal service will still be
9 required in situations where the serving party wishes to avoid the additional response time
10 pursuant to Rule 6(d.)”); June 20, 2011, Letter from Hutnyan to Freilich, Exh. 4 to Freilich Decl.
11 (“We [] agree to accept email service of pleadings without waiver of the additional response
12 time.”).

13 Due to “technical difficulties which slowed [MPT’s] production down,” MPT did not
14 actually produce any documents until July 24, 2012. *See* July 11 Letter from Micallef to
15 Hutnyan, Exh. 5 to Freilich Decl. (inquiring about MPT’s late responses); July 16, 2012, Email
16 from Hutnyan to Micallef, Exh. 6 to Freilich Decl. (explaining delay in production and
17 disagreeing re late responses); July 24, 2012, Letter from Hutnyan to Caridis, Exh. 7 to Freilich
18 Decl. (accompanying hard drive with MPT’s production).

19 Meanwhile, on July 16, 2012, MPT filed the instant motion. *See* Memorandum of Points
20 and Authorities in Support of Plaintiff Multimedia Patent Trust’s Motion for Partial Summary
21 Judgment of No Inequitable Conduct or, in the Alternative, Judgment on the Pleadings (“Br.”),
22 D.I. 220-1. Other than raising this issue with the Defendants months ago, MPT did not attempt to
23 resolve the issue with Defendants before putting the issue before the Court.

24 As of July 23, 2012, over a week *after* MPT filed its motion, MPT had only produced 41
25 documents in this case. None of these documents related to inequitable conduct. On July 24,
26 2012, two weeks after it served its responses to Defendants’ document requests, MPT produced
27 over 27,000 new documents totaling over 625,000 pages. Exh. 7 to Freilich Decl. Some of these
28 documents may relate to inequitable conduct, but Defendants have had only a few days to review

1 the documents while responding to MPT's motion and preparing their opening claim construction
2 brief.

3 **III. LEGAL STANDARDS**

4 Rule 56(d) explicitly permits a court to deny or defer a motion for summary judgment to
5 allow the nonmoving party sufficient time to develop facts in support of its claims. "If a
6 nonmovant shows by affidavit or declaration that, for specified reasons, it cannot present facts
7 essential to justify its opposition, the court may: (1) defer considering the motion or deny it; (2)
8 allow time to obtain affidavits or declarations or to take discovery; or (3) issue any other
9 appropriate order." Fed. R. Civ. P. 56(d). Such a continuation is appropriate when a motion for
10 summary judgment is filed early. "If the motion seems premature both subdivision [56(d)] and
11 Rule 6(b) allow the court to extend the time to respond." Fed. R. Civ. P. 56, advisory committee
12 note of 2009.

13 Ninth Circuit precedent strongly favors a Rule 56(d) continuance in response to an early-
14 filed summary judgment motion. "Although Rule 56(f) [now 56(d)] facially gives judges the
15 discretion to disallow discovery when the non-moving party cannot yet submit evidence
16 supporting its opposition, the Supreme Court has restated the rule as requiring, rather than merely
17 permitting, discovery 'where the non-moving party has not had the opportunity to discover
18 information that is essential to its opposition.'" *Metabolife Int'l, Inc. v. Wornick*, 264 F.3d 832,
19 846 (9th Cir. 2001) (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 n.5 (1986)). "The
20 nonmoving party...must have had sufficient time and opportunity for discovery before a moving
21 party will be permitted to carry its initial burden of production by showing that the nonmoving
22 party has insufficient evidence." *Nissan Fire & Marine Ins. Co. v. Fritz Cos.*, 210 F.3d 1099,
23 1105-06 (9th Cir. 2000) (citing *Celotex v. Catrett*, 477 U.S. 317, 326).

24 The Ninth Circuit further instructed that a Rule 56(d) "continuance of a motion for
25 summary judgment for purposes of discovery should be granted almost as a matter of course
26 unless the non-moving party has not diligently pursued discovery of the evidence." *Burlington N.*
27 *Santa Fe R.R. v. Assiniboine & Sioux Tribes of the Fort Peck Reservation*, 323 F.3d 767, 773-774
28 (9th Cir. 2003); see also *Columbia Mach., Inc. v. Besser Co.*, 2011 U.S. Dist. LEXIS 96214, at *5

1 (W.D. Wash. 2011) (citing *Metro. Life*, 527 F.3d at 1337) (“[W]hen there has been no adequate
2 initial opportunity for discovery, a strict showing of necessity and diligence that is otherwise
3 required for a request for additional discovery under summary judgment rule does not apply.”)
4 “Where...a summary judgment motion is filed so early in the litigation, before a party has had
5 any realistic opportunity to pursue discovery relating to its theory of the case, district courts
6 should grant any Rule [56(d)] motion fairly freely.” *Burlington*, 323 F.3d at 773.

7 The Federal Circuit’s guidance is very similar to that of the Ninth Circuit: “Under the
8 Federal Rules of Civil Procedure, the parties must be afforded adequate time for general
9 discovery before being required to respond to a motion for summary judgment.” *Metro. Life Ins.*
10 *Co. v. Bancorp Servs.*, 527 F.3d 1330, 1336 (Fed. Cir. 2008).

11 **IV. ARGUMENT**

12 **A. MPT’s Summary Judgment Motion Is Premature**

13 MPT paints the current Defendants and procedural posture as interchangeable with prior
14 Defendants in order to force its prior summary judgment onto Defendants that were not involved
15 in the prior litigation. Specifically, MPT’s motion relies heavily on the actions and positions of
16 the Fox Defendants to argue that this motion should be decided pro forma. But the Defendants in
17 this case do not stand in the shoes of prior Defendants.

18 Unlike Apple, Canon, and LG, the Fox Defendants had ample opportunity to conduct
19 relevant discovery to support their defenses. The Fox Defendants responded to MPT’s
20 inequitable conduct contention interrogatories on March 28, 2011. MPT filed its motion for
21 summary judgment in that case *ten months later*, on January 30, 2012, giving the Fox Defendants
22 ample time to take discovery. In this case, MPT filed its motion for summary judgment *four days*
23 after Defendants filed their responses to MPT’s interrogatories.

24 Moreover, MPT’s motion against the Fox Defendants was filed after the Fox Defendants
25 affirmatively “declined to supplement their interrogatory answer” on January 5, 2012. *Disney*
26 *Op.* at 2 and cited materials. The Fox Defendants’ declaration that they “[would] not supplement
27 their inequitable conduct allegations and [would] stand on them for this case” suggests that those
28 Defendants intended to proceed with their inequitable conduct defense with the information in

1 their answer and not based on information found after further discovery. MPT's Memo ISO SJ,
2 DI 348-1 at 7. The Fox Defendants' reluctance to amend cannot be imputed to Apple, LG, and
3 Canon. Defendants in this case have not "ripened" a motion for summary judgment by declaring
4 that the pleadings are all the evidence they intend to present on the issue. Defendants here have
5 expressed no such unwillingness to update their allegations. Defendants will supplement their
6 interrogatory responses and amend their allegations to reflect their positions as to inequitable
7 conduct after they have had a fair opportunity to conduct discovery.

8 Nor can the Fox Defendants' decision not to present evidence of inequitable conduct be
9 taken as an indicator that no such evidence exists. MPT does not enjoy issue preclusion as to
10 inequitable conduct against the present Defendants, who had no opportunity to participate in the
11 prior actions.

12 Defendants acknowledge that this case is on an accelerated schedule and have been
13 diligently seeking discovery in accordance with the Court's schedule. Nonetheless, Defendants
14 had 39 days of discovery as of the time MPT filed its motion, hardly enough time for MPT to
15 have responded to a first round of discovery requests from Defendants. Indeed, MPT did not
16 produce any materials at all until four days *after* this motion was filed.

17 Furthermore, MPT to date has refused to agree that the prior depositions of the inventors
18 and prosecuting attorneys can be used as if taken in this case, pursuant to Rule 32(a)(8), despite
19 agreeing to the same thing in previous litigations involving these patents. Months ago Defendants
20 proposed that the prior depositions related to these patents (inventors, prosecuting attorneys,
21 licensing witnesses, licensor representatives, etc.) be permitted to be treated as if they had been
22 taken in this case, relying upon Rule 32(a)(8). While Defendants thought they were close to an
23 agreement, MPT's most recent position has gone backwards. Email Chain between Mathews and
24 Barnes, Exh. 2 to Freilich Decl. Not only is MPT wrong on the law, as a practical matter MPT's
25 position is absurd, as it would require the parties to "re-invent the wheel," necessitating taking
26 depositions from dozens of third-party witnesses about subject matter that is decades old, and for
27 which the third parties have already been deposed. If MPT had voiced its disagreement with
28 Defendants' common-sense procedure before the parties May 30 conference with the Court,

1 Defendants would have raised the issue on that date, as Defendants certainly were not expecting
2 the need to re-take depositions already taken, and given the Court's accelerated schedule,
3 presumably neither was the Court. *Id.* at 1. MPT's refusal to agree to use of these depositions,
4 particularly as to the depositions of the inventors and prosecuting attorneys, makes it all the more
5 incongruous for MPT to turn around and argue that Defendants have been unable to elicit any
6 evidence on inequitable conduct.

7 MPT cannot argue that the accelerated schedule in this case somehow renders this motion
8 timely. MPT's foot-dragging in developing infringement theories in support of its own case is the
9 *cause* of the accelerated schedule. If any party should have any claim thrown out at this point, it
10 should be MPT's uncharted infringement claims, for which MPT has had over a year of discovery
11 and yet still cannot provide any particularized evidence. MPT asked for and was given extra time
12 to pursue limited discovery from third parties. Now MPT seeks judgment against Defendants
13 without providing them any time for discovery. MPT should not be rewarded, and Defendants
14 should not be prejudiced, by an early summary judgment in MPT's favor under conditions caused
15 by MPT's lack of diligence.

16 **B. MPT Withheld the Evidence It Now Complains Defendants Have Not**
17 **Provided**

18 MPT's motion relies on the false premise that the present Defendants had access to the
19 record from the prior litigations. Of course *MPT* had access to the documents from the prior
20 cases; MPT or its predecessors were a party to all of the prior litigations. But MPT did not share
21 those documents with the present Defendants, despite how easy it would have been to simply re-
22 produce the documents and depositions. The present Defendants cannot properly be considered
23 to have participated in the prior cases.

24 Canon had no access whatsoever to documents from prior cases until July 24, when MPT
25 delivered 625,000 pages of documents, a week *after* it filed this motion. Counsel for Canon has
26 never represented any Defendant in the prior cases.

27 MPT argues that Apple and LG had access to these documents by virtue of having counsel
28 from the same law firm as some of the Defendants in prior cases. This argument is without merit.

1 Awareness of every piece of evidence cannot be imputed to Apple and LG merely because the
2 same firm represented other parties in this litigation.

3 Defendants here have diligently sought information from MPT. For example, Canon
4 served requests for production and interrogatories within a week of the opening of general
5 discovery.

6 Four deposition transcripts were first made available on July 20, 2012, *after* MPT filed its
7 motion. *See* July 20, 2012, Email from Zisser to Counsel for Defendants, Exh. 8 to Freilich Decl.
8 Moreover, the available set of four transcripts is far from complete. Defendants decline to accept
9 on faith MPT's assessment that "[f]urther depositions...would be of very limited value." Br. at
10 20. Rather Defendants are entitled to an opportunity to review all of the relevant deposition
11 transcripts (once they are made available) and decide for themselves whether a deposition would
12 be helpful to their defense. Likewise, Defendants also deserve an opportunity to review the
13 625,000 pages of documents that MPT produced last week.

14 **C. This Court Has Previously Found Defendants' Pleadings To Be Adequate**

15 As a final argument in its motion, MPT summarily concludes that it is entitled to
16 judgment on the pleadings under Rule 12(c). Br. at 21. MPT's argument is based on a
17 fundamental misunderstanding of the Federal Circuit's pleading standards and is instead a rehash
18 of an issue that this Court has already decided.

19 MPT notes that the standard governing Rule 12(c) motions for judgment on the pleadings
20 is functionally identical to that governing a Rule 12(b)(6) motion, yet MPT never mentions what
21 that standard is. Br. at 21. Instead, MPT implies that the Defendants were under some
22 unidentified obligation to amend their pleadings after the *Therasense* decision issued. *Id.*
23 However, Courts have rejected the notion that *Therasense* altered parties' obligations at the
24 pleading stage. *See, e.g., Oracle Corp. v. DrugLogic, Inc.*, 807 F. Supp. 2d 885, 900 ("It would
25 be inappropriate at the motion to dismiss stage that [a party] cannot plead inequitable conduct
26 based on a case that addressed the heightened standards not for pleading but for proving the
27 elements of such a claim"); *Sloan Valve Co. v. Zurn Indus.*, 2012 U.S. Dist. LEXIS 46254, at *13
28 (N.D. Ill. Apr. 1, 2012) ("Therasense did not address inequitable conduct claims at the pleading

1 stage, nor did it override *Exergen's* pleading requirements.”); *Human Genome Sciences, Inc. v.*
2 *Genentech, Inc.*, 2011 U.S. Dist. LEXIS 153834, at *10 (C.D. Cal., December 9, 2011) (“[T]he
3 level of scrutiny applied to the pleadings does not appear to be so exacting. . . . the Federal Circuit
4 did not express the desire to adjust the standard for pleading that defense so severely. No Federal
5 Circuit decision, before *Therasense* or after *Therasense*, has stated that the facts in a pleading for
6 inequitable conduct must meet the clear and convincing standard.”)

7 *Therasense* set a higher standard for *proof* of the elements of an inequitable conduct claim
8 at trial. But it cannot be the case that *Therasense* also sets the standard for *pleading* those
9 elements.¹ It would be a rare case indeed in which any party could, without discovery, allege
10 facts that would be sufficient under *Therasense* to establish an inventor’s subjective intent at trial.
11 Certainly the Federal Circuit did not intend that the inequitable conduct defense would be
12 available only to parties with prescient knowledge of an inventor’s awareness of a prior-art
13 reference, the inventor’s subjective belief that the reference is relevant, and the inventor’s intent
14 to withhold the reference in order to obtain a patent. Indeed, after *Therasense*, the Federal Circuit
15 articulated the following *Exergen*-based pleading standard: “A charge of inequitable conduct
16 based on a failure to disclose will survive a motion to dismiss only if [the allegations] recite[]
17 facts from which the court may reasonably infer that a specific individual both knew of
18 invalidating information that was withheld from the PTO and withheld that information with a
19 specific intent to deceive the PTO.” *Delano Farms Co. v. The California Table Grape*
20 *Commission*, 655 F.3d 1337, at 1350 (Fed. Cir. 2011).

21 This Court has already determined that the Defendants’ inequitable conduct allegations
22 meet the *Exergen* standards. MPT acknowledges that the inequitable conduct allegations in this
23 case “mirror the Fox Defendants’ allegations in *Walt Disney*.” Br. at 4. At MPT’s behest, this
24 Court examined these same inequitable conduct allegations under the *Exergen* standard. *Id.* This

25 _____
26 ¹ Even if Defendants’ allegations were required to meet a heightened pleading standard, there is certainly no
27 requirement that specific ‘magic’ words be used in a pleading to meet that standard. Defendants’ allegations plead
28 specific materiality facts that, when appropriately considered, do meet a but-for *pleading* standard. For example, the
‘226 patent was rejected as unpatentable in reexamination over the art that Defendants rely on to show inequitable
conduct. That patent was only allowed in view of MPT’s arguments for patentability, which identified particular
structure required by the claimed means.

1 Court concluded appropriately that the inequitable conduct allegations in question were
2 sufficiently pled: “Taking the allegations as true and construed in the light most favorable to the
3 Studio Defendants, the Court concludes that the counterclaims sufficiently meet the requirements
4 under Rule 9(b).” Order of February 24, 2011, Exh. 4 to MPT’s Request for Judicial Notice at
5 13; *see also generally id.* at 5-13.

6 Accordingly, because this Court has already determined that the allegations at issue meet
7 the *Exergen* standards and MPT has provided no additional evidence or argument to challenge
8 that ruling, MPT’s motion for judgment on the pleadings should be denied. If for some reason,
9 despite its prior decision, the Court believes that Defendants’ pleadings are insufficient,
10 Defendants should be allowed to amend their pleadings.

11 **V. CONCLUSION**

12 For all of the foregoing reasons, the Defendants respectfully request that MPT’s motion be
13 denied in its entirety or deferred until Defendants have had time to evaluate the materials
14 produced in this case and conduct any additional discovery they believe would help support their
15 defense.

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1 Dated: July 30, 2012

Respectfully submitted,

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1 Dated: July 30, 2012

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing document has been served on July 30, 2012 to all counsel of record who are deemed to have consented to electronic service via the Court’s CM/ECF system pursuant to Federal Rule of Civil Procedure 5(b)(3). Any other counsel of record will be served by electronic mail, facsimile, and/or overnight delivery.

Dated: July 30, 2012 By,

/s/ Seth E. Freilich

SETH E. FREILICH