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Report and Recommendation Adopted in Part, Rejected in Part by

[A.R. Arena Products, Inc. v. Grayling Industries, Inc.](#), N.D. Ohio, July 19, 2012

2012 WL 2953214

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United States District Court,
N.D. Ohio,
Eastern Division.

A.R. ARENA PRODUCTS, INC., Plaintiff

v.

GRAYLING INDUSTRIES, INC., Defendant.

No. 5:11-CV-1911. | April 30, 2012.

FIRST REPORT AND RECOMMENDATION

DAVID R. COHEN, Special Master.

*1 On January 6, 2012, plaintiff A.R. Arena Products, Inc. filed a motion (docket no. 31) to require defendant Grayling Industries, Inc. to comply with the Local Patent Rules (“LPRs”). The motion asserted Grayling had not supplied Arena with Initial Non-Infringement Contentions that complied with LPR 3.3, nor had Arena produced sufficient supporting documentation in compliance with LPR 3.4.

The Court appointed the undersigned as Special Master and requested submission of a Report and recommended ruling on Arena's motion. Docket no. 37 at 3. The Special Master now submits this Report and **RECOMMENDS** as follows:

- the motion to compel Grayling to comply with Local Patent Rule 3.3 should be **denied as moot**;
- the motion to compel Grayling to comply with Local Patent Rule 3.4 should be **denied as moot**; and
- the motion for an Order requiring Grayling to pay Arena its reasonable expenses incurred in making the motion should be **granted in part**, and Grayling should be Ordered to pay Arena \$5,000.

The reasons for these recommendations are set out below.

I. Legal Standards.

As have a number of other federal district courts, the Northern District of Ohio has promulgated Local Patent Rules that “apply to all civil actions ... which allege infringement of a patent ... or which seek a declaratory judgment that a patent is not infringed, is invalid, or is unenforceable.” LPR 1.2. The “overriding principle of these [Local Patent Rules] is that they are designed [to] make the parties more efficient, to streamline the litigation process, and to articulate with specificity the claims and theory of a plaintiff's infringement claims.” *InterTrust Technologies Corp. v. Microsoft Corp.*, 2003 WL 23120174 (N.D. Cal. Dec. 1.2003).¹

¹ Because there are no reported decisions from the Northern District of Ohio discussing the Local Patent Rules, this opinion cites case law from other federal district courts discussing analogous local patent rules. Of the 94 United States district courts, approximately 18 have adopted local patent rules as of the date of this opinion (not including adoption of single rules relating to patent cases, or individual judges who have entered standing orders for their own patent cases). See www.lithosphere.com/local_patent_rules.html.

In accord with this principle, LPR 3.1 requires the party claiming patent infringement to serve detailed “Infringement Contentions” (“ICs”) very shortly after the pleadings have closed, and LPR 3.2 requires the same party to accompany its Contentions with various documents related to the patented invention. These two Rules “take[] the place of ‘a series of interrogatories [and requests for production] that defendants would likely have propounded had the patent local rules not provided for streamlined discovery.’” *Id.* (quoting *Network Caching Technology, LLC v. Novell, Inc.*, 2002 WL 32126128 at *4 (N.D. Cal. Aug. 13, 2002)). As an example of what LPR 3.1 requires, the party claiming infringement must produce: (1) a list of each claim of each patent that is allegedly infringed; (2) for each such claim, a list of each “Accused Instrumentality” that allegedly infringes (including the name or model number if known); and (3) a chart identifying specifically where each limitation of each asserted claim is found within each Accused Instrumentality. See LPR 3.1(a-c). In this case, the obligations set out in LPR 3.1 fell on Arena, which accuses Grayling of selling products which infringe Arena's patents.

*2 The Local Patent Rules also place equivalent obligations on the alleged infringer. That is, LPR 3.3 requires the party opposing a claim of patent infringement to respond with

equally detailed “Noninfringement Contentions” (“NICs”), and LPR 3.4 further requires that same party to produce various supporting documents. These early initial disclosures “are designed to create a streamlined process that hastens resolution on the merits by providing structure to discovery which enables the parties to move efficiently toward claim construction and the eventual resolution of their dispute.” *Best Medical Intern., Inc. v. Accuray, Inc.*, 2011 WL 3652519 at * 3 (W.D.Pa. Aug.19, 2011); see *Bender v. Micrel, Inc.*, 2010 WL 520513 at *3 (N.D.Cal. Feb.6, 2010) (the principal purpose of LPRs “is to facilitate the [early] exchange of information between parties so that discovery can proceed in an orderly fashion”); *Network Caching*, 2003 WL 21699799 at *4 (LPRs are “designed to require parties to crystallize their theories of the case early in the litigation and to adhere to those theories once they have been disclosed”).

The primary issue raised by Arena's motion to require compliance is: how detailed must the parties' Contentions be? The critical language from LPR 3.3(a) requires a “party opposing a claim of patent infringement” to produce a chart stating, “as to each identified element in each asserted claim ... whether such element is present literally or under the doctrine of equivalents in each Accused Instrumentality and, if not, the reason for such denial and the relevant distinctions.” It is clear that preliminary Contentions need not “be incontrovertible or presented in excruciating detail.” *Network Caching*, 2003 WL 21699799 at *5. That is, there is “no requirement that [a party must] thoroughly present and successfully defend its theories of infringement [or non-infringement] in the confines of [an initial Contention] chart. At the [Contention] stage, mapping specific elements of [the] allegedly infringing products onto [the] claim construction is adequate.” *Id.* On the other hand, the specificity of initial Contentions must go “beyond that which is provided by the mere language of the patents themselves.” *Id.* at *4; see *Shared Memory Graphics LLC v. Apple, Inc.*, 2010 WL 5477477 at *3 (N.D.Cal. Dec.30, 2010) (same). Thus, a defendant who contends the Accused Instrumentality does not infringe the plaintiff's patent must do more than simply “recite back the portion of the claim that the [Accused Instrumentality] does not do.” *Emcore Corp. v. Optium Corp.*, 2007 WL 852557 at *2 (W.D.Pa. Mar.16, 2007). Rather, the defendant's NIC chart must “set[] forth specific reasons and relevant distinctions as to why [an] element is not present literally or under the doctrine of equivalents.” *Id.* The question raised by Arena's motion is whether the “reasons and distinctions” Grayling provides in its NIC chart explaining why its products do not infringe are adequate.

*3 The second issue raised by Arena's motion to require compliance is: what level of document production is required? The mandate provided in LPR 3.4 directs that “a party opposing a claim of patent infringement shall produce” three categories of information: (a) “[d]ocuments sufficient to support the statement(s) made in the [NIC] chart”; (b) “[d]ocuments sufficient to evidence the actual parties that make and sell the Accused Instrumentality”; and (c) “[d]ocuments sufficient to describe the structure, composition, and/or operation of the Accused Instrumentality.” The question raised by Arena's motion, then, is whether Grayling's document production was “sufficient.” Encompassed within this question is whether Grayling's obligation extends to creating responsive documents that do not yet exist. Before analyzing these issues, the Special Master provides some factual and procedural background.

II. Background.

In this case, Arena owns three patents related to bulk material shipper bags. Bulk material shipper bags normally sit inside large (e.g., 315-gallon) containers or totes, which are used to transport liquids, gels, pastes, or powders. The shipper bag acts as a liner, preventing the bulk material from contacting the inside of the tote and making it easier to empty the tote when it arrives at its destination.

Essentially, Arena's patents teach construction of a two-ply plastic shipper bag, where air can be pumped between segmented areas of the two plies; by seaming together the two plies in certain ways and then inflating the bladders the plies create, the contents inside the bag can be pushed toward an integrated outlet or discharge port, leading to a more thorough evacuation of the contents from the shipper bag. Inflating the bladders also helps to prevent folds of the bag from blocking the outlet as the bag is emptied. The invention is directed especially at helping empty a shipper bag of contents that are flow-resistant (such as mayonnaise, drywall paste, or hair gel) or viscous (such as oil, honey, or ink).²

² This description of the invention, of course, is highly simplified and is meant only to supply context to the discovery issues discussed in this Report.

Arena claims that Grayling's “Guardian Pressure Dispense Liner” products infringe Arena's three patents. The parties refer to these three patents as the ‘351 patent, the ‘873 patent, and the ‘652 patent.³ Arena's three patents are all related, in

that the latter two patents ('873 and '652) are continuations-in-part of the former patent ('351).

³ The patents at issue are No. 6,234,351 (“the '351 patent”); No. 6,427,873 (“the '873 patent”); and No. 6,467,652 (“the '652 patent”).

Shortly after Grayling filed its answer in this case, Arena sent to Grayling its Infringement Contentions and supporting documents, as required by LPRs 3.1 & 3.2. In its Contentions, Arena asserted Grayling is infringing “the following claims of these three patents”:

'652 Patent: Claims 1, 4, 6, 7, 10, 11, and 14;

'351 Patent: Claims 10, 11, 16–19, 21–23, 25, and 27–32; and

'873 Patent: Claims 10, 11, 16–18, 21–23, 25, 27–32, 39, 42, 46–50, 52, and 56–60.

Docket no. 38, exh. 1 at 2. Arena then provided three charts, one for each patent, listing: (1) “the elements of each claim asserted for each patent;” and (2) “representative evidence and/or an explanation as to where and/or how these elements are found in the accused infringing products of [Grayling].” *Id.* at 3.

*⁴ In response, as required by LPRs 3.3 & 3.4, Grayling sent to Arena its Non-Infringement Contentions and supporting documents. Notably, Grayling's response was entirely substantive and not procedural. That is, Grayling did not complain that Arena's own Infringement Contention materials were insufficient or did not meet the requirements of the LPRs; rather, Grayling simply produced NICs and related documents that were responsive to Arena's ICs.

Arena then complained to Grayling that its NICs were inadequate. After the parties traded correspondence, Arena ultimately filed its motion to comply, arguing Grayling's NICs and document production did not satisfy the LPRs. Arena noted, for example, that it had listed in its own claim chart five elements of Claim 1 of the '652 patent. In its responsive NIC chart, however, Grayling did not respond at all to the first four of these five elements—leaving the corresponding cells in its NIC chart blank—and responded to the fifth element by simply repeating the claim language and stating its Guardian Pressure Dispense Liner product “does not have” that element. Arena insisted this was an insufficient response under LPR 3.3(a), because Grayling did not: (1) affirm or deny whether each identified element of Claim 1 is

present in Grayling's product, nor (2) state the reason for any denials and the relevant distinctions. Arena also complained that the 447 pages of documents Grayling produced did not comply with LPR 3.4, because the documents related mostly to the file history of Arena's three patents at issue; none of the documents described the structure, composition, or operation of Grayling's Guardian Pressure Dispense Liner products.

Grayling's principal response was that Arena's initial Infringement Contentions were themselves deficient and Grayling had responded as best it could. In reply, Arena noted that: (1) Grayling had no complaint about Arena's initial ICs when Arena first produced them—it was only after Arena filed its motion that Grayling suggested Arena's Contentions were inadequate; and (2) in any event, for the most part, Grayling did not actually deny that its NICs were deficient in several respects.

About three weeks after briefing of the motion was complete, Grayling—perhaps recognizing the strength of at least some of Arena's arguments—produced to Arena *supplemental* NICs and documents. Grayling's supplemental NICs clearly did address some of Arena's complaints. For example, Grayling's supplemental NIC chart did not contain any blank cells, and set forth lengthier explanations regarding whether and why a particular element of a patent claim was or was not present in the Guardian Pressure Dispense Liner products. Grayling asserted these supplemental NICs cured any prior shortcomings, stating its NICs “respond [ed] to every demand in Arena's motion” and were now “not only in compliance with, they exceed the disclosure required by” the LPRs. Docket no. 46 at 1. Despite Grayling's supplementation, however, Arena contended Grayling still had not complied with LPRs 3.3 & 3.4. Accordingly, the undersigned directed each party to submit a supplemental brief addressing whether Grayling, in light of all submissions, had ultimately complied with the LPRs. *See* docket no. 44 (“*Special Master's Briefing Order*”).

*⁵ The Special Master has reviewed all of the relevant briefs and exhibits, the parties' entire document productions, and all related materials.⁴ In light of this thorough review, the Special Master reasons and concludes as follows.

⁴ The relevant briefs include: Arena's motion (docket no. 31); Grayling's response (docket no. 32); Arena's reply (docket no. 33); Grayling's supplemental response (docket no. 46); and Arena's supplemental reply (docket no. 51).

In addition, Grayling filed a motion to file instant a reply to Arena's supplemental brief (docket no. 55). This motion is **DENIED**. The briefs listed above already fully address the matters at issue, and the proposed reply brief (like Arena's proposed response thereto) reveals no new law or facts that were not already discussed by the parties or known by the undersigned. Further, the undersigned does not want to give any party an expectation that additional rounds of briefing are appropriate in this litigation, absent special circumstances.

III. Analysis.

A. Grayling's Non-Infringement Contentions.

As noted above, Grayling is required to set forth in its NICs “specific reasons and relevant distinctions as to why [an] element is not present literally or under the doctrine of equivalents.” *Emcore*, 2007 WL 852557 at *2. This requirement pertains to *each* of Grayling's products that is accused of infringement. See LPR 3.3(a) (NICs must state for “each identified element in each asserted claim ... whether such element is present literally or under the doctrine of equivalents *in each Accused Instrumentality* and, if not, the reason for such denial and the relevant distinctions.”) (emphasis added). Grayling's NIC chart must also be “responsive to the [IC] chart” provided by Arena. *Id.*

In its opposition briefs, Grayling's entire argument hinges on the proposition that it “responded” to Arena's ICs as best it could, but that Arena's ICs were themselves inadequate. Grayling notes LPR 3.1 required Arena to “identify the accused product, identify where each element of the claims are found in the accused device, and identify each infringed claim,” docket no. 32 at 2, and contends Arena failed to meet any of these three requirements. The Special Master rejects this argument.

First, Grayling asserted this position only after Arena filed its motion to require compliance with the LPRs; until then, Grayling was content enough with Arena's ICs to simply respond with its own NICs, without objection. If Arena's ICs really failed to meet the requirements of the LPRs to the degree Grayling now complains, Grayling should and assuredly would have earlier, itself, insisted on Arena's compliance before responding with its NICs.

Second, Arena did “identify the accused product”: Arena alleges Grayling sells infringing products under the trade name “Guardian Pressure Dispense Liners,” first amended

complaint at ¶ 15, and asserts that “all versions” of these liners infringe Arena's patents, docket no. 33 at 5. Arena's IC charts contain a single illustration of a Guardian Pressure Dispense Liner, apparently borrowed from a Guardian brochure, and the chart does not suggest that the infringement analysis changes depending on the model of the Guardian Pressure Dispense Liner (“PDL”) at issue.

Grayling insists Arena's chart is necessarily incomplete because: (1) “the Guardian line includes over 10,000 different models;” (2) “Arena contends that all 10,000 of Grayling's Guardian liners infringe its patents;” and yet (3) “Arena [addresses] only one Accused Instrumentality in its [IC] charts.” Docket no. 32 at 3–4. But the Special Master can find no evidentiary support for the implied argument that Grayling's PDL models are so different from each other that Arena's IC chart is excessively generalized or vague. For example, the only document contained in Grayling's discovery production that lists different PDL models shows only three models. See Grayling–0547 (listing model nos. 920661, 920648, and 920896). Similarly, Grayling produced blueprints for only these same three models—there are no blueprints for any other models. See Grayling–0523, –0543, –0544. And even as to these three models, the principal differences are *size* (e.g., model 920661 has 46–inch edges, while model 920648 has 42–inch edges) and *type and location of discharge ports* (e.g., model 920661 uses a threaded discharge port centered at the very bottom of the liner, while model 920648 uses a buttress discharge port centered three inches above the bottom of the liner)—while there are no apparent differences at all regarding *ply location or construction*. In other words, the differences between the three models appear to have virtually nothing to do with the patented inventions at issue (the seaming together of plies to create inflatable bladders that facilitate liner evacuation), while the principal characteristics that *are* relevant to the inventions (e.g, bladder location, shape, and function) appear to be identical in all three PDL models.

*6 Indeed, after inquiry by the undersigned, Grayling conceded its 10,000 figure might be overstatement: “Grayling has three base models of the Guardian PDL. However it manufactures over 10,000 different Guardian models.... If a customer asks for a deviation from the base model, Grayling creates a new product model. Many factors (material, size, types of inlet and outlet fitments, position of the fitments, etc.) change the base model.” Docket no. 51, exh. C at 1. What this explanation only highlights is that, regardless of how many models (or categories of models) of PDLs there are,

every single one can still infringe the patented invention in the same way.⁵ That is the circumstance that Arena alleges, and Grayling has not provided any support for the contrary position that the PDLs it produces are so meaningfully different from one another that Arena's Contentions are excessively vague or generalized or incomplete. In sum, having reviewed carefully the entire record, the Special Master does not believe Grayling is being forced by Arena to unfairly "spend time and money defending products that were mistakenly included in the plaintiff's contentions." *Bender*, 2010 WL 520513 at *3.

⁵ An analogy: An automobile manufacturer normally produces several car models, each with a large number of option packages. If the manufacturer incorporates into every one of those cars the same invention (such as a new steering mechanism), then a claim of infringement can apply to every single car, even though there may be dozens of models and thousands of different model/option combinations.

Third, Arena did—for the most part—"identify where each element of the claims are found in the accused device." On this point, however, the Special Master does agree with Grayling that Arena's identification of claim elements was uneven.

To identify where various elements of the patent claims appear, Arena repeatedly used a single drawing of the PDL, together with arrows pointing to different locations. These illustrations identify with fair specificity some of the claim elements; but others, not so much. For example, Arena's arrows do sufficiently designate the portions of the PDL that Arena contends are "inflatable regions formed by multiple plies;" but the illustration is vague regarding identification of the "ply securing configuration." See generally Arena's IC chart regarding claim 1(a) & (b) of the '652 patent. Arena's arrows do not identify the latter claim element with particularity. There is certainly room for Grayling's argument that Arena's IC chart is imprecise.

Ultimately, however, the Special Master concludes Arena's chart does provide to the Court and to Grayling an adequate statement of why and how Arena believes the PDLs infringe its patents. Arena's obligation was to "set forth its theories of infringement beyond that which is provided by the mere language of the patents themselves," *DataTreasury Corp. v. Wells Fargo & Co.*, 2010 WL 3912486 at *3 (E.D.Tex. Sept.13, 2010), and to "crystallize its theories of the case early in the litigation and to adhere to those theories once

disclosed," *Network Caching*, 2003 WL 21699799 at *4. The degree of specificity required is that Arena's ICs must "be sufficient to provide reasonable notice to [Grayling] why [Arena] believes it has a 'reasonable chance of proving infringement.'" *Accuray*, 2011 WL 3652519 at *3 (quoting *View Eng'g, Inc. v. Robotic Vision Sys., Inc.*, 208 F.3d 981, 986 (Fed.Cir.2002)). Arena's compliance with LPR 3.1(c) is not perfect, but it is sufficient. Indeed, that Arena provided sufficient ICs is perhaps best revealed by Grayling's initial response of filing NICs and not complaining about the adequacy of the ICs.

*7 As discussed below, it is now only fair that the level of specificity Arena demands of Grayling be no greater than the level of specificity Arena provided itself. But Grayling cannot avoid its obligations under LPR 3.3(a) by arguing after the fact that Arena did not meet its earlier obligations under LPR 3.1(c) of correlating claim elements to the PDLs.⁶

⁶ The Special Master does add, however, that the analysis of this point might have been slightly different if Grayling had complained about the adequacy of Arena's ICs *before* Grayling filed its responsive NICs. Arena's mapping of where each element of the patent claims at issue are found in the accused Guardian PDLs is less than meticulous. Grayling even suggests this may be due to Arena's having only examined Grayling's brochures and not actually obtaining and examining an actual PDL—an inference that Arena does not dispute. See docket no. 32 (Grayling's opposition brief) at 2; cf. *Network Caching Technology*, 2002 WL 32126128 at *6-7 (discussing whether actual, physical examination by the patent holder of the allegedly infringing product is required).

It is conceivable that, in different circumstances, Arena might have been required to shore up its ICs. Given the way the dispute unfolded in this case, however, the Special Master does not make this recommendation.

Finally, there is simply no traction for Grayling's argument that Arena failed to "identify each infringed claim." Arena did so explicitly in its ICs, as quoted above at page 6 of this Report, and also as quoted by Grayling itself in its own initial NICs, see docket no. 31, exh. A at 1.

In sum, Grayling's argument that Arena's predicate ICs were themselves inadequate does not serve as a valid defense to Arena's complaint that Grayling's responsive NICs are inadequate.

Having concluded Grayling cannot rely on insufficiency of Arena's ICs as an excuse for failing to meet its obligations under LPR 3.3, the question remains: did Grayling fulfill its obligations? It is clear that, before Grayling filed its *supplemental* NICs, it had not. For example, in response to Arena's IC chart, Grayling simply left several cells in its initial NIC chart blank. Grayling asserts it "left blank spaces because it did not dispute that element," docket no. 46 at 3, but this explanation does not appear entirely correct. Compare, for example the cell in Grayling's *initial* NIC chart for the '351 patent, claim 16, third row (which is blank, implying Grayling does not dispute that its PDL includes a structure that "allow[s] pressurized air to enter into fluid communication with the interply region ... so that a bottom portion of the inner ply can urge the bulk material toward an exit port of the bag") with the same cell in Grayling's *supplemental* NIC chart (where Grayling contends its PDL "*does not allow* pressurized air to enter into fluid communication with the interply region ... so that a bottom portion of the inner ply can urge the bulk material toward an exit port of the bag. The liner inner ply simply follows the material and does not 'urge' the material in any manner.") (emphasis added). Regardless of the consistency of Grayling's explanations, a blank cell without contemporaneous explanation is a non-response and was not a sufficient reply to Arena's Contentions.

Further, even if the Court were to accept that the blank cells in Grayling's initial NIC chart signified Grayling did not dispute the presence of that element in its PDLs, many of Grayling's *affirmative* Non-Infringement Contentions in its initial chart were also clearly inadequate. For example, Arena's IC chart for the '873 patent, claim 10, second row, sets out, in part, this element: a "multiple-ply bag including a plurality of plies of substantially identical perimetral extent, at least one edge of each ply being joined to at least one respective edge of another ply." Grayling's affirmative response in its initial NIC chart was simply: "Grayling's product *does not have* a plurality of plies of substantially identical perimetral extent, at least one edge of each ply being joined to at least one respective edge of another ply ." See docket no. 31, exh. A at 1 (emphasis added). This response (and there were many similar responses in Grayling's initial NIC charts) is very clearly inadequate. As noted earlier, a defendant's NICs must do more than simply "recite back the portion of the claim that the [Accused Instrumentality] does not do." *Emcore*, 2007 WL 852557 at *2. Rather, the NICs must "set[] forth specific reasons and relevant distinctions as to *why* [an] element is not present literally or under the doctrine of equivalents." *Id.* (emphasis added). Many of Grayling's initial

NICs were textbook examples of they type of inadequate response condemned in *Emcore*.

*8 Although Arena is unwilling to fully concede the point, Grayling's supplemental NICs did correct at least some of these shortcomings. For example, as noted, the supplemental NIC charts contain no blank cells. And, to continue with the example cited above, Grayling's affirmative response in its NIC chart for the '873 patent, claim 10, second row, now contains an additional explanatory statement: "The liner does not have at least one edge of each ply being joined to at least one respective edge of another ply, as the plies are joined inboard of the edge." This statement does meet the obligation imposed by LPR 3.3(a) that Grayling give "the reason for ... denial [that the element is present in the Accused Instrumentality] and the relevant distinctions."

Arena maintains that, "while Grayling has added more words to its charts, it has added little or no substance or detail." Docket no. 51 at 8. Arena also observes that Grayling frequently asserted, in its supplemental NICs, that "Arena has not defined [a term], and therefore Grayling cannot respond as to whether or not its liner includes [that term]," a tactic Arena insists "evade [s] the requirements of the [LPRs]" *Id.* at 9. Having parsed Arena's IC charts and Grayling's supplemental NIC charts carefully, however, the Special Master ultimately concludes Arena is asking too much as it pushes for even more specificity from Grayling.

An example explains why. Repeating the language from Arena's IC chart for the '873 patent, claim 10, second row, Arena states in part that an element of the invention is a "multiple-ply bag including a plurality of plies of substantially identical perimetral extent, at least one edge of each ply being joined to at least one respective edge of another ply." In response, Grayling states in its supplemental NICs, in part, that "Arena has not identified the substantially identical perimetral extent, one edge, or respective edge. As such, it is difficult for Grayling to respond to [this] limitation[] of the infringement contentions." Grayling then goes on to add that, "[n]evertheless, the liner does not have a plurality of plies of substantially perimetral extent, as the plies fit one inside the other and are therefore differ [sic] in dimension ." This response is an example of the tactic Arena asserts Grayling is using to avoid its obligations under LPR 3.3(a).

But the fact is, Arena did *not* identify the "substantially identical perimetral extent, one edge, or respective edge" of the Guardian PDL. Arena's IC chart includes an illustration

of the PDL—a very basic drawing borrowed from a Guardian brochure—to which Arena added a number of arrows. There are no arrows pointing at any “edge.” There are two arrows ostensibly pointing at “plies of [the] same perimetral extent,” but the level of detail of the illustration is so scanty it is difficult to understand precisely what is being pointed at, especially because there is no shading or other effect used to differentiate the “plies of [the] same perimetral extent” from other surfaces of the PDL, nor any “blow-ups” of specific areas. That is, Arena’s drawing and arrows do only a mediocre job of “identifying specifically where each limitation of each asserted claim is found within each Accused Instrumentality.” LPR 3.1(c).

*9 It is unfair for Arena to demand a level of specificity from Grayling that Arena has not itself provided. LPR 3.3(a) demands that Grayling’s NIC chart be “responsive to the [IC] chart” supplied by Arena, and Grayling’s response cannot be more specific, as a general matter, than Arena’s initial Contentions. In the final analysis, just as Arena’s ICs must “be sufficient to provide reasonable notice to [Grayling] why [Arena] believes it has a ‘reasonable chance of proving infringement,’ “ *Accuray*, 2011 WL 3652519 at *3 (emphasis added), Grayling’s responsive NICs also need only be sufficient to provide reasonable notice to Arena why Grayling believes its products do not contain elements of the patented invention, and therefore do not infringe. “Excruciating detail” is not required of Grayling’s NICs, *Network Caching*, 2003 WL 21699799 at *5, especially where Arena’s own level of detail is low.

In sum, Arena was correct that Grayling’s initial NICs were inadequate and did not comply with LPR 3.3(a). Grayling’s supplemental NICs, however, reasonably corrected the initial deficiencies, especially when measured in context against Arena’s own ICs. Accordingly, the Special Master recommends the Court deny as moot Arena’s motion to require Grayling to comply with LPR 3.3. As discussed below in section III.C of this Report, however, it is important to note the undersigned would have certainly recommended the Court grant Arena’s motion had Grayling not supplemented its NICs.

B. Grayling’s Document Production.

In conjunction with the NIC chart required by LPR 3.3(a), Grayling is also required by LPR 3.4(a) to provide to Arena “[d]ocuments sufficient to support the statement(s) made in [Grayling’s NIC] chart.” Further, LPR 3.4(c) also requires Grayling to provide “[d]ocuments sufficient to describe the

structure, composition, and/or operation of the Accused Instrumentality.” Arena asserts Grayling failed to meet these two obligations both initially and also even after providing supplemental documents.⁷

⁷ LPR 3.4(b) requires Grayling to also produce “[d]ocuments sufficient to evidence the actual parties that make and sell the Accused Instrumentality.” Arena does not now assert Grayling failed to meet this obligation. See docket no. 51 at 10 (Arena referring only to alleged failures to meet LPR 3.4(a) & (c); GRAYLING-000547 (redacted customer order list showing Grayling sells the PDL); docket no. 46 at 5 (statement by Grayling that it “makes and sells the Accused Instrumentality”); but see docket no. 33 at 12 (Arena asserted Grayling did not initially meet this obligation).

Initially, with its NICs, Grayling supplied to Arena 447 pages of documents. After Arena filed its motion to require compliance, Grayling produced another 145 pages of documents, for a total of 592 pages.⁸ Following the latter production, Grayling asserts it has now produced “all the engineering schematics, drawings, photographs, and other documents related to the Accused Instrumentality now known to exist.” Docket 46 at 4.

⁸ The documents referred to here are Grayling’s Bates-numbered documents, all of which the Special Master has reviewed. Grayling also supplied a number of non-Bates-numbered documents to Arena with its supplemental production, such as a transmittal letter, the supplemental NIC chart, and so on. Grayling does not assert these other documents fulfill its obligation under LPR 3.4(a) or (c).

Grayling’s contention is somewhat surprising. Examination of Grayling’s entire production reveals that the great majority of the documents were not even created by Grayling—very few are schematics, drawings, photographs, assembly directions, use instructions, advertising materials, purchase orders, or other documents related to PDLs. For example, the entire initial 447-page production that Grayling supplied to Arena is made up of patents, patent applications, and patent file histories—not a single page describes the design, structure, function, composition, or operation of PDLs. This initial document production was very clearly inadequate, as it did not come close to meeting the obligations of LPR 3.4.

*10 Further, less than a quarter of Grayling’s 145-page supplemental production are documents related to PDLs.

Over 100 pages are either examples of prior art or dictionary definitions of words used in Arena's patents; only 31 pages relate to PDLs. In light of Grayling's assertion that "the Guardian [PDL] line includes over 10,000 different models," docket no. 32 at 3, it is hard to fathom that so few documents exist related to the structure, composition, and/or operation of PDLs, or documents that otherwise support Grayling's NICs. Nonetheless, Grayling is insistent there are no other documents to produce.⁹

⁹ The wording Grayling uses in its briefing seems canted toward providing an escape clause if responsive documents later appear. For example, Grayling states it has produced "all ... documents related to [PDLs] now known to exist," and Grayling observes that LPR 3.4(c) "only requires Grayling to produce '[d]ocuments sufficient to describe the structure, composition, and/or operation of the [PDLs]' " (emphasis by Grayling). Docket 46 at 4, 5. Accordingly, it bears repeating that: (1) the LPRs use mandatory language (*see, e.g.*, LPR 3.4(c) ("the party opposing a claim of patent infringement *shall* produce" responsive documents, (emphasis added)); and (2) the LPRs are essentially "streamlined discovery" rules (*see Network Caching*, 2002 WL 32126128 at *4 and *Accuray, Inc.*, 2011 WL 3652519 at * 3), and therefore the obligations set out in Fed.R.Civ.P. 26 apply (*see also* LPR 2.3(f) [sic, should be 2.3(c)] (noting that the requirement to supplement disclosures set out in Rule 26(e) applies in patent cases).

Put simply, Grayling had and continues to have an obligation to undertake a thorough search for and to produce *all* responsive documents. The undersigned does not recommend the Court enter an Order to this effect, as the obligation is already clear, and Grayling acknowledges its duties and states it is in full compliance. Grayling should consider itself warned, however, *see Freeland v. Amigo*, 103 F.3d 1271, 1277 (6th Cir.1997) (discussing discovery warnings), and the undersigned sincerely hopes Arena finds no reason to return to the Court on this issue.

There is no point, of course, in ordering a party to produce documents that do not exist. Further, Grayling has no obligation to create new, responsive documents. Courts have consistently held that "[a] party cannot be compelled to create, or cause to be prepared, new documents solely for their production. Rule 34 only requires a party to produce documents that are already in existence." *Thompson v. Lantz*, 2009 WL3157561 at *1 (D.Conn. Sept. 25, 2009) (quoting 7 James Wm. Moore et al., *Moore's Federal Practice* § 34.12[2] (3rd ed.2009)); *see also Cartel Asset Management v. Ocwen Financial Corp.*, 2010 WL 502721 at *14 (D.Colo.

Feb.8, 2010) ("It is well-settled that a responding party's obligations under Rule 34 do not extend to non-existent materials."); *Georgacarakos v. Wiley*, 2009 WL 924434 at *2 (D.Colo. Apr.3, 2009) ("if a requested document is not in the possession of a party or non-party, such person need not create the nonexistent document"); *Alexander v. Federal Bureau of Investigation*, 194 F.R.D. 305, 310 (D.D.C.2000) (a party is not required to create "new documents solely for their production"). Accordingly, the Special Master does not recommend the Court enter an Order directing Grayling to create new documents solely for the purpose of responding to Arena's ICs.

Ultimately, in light of Grayling's insistence that it has now produced all known documents related to Guardian PDLs, the Special Master recommends the Court **deny as moot** Arena's motion to require Grayling to comply with LPR 3.4. Given the paucity of that production, however, the Special Master further recommends that Grayling should make absolutely certain it has undertaken a sufficiently thorough search for "all the engineering schematics, drawings, photographs, and other documents related to the Accused Instrumentality." Docket 46 at 4. Finally, it is again important to note the undersigned would have certainly recommended the Court grant Arena's motion had Grayling not produced its supplemental documents.

C. Arena's Request for Attorney Fees.

Arena asserts it "has been forced to expend substantial time and financial resources to ask th[e] Court to require and direct Grayling to comply" with the LPR. Docket 51 at 12. Accordingly, Arena asks the Court to "order Grayling to reimburse Arena for the reasonable expenses it incurred in making [the instant] motion." Docket 51 at 12.

*11 The rule applicable to Arena's request is Fed. R. Civ. Pro. 37(a), which addresses "motion(s) for an order compelling disclosure or discovery."¹⁰ Rule 37(a) states that, "[i]f the motion is granted—or if the disclosure or requested discovery is provided after the motion was filed—the court *must*, after giving an opportunity to be heard, require the party ... whose conduct necessitated the motion ... to pay the movant's reasonable expenses incurred in making the motion, including attorney's fees." Fed.R.Civ.P. 37(a)(5)(A) (emphasis added). The Rule goes on to list three caveats, however, stating a "court must not order this payment if: (i) the movant filed the motion before attempting in good faith to obtain the disclosure or discovery without court action;

(ii) the opposing party's nondisclosure, response, or objection was substantially justified; or (iii) other circumstances make an award of expenses unjust." *Id.*

¹⁰ Arena characterized its motion as a request that the Court "require and direct [Grayling] to comply with [LPRs] 3.3 and 3.4." Docket no 31 at 1. Regardless of its caption, Arena's motion is definitely a request for an "order compelling disclosure or discovery," especially because the LPR essentially "provide[] for streamlined discovery." *Network Caching*, 2002 WL 32126128 at *4. In any event, Grayling agrees that Arena's motion is one to compel and is governed by the Federal Rules of Civil Procedure. Docket no. 55, exh. 1 at 2. And [Rule 37](#) authorizes a court to order payment of expenses associated with a party's failure to comply with LPRs. See *California Inst. of Computer Assisted Surgery, Inc. v. Med-Surgical Services, Inc.*, 2011 WL 4505239 (N.D.Cal. Sept.27, 2011) (ordering plaintiff to pay fees and expenses associated with defendants' successful motion to compel ICs).

In this case, Grayling did not adequately comply with LPRs 3.3 or 3.4 when it supplied its *initial* NICs and document production.¹¹ Grayling did finally provide to Arena the required disclosures and requested discovery when it supplied its *supplemental* NICs and document production, but this occurred only after Arena filed its motion. Indeed, Grayling did not comply with LPRs 3.3 or 3.4 by providing its supplementation until after Arena filed its reply brief, and the position Grayling took in its response brief (that it had *already* fully complied with the LPR) was meritless. In these circumstances, [Rule 37\(a\)\(5\)\(A\)](#) mandates an Order directing Grayling to "pay [Arena's] reasonable expenses incurred in making the motion, including attorney's fees," unless one of the caveats apply.

¹¹ For the reasons discussed above, Arena was clearly correct that Grayling's *initial* NICs were inadequate and did not comply with the LPR, and the undersigned would have certainly recommended the Court grant Arena's motion had Grayling not produced its supplemental NICs and documents.

Grayling asserts that, in fact, the caveats do apply. First, Grayling asserts that, to the extent it initially failed to comply with the LPR, its failure was "substantially justified" by Arena's own, earlier failure to provide adequate ICs. Second, Grayling insists Arena was too quick to file its motion, as the parties were still trading letters accusing each other of failing

to meet their LPR obligations, and progress "without court action" was still possible when Arena sought intervention.

These arguments do not persuade the undersigned, because Grayling's initial NICs and documents were so clearly inadequate. *None* of Grayling's initial 447-page document production described the design, structure, function, composition, or operation of PDLs. Indeed, not one of these pages even met the simple requirement set out in LPR 3.4(b) that Grayling produce a document showing it makes and sells PDLs. When Arena pointed this out to Grayling in several discovery letters and finally in its motion, Grayling repeatedly refused to admit any deficiency, maintaining it was always in full compliance. Regardless of whether Arena's ICs were themselves inadequate, Grayling's enduring refusal to address its document production deficiencies was in obstinate disregard of LPR 3.4.

*¹² Further, many (perhaps most) of Grayling's initial NICs simply repeated verbatim Arena's patent claim language and stated its PDL "does not have" that structure; Grayling supplied absolutely no specific reasons or relevant distinctions explaining why. Rather than consider the merits of Arena's assertion that the LPRs require more, Grayling adamantly maintained its position that its NICs were proper, insisting on this stance through several rounds of informal and formal written argument. But Arena's assertion was legitimate and correct from the start. Grayling's supplementation ultimately conceded this point, despite its characterization of its supplementation as "exceeding" what the LPR required. In fact, Grayling's supplementation simply supplied the contentions and documents to which Arena was originally entitled under the LPR, and only after Arena filed its motion and reply. In these circumstances, Arena's request for an award of expenses is well-taken.¹²

¹² The Special Master notes he is *not* inclined to recommend an award of expenses pursuant to [Rule 37\(a\)\(5\)](#) any time a discovery motion is well-taken, and especially not after the motion has become moot. See, e.g., *The Way Int'l v. Executive Risk Indem., Inc.*, 2009 WL 3157402 at *8 (S.D.Ohio Jan.27, 2009) (denying as moot a plaintiff's motion to compel because the defendant's "supplemental response," provided before the plaintiff filed a reply brief, resolved the issue). The distinguishing factors in this case, however, are that: (1) the LPRs are designed to *avoid* discovery disputes by setting out with particularity the parties' obligations in patent cases, thereby providing extra guidance to the parties not present in non-patent cases; and (2) despite

the specificity of the LPRs, Grayling persisted in taking positions in clear contravention of its obligations until after Arena filed its reply brief, as opposed to taking more immediate action to moot the motion.

Having concluded Arena's request for an award of "reasonable expenses incurred in making the motion" should be granted, the question becomes what is "reasonable." After weighing the equities, the Special Master concludes Arena should be awarded its reasonable expenses associated only with filing its reply brief (docket no. 33) and not with its supplemental reply (docket no. 51) nor its original motion (docket no. 31).

Specifically, the Special Master concludes Arena should not be reimbursed for expenses associated with its supplemental reply because, by the time that brief was filed, Grayling had complied with its obligations under the LPR. Arena was directed to submit a supplemental reply brief "addressing the extent to which Grayling's supplemental NICs and document production cure the issues raised in Arena's motion to comply." *Special Master's Briefing Order* at 2. Arena argued Grayling's supplementation was inadequate, but Arena was incorrect—Grayling's supplemental NICs and documents brought it into compliance. Thus, it cannot be said Arena's supplemental brief procured any additional "disclosure or requested discovery." *Fed.R.Civ.P. 37(a)(5)(A)*.

As for the expenses associated with Arena's original motion, the Special Master has some sympathy for Grayling's observation that Arena's own ICs were vague, making it difficult to respond with precise NICs. Arena's vagueness did not provide Grayling with an excuse for failing to comply with the LPR, but it does explain why Grayling resisted Arena's motion and suggests an equitable mitigation of expense-shifting is appropriate. Put more simply: (1) Arena's

motion for an Order directing reimbursement by Grayling for some of Arena's expenses in bringing its motion is well-taken; but (2) the amount of that reimbursement would not be reasonable, in light of all of the circumstances, if it included the expenses associated with *all* of the briefs involved. A reasonable reimbursement of expenses would be the attorneys fees and costs associated only with Arena's reply brief.

*13 Finally, rather than engender satellite litigation and additional briefing regarding the actual amount of fees incurred by Arena to file its 13-page reply brief, and whether all of those fees were reasonable, the Special Master recommends the Court use the reasonable estimate of \$5,000.00. Given the length of the reply brief, the factual and legal research necessary to produce it, and a reasonable hourly rate, this amount is a fair approximation of the amount of the "reasonable expenses incurred ..., including attorney's fees," called for by *Rule 37*.¹³ Whether this amount should be paid by "the party or attorney advising that conduct, or both" should be left to Grayling and its counsel. *Id.*

¹³ The amount suggested may be alternatively characterized as the fees associated with Arena's motion *and* reply, but capped at \$5,000 because some of Grayling's arguments had merit and some of Arena's positions were weak. The point is that, in light of *all* of the circumstances, including the low degree of specificity of Arena's own ICs, reimbursement by Grayling for the entire amount of expenses Arena incurred in making its motion would be excessive and therefore not reasonable.

All Citations

Not Reported in F.Supp.2d, 2012 WL 2953214