

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

LEXOS MEDIA IP, LLC, v. AMAZON.COM, INC.,	Case No. 2:22-cv-00169-JRG (Lead Case)
LEXOS MEDIA IP, LLC, v. TARGET CORPORATION	Case No. 2:22-cv-00175-JRG (Member Case)
LEXOS MEDIA IP, LLC v. OFFICE DEPOT, LLC	Case No. 2:22-cv-00273-JRG (Member Case)

**PLAINTIFF’S RESPONSE TO DEFENDANTS’ CROSS-MOTION MOTION
FOR LEAVE TO AMEND INVALIDITY CONTENTIONS**

Plaintiff Lexos Media IP, LLC (“Lexos Media”) files this Response to the Cross-Motion for Leave to Amend Invalidity Contentions (the “Cross-Motion” or “Cross-Motion to Amend Invalidity Contentions”) filed by Defendants Amazon.com, Inc. (“Amazon”), Office Depot, LLC (“Office Depot”), and Target Corporation (“Target”) (collectively “Defendants”). Defendants filed the Cross-Motion (Dkt. 115) in response to Plaintiff’s Motion for Order Focusing Prior Art References Dkt. 111).¹

¹ Plaintiff has agreed to treat Defendants’ Cross-Motion as a separately filed motion.

Applicable Legal Principles

A party seeking to modify the Court’s Docket Control Order must show “good cause.” Fed. R. Civ. P. 16(b). Local Patent Rule 3-6(b) allows a party to supplement its Invalidity Contentions “only by order of the Court, which shall be entered only upon a showing of good cause.” U.S. Dist. Ct. E.D. Tex. Patent L.R. 3-6(b). The Local Patent Rules “exist to further the goal of full, timely discovery and provide all parties with adequate notice and information with which to litigate their cases.” *Computer Acceleration Corp. v. Microsoft Corp.*, 503 F. Supp. 2d 819, 822 (E.D. Tex. 2007) (internal quotation omitted) (quoting *IXYS Corp. v. Advanced Power Tech., Inc.*, 2004 U.S. Dist. LEXIS 10934, 2004 WL 1368860, *3 (N.D. Cal. June 16, 2004)).

While courts have broad discretion to allow modifications, four factors are often considered in ruling on such motions: (1) the explanation for the failure to meet the deadline; (2) the importance of the thing that would be excluded; (3) potential prejudice in allowing the thing that would be excluded; and (4) the availability of a continuance to cure such prejudice. *S&W Enterprises, L.L.C. v. SouthTrust Bank of Alabama, NA*, 315 F.3d 533, 535–36 (5th Cir. 2003) (citations omitted).

Argument

The first reference that Defendants seek leave to add to their invalidity contentions concerns a prior art system that Defendants identified as a prior art reference in their invalidity contentions served on February 13, 2023 with respect to **only** the asserted ‘241 Patent – the Adveractive System. Defendants, however, did not identify the Adveractive System prior art reference in their separate invalidity contentions regarding the asserted ‘102 and ‘449 patents served on November 14, 2022. The second reference – the Nielsen reference² – is a prior art patent that

² The Nielsen reference is United States Patent No. 5,937,417.

Defendants did not disclose to Plaintiff until June 5, 2023, when Defendant Amazon filed two petitions for *inter partes* review regarding the '102 and '449 patents. *Amazon.com, Inc. v. Lexos Media IP, LLC*, IPR2023-01000, Paper 2 (PTAB Jun. 5, 2023) and *Amazon.com, Inc. v. Lexos Media IP, LLC*, IPR2023-01001, Paper 2 (PTAB Jun. 5, 2023).

The Nielsen Reference

Defendants do not have good cause for delaying until August 2023 to seek leave of court to amend their invalidity contentions regarding the Nielsen reference. Nevertheless, given that Amazon has identified the Nielsen reference as an invalidating reference in its IPR petitions regarding the '102 and '449 patents, and has explained how it contends that the Nielsen reference, in combination with another reference, renders the asserted claims of those patents obvious, Plaintiff does not object to Defendants' amending their invalidity contentions regarding **only** the '102 and '449 patents and **only** with respect to the specific invalidity contentions expressed in the IPR petitions regarding **the Nielson reference**.

Defendants attempt to justify their untimely request to amend their invalidity contentions by arguing the following:

Lexos has also been aware of Nielsen since at least June 5, 2023 when Amazon filed IPR petitions against the '102 and '449 patents. Nielson was one of three prior art references asserted in those petitions, and Amazon specifically explained how the combination of Nielsen and Malamud (U.S. Patent No. 6,437,800) rendered the asserted claims obvious. Because Lexos has been aware of Nielsen and how it invalidates the asserted claims, Lexos will not suffer any prejudice if Defendants are permitted to include it in their invalidity contentions.

Defendants' Cross-Motion at 7.

Defendants' alleged lack of prejudice to Plaintiff based upon Amazon's disclosure regarding the Nielsen reference does not provide sufficient good cause to warrant leave to amend Defendants' invalidity contentions, especially at this late date in the proceedings.

As this Court declared in *Seven Networks, LLC v. Google LLC*, 2018 WL 4501952 (E.D.

Tex. July 11, 2018):

. . . this Court found that an argument that SEVEN Networks, LLC (“SEVEN”) suffers no prejudice, alone, is “of no moment.” *Id.* This Court held that “[a] lack of prejudice to SEVEN, supposing that there was truly no prejudice, is not sufficient to demonstrate good cause without more; to hold otherwise would change the showing from one of good cause to one of no prejudice and absolve the movant from a failure based on harm to the opposing party alone.” *Id.* (citing *Grudowski v. Butler Paper Co.*, 670 F. Supp. 242, 248 (N.D. Ind. 1987)) (“By itself a lack of prejudice is not sufficient to sanction deviation from important established procedures”).

Id. at *4.

Nevertheless, Plaintiff is willing to consent to Defendants request for leave to add the Nielsen reference to their invalidity contentions only if those amended contentions are confined to what Amazon has disclosed in its IPR petitions regarding its invalidity contentions concerning that prior art reference. Furthermore, Defendants should not be permitted to use the June 2023 filing of Amazon’s IPRs as an excuse to improperly add invalidity contentions for the Adveractive System not previously disclosed in their invalidity contentions for the ‘102 and ‘449 patents.

The Adveractive System

Regarding the Adveractive System, Plaintiff does not consent and the Court should deny Defendants’ request for leave to amend their invalidity contentions regarding the ‘102 and ‘449 patents with regard to this prior art reference. It is undisputed that Defendants did not include the Adveractive System in their invalidity contentions regarding those two asserted patents when the contentions were served on November 14, 2022. Defendants acknowledge that Plaintiff produced documents alerting them to the existence of the Adveractive System by the Fall of 2022, and that they were fully aware of that prior art, if not **before** the service of their ‘102 and ‘449 patents invalidity contentions, shortly **afterwards**. Defendants’ Cross-Motion at 3.

Indeed, after Plaintiff amended its complaints in this litigation on December 27, 2022, to add the `241 Patent to the case, Defendants filed invalidity contentions regarding the `241 Patent which included the Adveractive System. *See* Dkts. 68 and 69 and Defendants' Cross-Motion at 3. Significantly, **Defendants did not seek leave to amend their separate invalidity contentions regarding the `102 and `449 patents at that time, or anytime thereafter until they filed their Cross-Motion to Amend on August 14, 2023.** In addition, when Defendants belatedly filed their Cross-Motion to Amend in mid-August 2023, they did not provide any proposed amended invalidity contentions regarding the Adveractive system with respect to the `102 and `449 patents.

Thus, regardless of the truth of Defendants' assertions that, despite their professed diligent search for prior art after this litigation was commenced, *see* Defendants' Cross-Motion at 2-3, it is undisputed that Defendants knowingly elected not to seek amendment of their `102 and `449 patent invalidity contentions at any time after they included invalidity contentions regarding that prior art and the `241 Patent in mid-February 2023, until they made their request to request to amend in mid-August 2023.

Defendants have not provided any plausible or justifiable excuse for this dilatory behavior. Instead, Defendants merely assert that "Defendants did not move to amend their invalidity contentions earlier because Lexos [had] . . . seen Adveractive charted against the patents in 2014 in the Zynga litigation." Defendants' Cross-Motion at 6 n.3. But the fact that Lexos Media saw the Adveractive system "charted" by another defendant nearly ten years ago regarding completely different accused products does not justify Defendants' failure to identify the Adveractive system as invaliding prior art regarding the specifically asserted claims of those two patents. Furthermore, any invalidity contentions asserted by the defendant in the *Zynga* lawsuit were not binding on Defendants in this case. Moreover, Defendants' failure to identify the Adveractive system as

potentially invalidating prior art, and to provide proposed amended invalidity contentions regarding that prior art at any time, completely undermines the very purpose of invalidity contentions. *See Computer Acceleration Corp. v. Microsoft Corp.*, 503 F. Supp. 2d 819, 822 (E.D. Tex. 2007) (internal quotation omitted) (The Local Patent Rules “exist to further the goal of full, timely discovery and provide all parties with adequate notice and information with which to litigate their cases.”)

In addition, the fact that Defendants served invalidity contentions regarding the distinct Claim 35 of the ‘241 Patent hardly excuses Defendants’ failure to even identify the Adveractive System as potentially invalidating the separately distinct asserted claims of the ‘102 and ‘449 patents. Indeed, Defendants do not provide any explanation regarding any symmetry between the invalidity contentions regarding Claim 35 of the ‘241 Patent and their proposed invalidity contentions for the asserted claims of the ‘102 and ‘449 patents. Thus, if Defendants were allowed to amend their invalidity contentions regarding these distinct claims of these two patents, Plaintiff would be forced to examine brand new invalidity contentions regarding the Adveractive System and formulate counter-arguments regarding those new contentions, at a time when the parties are preparing expert reports, and after Plaintiff has any opportunity to consider adding different claims in response to the new contentions.

Defendants’ conclusory assertion that the Adveractive System prior art is “important” is devoid of any substantive support. Defendants do not provide any explanation regarding how the Adveractive System contains any important information allegedly disclosing limitations of the asserted claims of the ‘102 and ‘449 patents that were not also disclosed in the dozens of “primary” and secondary prior art references cited in Defendants’ invalidity contentions regarding the ‘102 and ‘449 patents. *See, e.g., Sol IP, LLC v. AT&T Mobility LLC*, 2020 WL 87134, at *2 (E.D. Tex.

Jan. 7, 2020); *Estech Sys. IP, LLC v. Carvana LLC*, 2023 WL 2245116, at *2 (E.D. Tex. Feb. 27, 2023).

Also underscoring Defendants' failure to substantiate the "importance" of the Adveractive System prior art assertion is the fact that they failed to submit proposed amended invalidity contentions regarding the Adveractive System and the '102 and '449 patents. *See Peloton Interactive, Inc. v. Flywheel Sports, Inc.*, 2020 WL 338124, at *2 (E.D. Tex. Jan. 21, 2020) ("Flywheel has not prepared proposed amended invalidity contentions that incorporate the "Flywheel@Home" reference, and this fact suggests that Flywheel has not shown the importance of these amended contentions.").

For all of these reasons, the Court should deny Defendants' Cross-Motion to amend their invalidity contentions regarding the '102 and '449 patents with the Adveractive System.

Dated: September 7, 2023

Respectfully submitted,

BUETHER JOE & COUNSELORS, LLC

By: /s/ Kenneth P. Kula
Eric W. Buether (Lead Counsel)
State Bar No. 03316880
Eric.Buether@BJCIPLaw.com
Christopher M. Joe
State Bar No. 00787770
Chris.Joe@BJCIPLaw.com
Kenneth P. Kula
State Bar No. 24004749
Ken.Kula@BJCIPLaw.com
Michael W. Doell
State Bar No. 24127525
Mike.Doell@BJCIPLaw.com

1700 Pacific Avenue
Suite 4750
Dallas, Texas 75201
Telephone: (214) 466-1270
Facsimile: (214) 635-1842

SETHLAW PLLC

Sandeep Seth
Texas State Bar No. 18043000
ss@sethlaw.com
700 Milam Street, Suite 1300
Houston, Texas 77002
Telephone: (713) 244-5017
Facsimile: (713) 244-5017

**ATTORNEYS FOR PLAINTIFF
LEXOS MEDIA IP, LLC**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a) on September 7, 2023. Any other counsel of record will be served by facsimile transmission or first class mail.

/s/ Kenneth P. Kula
Kenneth P. Kula

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

LEXOS MEDIA IP, LLC, v. AMAZON.COM, INC.,	Case No. 2:22-cv-00169-JRG (Lead Case)
LEXOS MEDIA IP, LLC, v. TARGET CORPORATION	Case No. 2:22-cv-00175-JRG (Member Case)
LEXOS MEDIA IP, LLC v. OFFICE DEPOT, LLC	Case No. 2:22-cv-00273-JRG (Member Case)

ORDER

Before the Court is Defendants' Cross-Motion for Leave to Amend Invalidity Contentions. Having considered the briefing, the Court grants in part and denies in part Defendants' Cross-Motion. Defendants are granted leave to amend their invalidity contentions to add the Nielsen reference but only to the extent to what Amazon has disclosed in its IPR petitions regarding its invalidity contentions concerning that prior art reference.

SO ORDERED.