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 17 MULTIMEDIA PATENT TRUST

18 UNITED STATES DISTRICT COURT
 19 SOUTHERN DISTRICT OF CALIFORNIA

20 MULTIMEDIA PATENT TRUST, a Delaware
 21 statutory trust,

22 Plaintiff,

23 v.

24 APPLE INC., a California corporation,
 25 CANON, INC., a Japanese corporation,
 26 CANON U.S.A., INC., a New York corporation,
 27 LG ELECTRONICS, INC., a Korean
 28 corporation, LG ELECTRONICS U.S.A., INC.,
 a Delaware corporation, LG ELECTRONICS
 MOBILECOMM U.S.A., INC., a California
 corporation,

Defendants.

CASE NO. 10-cv-2618-H-KSC

**REPLY IN SUPPORT OF PLAINTIFF
 MULTIMEDIA PATENT TRUST'S
 MOTION FOR PARTIAL SUMMARY
 JUDGMENT OF NO INEQUITABLE
 CONDUCT OR, IN THE
 ALTERNATIVE, JUDGMENT ON THE
 PLEADINGS**

Judge: Hon. Marilyn L. Huff
 Courtroom: 13, 5th Floor
 Hearing Date: August 13, 2012
 Hearing Time: 10:30 a.m.

**New Hearing Date: August 17, 2012
 New Hearing Time: 9:00 a.m.**

1 **Preliminary Statement**

2 Defendants ask this court to disregard the binding *en banc* precedent of the Federal Circuit
 3 in *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (2011). Defendants had no good
 4 cause to assert inequitable conduct in this case and with trial only four months away, this baseless
 5 and disfavored defense should be stricken. It is defendants' burden to prove this defense, not
 6 plaintiff's burden to disprove it. No prior defendant has been able to prove inequitable conduct nor
 7 can the current defendants.

8 **Argument**

9 **I. JUDGMENT ON THE PLEADINGS IS APPROPRIATE**

10 Defendants' argument that *Therasense's* holding that a purportedly withheld prior art
 11 reference must have been "but-for" material rather than merely material within the meaning of the
 12 PTO's Rule 56 has no effect on pleading requirements is peculiar. Infringers must, since
 13 *Therasense*, plead that a withheld reference was but-for material to survive a motion to dismiss.
 14 Indeed, even one of the cases defendants rely on for the contrary position makes this very same
 15 point in the paragraph following the portion defendants quote. *See Sloan Valve Co. v. Zurn Indus.*,
 16 No. 10-cv-204, 2012 WL 1108129, *5 (N.D. Ill. Apr. 1, 2012) (cited by defendants at 7:27-8:1)
 17 ("*Therasense*, however, made clear that district courts may no longer assess allegations of
 18 materiality by the 'reasonable examiner' or PTO Rule 56 standards. Instead, 'in assessing the
 19 materiality of a withheld reference,' the court must determine whether there are sufficient
 20 allegations from which a court may reasonably infer that 'the PTO would not have allowed the
 21 claim if it had been aware of the undisclosed prior art.'") (citing cases requiring allegations of but-
 22 for materiality at the pleading stage).

23 Contrary to the assertions made in defendants' Opposition, MPT did not argue that the
 24 pleadings must somehow satisfy *Therasense's* "clear and convincing" standard; MPT is properly
 25 arguing that defendants' pleadings do not allege "but-for" materiality, and so could not possibly
 26 raise a defense sufficient to satisfy *Therasense* even if every allegation in defendants' pleadings
 27 were proven to be true. Thus, that these allegations passed muster under *Exergen* in *Walt Disney*

1 before *Therasense* issued is irrelevant. MPT's argument is that the *elements*—not the pleading
 2 standard—of inequitable conduct have changed. Because defendants made no effort to replead
 3 their allegations to allege the requisite "but-for" materiality (either after *Therasense* issued or in
 4 response to this motion) judgment on the pleadings is appropriate.¹

5 **II. ALTERNATIVELY, MPT'S MOTION FOR PARTIAL SUMMARY JUDGMENT**
 6 **IS NOT PREMATURE**

7 Nevertheless, if the Court disagrees with plaintiff, plaintiff has shown below that it is
 8 entitled to summary judgment since defendants' Opposition failed to prove that if the Examiner
 9 had seen one or more of the allegedly withheld prior art references, one or more of the claims of
 10 the asserted patents would not have issued. Defendants have not shown that any discovery from
 11 plaintiff would have helped them prove that the Examiner would not have issued a patent claim,
 12 had the Examiner but known of the reference. Indeed, defendants have not shown how any
 13 information from plaintiff would have helped them meet the exacting burden of *but-for* materiality
 14 created by the *en banc Therasense* court.

15 Rather than make any attempt to defend their inequitable conduct allegations on the merits,
 16 defendants—like the Fox Defendants in the *Walt Disney* case before them—focus their efforts on
 17 seeking to delay the inevitable adverse adjudication of their defense. Defendants' arguments are
 18 both erroneous and procedurally deficient.

19 **A. Defendants Have Had Ample Opportunity to Discover Evidence Supporting**
 20 **Their Inequitable Conduct Allegations, If There Were Any**

21 There is simply no merit to defendants' argument that they have had no opportunity to
 22 conduct discovery in this case and that the timing of plaintiff's motion therefore precludes
 23

24 ¹ Defendants argue in a footnote that they *have* pled the "but-for" materiality of unspecified
 25 prior art references because "the '226 patent was rejected as unpatentable in reexamination" over
 26 that art. (Br. at 8 n.1.) There is no merit to this contention either. As explained in MPT's opening
 27 brief, that rejection was *non-final* and the '226 patent ultimately exited reexamination with all of
 28 its claims intact, thus negating any possibility that the art was "but-for" material. (Opening Br.,
 filed July 16, 2012 (Docket No. 220-1 at 10:4-5, 12:2-8).)

1 summary judgment. As this Court has noted, defendants should have sought relief from the
 2 "limited" discovery period if they were concerned that their ability to present their defenses would
 3 be prejudiced, rather than assume discovery would be extended indefinitely:

4 Mr. Barnes: . . . [T]he issue I have here is, MPT has had close to a
 5 year to do all this third party discovery. If this [trial
 6 schedule] ends up getting entered, if our counsel is
 7 available on November 27th, that would basically
 8 give [defendants] less than six months to do all of
 9 their discovery in terms of all the document
 10 production, all their depositions, all of our third-party
 11 discovery as it relates to invalidity, all of our
 12 depositions.

13 And I just worry that what's going to happen here is
 14 . . . that we are going to be prejudiced in that we will
 15 be under the gun, and we will not be able to defend
 16 ourselves. . .

17 The Court: But nobody—nobody ever came to me and said
 18 that—and I'm not a particular fan of this targeted
 19 limited discovery sitting around for two years and
 20 then say, oh, well, now we have it. So on the fairness
 21 thing, I think that this is what our Local Rules
 22 contemplate. So you don't typically get to your
 23 invalidity, as you say, until you know what are the
 24 accused devices. So if you go back to the framework
 25 of our Local Rules, this schedule is really within the
 26 framework of the Local Rules.

27 And so I don't think it puts you at any disadvantage
 28 or unfairness in this because you're going to—it
 flows from the claim construction. . . . We're talking
 about four discrete patents. Fish & Richardson
 litigated this before at least two times. . . .²

Moreover, defendants have *not* been prejudiced by a lack of discovery. As defendants
 concede, Apple's and LG's counsel—Fish & Richardson—had access to the very discovery from
 prior cases that defendants complain MPT has not yet produced in this action. (*See, e.g.*, Br. at
 6:24-26 (arguing that only *Canon* did not have access to prior discovery).) Indeed, Apple and LG
 merely argue that "[a]wareness of every piece of evidence cannot be imputed to Apple and LG

² Reply Declaration of Bruce Zisser, filed concurrently herewith ("Reply Zisser Decl.") at Ex. I (Excerpts of May 30, 2012 Scheduling Conf.) at 36:4-38:8.

1 merely because the same firm represented other parties in this litigation." (Br. at 7:1-2.) This
2 argument is absurd: Since Apple's and LG's counsel *has* (and *knows* it has) the prior discovery it
3 claims it needs, how can the responsibility of reviewing it for evidence supporting their claims lie
4 anywhere else? Realistically, counsel for Apple and LG has most likely reviewed that discovery
5 and found it lacks any support for defendants' inequitable conduct allegations or assumed as much
6 from the failure of these exact same allegations in the *Walt Disney* case.

7 Similarly, Canon's claim that it has had "no access whatsoever to documents from prior
8 cases" (Br. at 6:24-26) also rings hollow since defendants are plainly working together:
9 Defendants filed a joint opposition to this motion and Canon conspicuously does not claim that it
10 is not privy to a joint defense agreement of some kind with Apple and LG. In any event, even if
11 Canon had *no* prior access to that discovery, that would not excuse Apple's and LG's failure to
12 proffer any evidence to oppose MPT's motion. Nor does it explain why, despite *all* defendants
13 having admittedly had prior deposition transcripts of four relevant inventors for at least ten days
14 before their opposition was due (Br. at 7:6-12), defendants were unable to cite any evidence from
15 them in support of their allegations. Such evidence just does not exist.

16 A still more fundamental problem with defendants' argument, however, is that their
17 opportunity to conduct formal discovery is completely irrelevant in this case, at least with respect
18 to defendants' ability to adduce any evidence to establish the but-for materiality requirement of
19 their inequitable conduct defenses and counterclaims. Defendants' inequitable conduct allegations
20 are all premised on purportedly withheld references; proving the but-for materiality of a reference
21 is a question of (1) identifying the withheld reference (which defendants did in their pleadings
22 long ago); and (2) providing evidence that, *had* the patent examiner known of the reference, he or
23 she would not have allowed one or more of the patent's claims. Such evidence might include, for
24 example, the sworn testimony of a person having ordinary skill in the art comparing the prior art
25 reference to the claims, or applying the results of a reexamination proceeding in which the
26 previously omitted reference *was* before the Patent Office. Defendants have had access to these
27 kinds of evidence since this suit was first filed: They undoubtedly have a retinue of experts who
28

1 could offer sworn opinion testimony if any of the references were, in fact, but-for material, and
 2 prosecution histories are available to the general public.³ Not only do defendants fail to present
 3 evidence that any of the references identified in their pleadings are material (much less but-for
 4 material), it appears defendants have now concluded that several of these references could not, as
 5 a matter of law, provide the basis for inequitable conduct allegations: Five of the now nine
 6 allegedly withheld references are not charted in defendants' invalidity charts *at all*.

7 **B. Rule 56(d) Neither Requires Nor Favors a Continuance of MPT's Motion on**
 8 **These Facts**

9 Rule 56(d) (emphases added) of the Federal Rules of Civil Procedure provides that "*[i]f a*
 10 *nonmovant shows by affidavit or declaration that, for specified reasons,* it cannot present facts
 11 essential to justify its opposition, the court may: (1) defer considering the motion or deny it; (2)
 12 allow time to obtain affidavits or declarations or to take discovery; or (3) issue any other
 13 appropriate order." Defendants cannot defeat MPT's motion by baldly stating that they need
 14 further discovery; instead, defendants must show (1) by affidavit, the specific facts they hope to
 15 elicit from further discovery, (2) that those facts exist, and (3) that evidence of those facts would
 16 preclude summary judgment. *See, e.g., State of California v. Campbell*, 138 F.3d 772, 779 (9th
 17 Cir. 1998) (nonmoving party "must show (1) that [he] ha[s] set forth in affidavit form the specific
 18 facts that he hope[s] to elicit from further discovery, (2) that the facts sought exist, and (3) that
 19 these sought-after facts are 'essential' to resist the summary judgment motion"); *see also Tatum v.*
 20 *San Francisco*, 441 F.3d 1090, 1100 (9th Cir. 2006) (opposing party "must identify the specific
 21 facts that further discovery would reveal and explain why these facts would preclude summary
 22 judgment"). District courts act well within their discretion by denying Rule 56(d) requests where
 23 the nonmovant does not make this required showing. *See, e.g., Getz v. Boeing Co.*, 654 F.3d 852,
 24 868 (9th Cir. 2011) (no abuse of discretion to deny Rule 56(d) request where nonmovant "failed to
 25

26 ³ Indeed, defendants arguably *should* have consulted such resources even before pleading its
 27 defenses to fulfill its responsibilities under Rule 11.

1 'proffer sufficient facts to show that the evidence sought exist[ed], and that it would [have]
2 prevent[ed] summary judgment.'" (quoting *Blough v. Holland Realty, Inc.*, 574 F.3d 1084, 1091
3 n.5 (9th Cir. 2009)).

4 Defendants do not even attempt to argue that they have submitted the type of particularized
5 affidavit evidence required by Rule 56(d). Instead, they suggest that, even without specific and
6 supported affidavit testimony, they are entitled to a continuance for additional discovery under
7 Rule 56(d) because they purportedly have had no opportunity to take discovery. As demonstrated
8 above, however, defendants hardly fall within this limited category of summary judgment
9 opponents.⁴ Indeed, the authorities defendants cite for this proposition are easily distinguished
10 from the present circumstances. For example, in *Burlington Northern Santa Fe Railroad Co.*, 323
11 F.3d 767, 773-74 (9th Cir. 2003), the plaintiff filed its summary judgment motion less than one
12 month after filing suit and the court believed "documentation or witness testimony may exist that
13 is dispositive of a pivotal question." In sharp contrast, plaintiff MPT filed this suit nearly two
14 years ago; defendants asserted their inequitable conduct allegations more than one year ago and
15 have had access, through counsel, experts and public records to much of the evidence that would
16 ostensibly support their claims if they were legally sustainable; and there is no reason (particularly
17 in light of defendants' invalidity contentions where they jettisoned any notion of but-for
18 materiality for over half of the references listed in their inequitable conduct pleadings) to believe
19 that additional fact discovery would save defendants' legally insufficient allegations. Similarly, in
20 *Columbia Machine, Inc. v. Besser Co.*, No. CV11-05268, 2011 WL 3812698, *12 (W.D. Wash.
21 Aug. 26, 2011), the trial was scheduled for more than a year away. In a case now moving at

22 _____
23 ⁴ Defendants complain that the parties have not yet been able to reach an agreement that
24 "prior depositions related to these patents (inventors, prosecuting attorneys, licensing witnesses,
25 licensor representatives, etc.) be permitted to be treated as if they had been taken in this case"
26 under Rule 32. Even without such an agreement, however, if any of those prior depositions
27 provided even a scintilla of evidence supporting any of defendants' specious inequitable conduct
28 allegations, rest assured that defendants would have raised this testimony to the Court as an
example of the kind of testimony defendants could hope to obtain if they ever got around to
deposing these same witnesses in this case; apparently defendants just could not find any
testimony to support their defense.

1 breakneck speed toward a trial less than four months away, a continuance to allow defendants to
2 take unspecified discovery without any showing that it would make a difference to the outcome of
3 MPT's motion is not warranted, much less required.

4 **Conclusion**

5 For all of the foregoing reasons, MPT respectfully submits that the Court should enter
6 judgment in favor of MPT and against defendants on their inequitable conduct-based affirmative
7 defenses and counterclaims.

8 DATED: August 6, 2012

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

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11 By /s/ Bruce R. Zisser

Bruce R. Zisser

Attorneys for Plaintiff

MULTIMEDIA PATENT TRUST

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served on August 6, 2012 to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Civil Local Rule 5.4. Any other counsel of record will be served by electronic mail, facsimile and/or overnight delivery.

Dated: August 6, 2012

/s/ Bruce R. Zisser
Bruce R. Zisser