

asserted claims, (2) whether obviousness combinations should count towards the limit on the number of invalidity references, and (3) whether the parties may open discovery earlier than specified in the Court’s default Order Governing Proceedings. *See, e.g., id.* at 4-5.

A. Unasserted independent claims do not count towards the limit on the number of asserted claims

The Parties dispute whether unasserted independent claims for which there is an asserted dependent claim should count towards the limit on the number of asserted claims and how they should count. Defendants propose that a dependent claim should as count as two claims if the underlying independent claim is not asserted. *Id.* at 8. Plaintiffs propose only counting claims which are actually asserted. *Id.*

Defendants take the position that unasserted independent claims should count towards the limit on the number of asserted claims as it would “largely defeat the purpose of the claim reduction deadline, which is to narrow the case for the Court and the parties.” *Id.* at 6. Furthermore, Defendants contend that they “will still need prior art and contentions to cover every limitation of an underlying independent claim.” *Id.* at 6. Plaintiff opposes because “this requirement does not make sense mathematically and is inconsistent with the Federal Circuit Bar Association and Eastern District of Texas model orders.” *Id.* at 2. Defendants contend that Plaintiff’s proposal “attempts to circumvent” the limit on the number of asserted claims. *Id.* at 7.

The Court agrees with Plaintiff’s proposal for the reasons that follow. As a preliminary matter, the Court does not believe that asserting dependent claims without asserting the independent claim somehow “circumvent[s]” the limit on the number of asserted claims. First, the Court believes that the easiest and most direct method of counting the number of asserted claims is to count only the claims that have been asserted. Plaintiff’s proposal embodies this principle while Defendants’ proposal does not. Second, Defendants’ proposal also “double”

counts the unasserted independent claim for each additional dependent claim, which leads to the counter-intuitive result that dropping (the underlying independent) claims could actually increase the number of asserted claims. *Id.* at 2 n.2. Plaintiff’s example illustrates this problem. *Id.* (“As an example, if Plaintiff asserts 6 claims from a given patent (*e.g.*, 1 independent claim and 5 dependent claims) and elects to drop the independent claim, then the remaining total under Defendants’ proposal would be 10 claims—which is nearly twice as many as Plaintiff originally asserted. This is so even though all five dependent claims depend from the same independent claim.”).¹ Third, even if Plaintiff’s proposal is an attempt to circumvent the asserted claim limit, if Plaintiff were to forego asserting the underlying independent claim, the associated trade-off is that the asserted claims will have narrower scope (as compared to asserting the independent claim).²

Therefore, for these reasons, the Court orders that each asserted claim will count only as one claim.

B. Each obviousness combination counts as a single invalidity reference

During the hearing, the Court allowed Defendants to have one-and-half times the number of invalidity references as the number of claims asserted by Plaintiff. ECF No. 37. The Parties now dispute whether an obviousness combination counts as an invalidity reference. Plaintiff

¹ More generally, the Court also believes that Defendants’ proposal is unnecessarily complex and may require additional Court intervention if the Parties disagree how it is to be applied. For example, if a dependent claim depends on one of *n* other claims, *e.g.*, “The method of claims 1, 3, 6, or 10 further comprising,” it seems likely that the Parties will differ as to how many “asserted” claims that dependent claim should count for, as that could depend on how many of the underlying independent claims are asserted and whether any infringement theories rely on unasserted independent claims.

² Defendants’ proposal also appears to be inadvertently counterproductive to their own interests. More specifically, Defendants’ proposal actually incentivizes Plaintiff to assert the underlying independent claim in order to reduce the number of “asserted” (from an accounting point-of-view) claims. Such a proposal could increase the potential legal liability Defendants face because—using Plaintiff’s example once again—rather than potentially infringing five dependent claims, Defendants would potentially infringe one independent claim and five dependent claims. Furthermore, infringement may be more likely as the independent claim is broader. But because Defendants are best placed to advocate whatever proposal each believes to be in its own best interest, the Court has not based its decision on this reasoning.

proposes that an obviousness combination should count as an invalidity reference. ECF No. 41 at 2. Defendants disagree and contend that obviousness references do not count as an invalidity reference. *Id.* at 5. More specifically, Defendants contend that they have up to one-and-half times the number of invalidity references, *e.g.*, 90, as asserted claims and that Defendants may combine those 90 references into as many obviousness combinations as they choose. In short, Defendants propose they can assert $2^{1.5 * n} - (1.5 * n + 1)$ obviousness combinations, where n is the number of asserted claims. *See id.* at 2-3, 5.

Both sides cite the same passage from the CMC as support for their position. *Id.* at 2-3 (Plaintiff), 5 (Defendants). In particular, at the CMC, the Court said:

PLAINTIFF: Okay. May I ask a question for clarification, Your Honor?

THE COURT: Sure

PLAINTIFF: So, for instance, Google very recently agreed to reduce claims in an order in the Eastern District or -- I don't remember how recently, but in *Seven Networks*, and Andrew can -- but the real issue is this: If you take 48 references and so you have 48 potential anticipation invalidity basis, then if you figure two reference obviousness, three reference obviousness, four reference obviousness, *et cetera*, I mean, 90 reference or whatever turns into hundreds of thousands of --

THE COURT: Oh, no. No. It won't here.

PLAINTIFF: Okay. Good.

THE COURT: No. I can assure you. I get that and that's not going to happen here.

PLAINTIFF: Good. Well, my --

THE COURT: By me, the way I'm seeing it, it would be a 102 or a 103 reference would count as one of your 90.

...

THE COURT: We're not going to have 90 by 90X. It can be a 102 reference or it can be a 103 reference.

...

PLAINTIFF: Okay. And just for clarity, so if you've got, you know, the '123 patent for anticipation, the '123 patent plus the '456 patent as a two reference, that counts as two?

THE COURT: That would be two.

ECF No. 40 at 19:22-21:15.

In this passage, the Court clearly describes that 1) an anticipation reference counts as one invalidity reference (“PLAINTIFF: Okay. And just for clarity, so if you’ve got, you know, the ’123 patent for anticipation, the ’123 patent plus the ’456 patent as a two reference, that counts as two? THE COURT: That would be two.”), 2) an obviousness combination counts as one invalidity reference (same), and 3) the Court was not allowing Defendants take 90 prior art references and then combine them into as many combinations as they saw fit (“THE COURT: We’re not going to have 90 by 90X. It can be a 102 reference or it can be a 103 reference.”).³

To clarify by way of example, suppose there are three prior art references, *e.g.*, A, B, and C. Those three references can be combined into as many as four combinations, *i.e.*, AB, AC, BC, and ABC. If the limit on invalidity references is five, then Defendant can select any five of the following references or combinations: A, B, C, AB, AC, BC, or ABC.

Because Plaintiff’s proposal is consistent with the Court’s guidance, the Court adopts Plaintiff’s proposal.

C. Fact discovery will open as currently set by the Order Governing Patent Proceedings

Plaintiff requests that fact discovery opens on April 20, 2020, or thirty-two days earlier than the Order Governing Patent Proceedings specifies. ECF No. 41 at 3; ECF No. 32 at 6. Plaintiff contends that this (or a compressed discovery schedule) is necessary “to ensure that both the Amazon and Google trials occur before the date for Final Written Decision in the IPR.” ECF No. 41 at 4. Defendants oppose for several reasons including: 1) Defendants’ opposition is consistent with the Court’s default scheduling order, 2) Discovery is not relevant to claim

³ While the Court does not believe that Defendants will assert $2^{90} - (90 + 1)$ obviousness combinations, because $2^{90} - (90 + 1)$ is a staggeringly large number, allowing Defendants to assert up to $2^{90} - (90 + 1)$ obviousness combinations means that there would be no practical limit on the number of invalidity references Defendants could assert. (The same principle holds even if Defendants restricted themselves to combinations comprising x or fewer references, *e.g.*, five. In that case, the number of obviousness combinations is $(1.5 * n)! / x! * (1.5 * n - x)!$, *e.g.*, 43,949,268 combinations. As such, Defendants’ proposal is both unfair to Plaintiff (who reduced its number of asserted claims) and would not result in any meaningful reduction in the number of invalidity references.

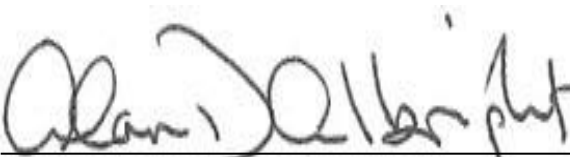
construction, 3) A final written decision in the IPR “may eliminate issues and narrow the case for trial” and 4) Amazon, as a non-party to the IPR, should not “be forced into an expedited schedule merely because HDI wants trials to occur before a [final written decision] issues in an agency proceeding involving Google and HDI.” *Id.* at 7.

The Court agrees with Defendants on this issue for the reasons that follow. First, the Court finds some of Defendants’ arguments persuasive. Second, Plaintiff has not offered a sufficiently compelling reason to depart from the Court’s default Order Governing Proceedings. Third, because claim construction may reduce the number of issues in the case, the Court believes that it is more efficient to delay the opening of discovery until after the *Markman* hearing rather than potentially waste time and money drafting written discovery requests for issues that may be mooted by the Court’s claim construction order.

II. Conclusion

The Court **ORDERS** the Parties revise the joint proposed scheduling order based on the guidance provided herein and submit the final version by November 1, 2019.

SIGNED this 28th day of October, 2019.



ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE