

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

TRAVEL TAGS, INC.,

PLAINTIFF,

v.

UV COLOR INC. and INTERACTIVE
COMMUNICATIONS INTERNATIONAL, INC.,

DEFENDANTS.

CIVIL No. 09-1619 (JRT/AJB)

ORDER AND MEMORANDUM

David R. Fairbairn, Matthew J. DeRuyter, and Stuart A. Nelson, Kinney & Lange, PA, 312 South 3rd Street, Minneapolis, MN 55415-1002;

William Z. Pentelovitch, Alain M. Baudry, D. Scott Aberson, Haley N. Schaffer, Maslon Edelman Borman & Brand, 90 South 7th Street, Suite 3300, Minneapolis, MN 55402-4140 (for Plaintiff);

Bradley W. Grout (pro hac vice), Hunton & Williams LLP, 600 Peachtree Street Northeast, Suite 4100, Atlanta, GA 30308;

Kurt J. Niederluecke, Laura L. Myers, and Lora M. Friedemann, Fredrikson & Byron, PA 200 South 6th Street, Suite 4000, Minneapolis, MN 55402-1425; and

Maya M. Eckstein (pro hac vice) and Shelley L. Spalding (pro hac vice), Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, VA 23219 (for Defendants).

This matter is before the Court, United States Magistrate Judge Arthur J. Boylan, on Plaintiff's Motion to Compel Discovery, Motion for Contempt [Docket No. 155]. A hearing was held on the motion on March 26, 2010. Stuart A. Nelson, David R. Fairbairn, and William Z. Pentelovitch appeared on behalf of Plaintiff. Kurt J. Niederluecke and Bradley W. Grout appeared on behalf of Defendants.

Based upon the record, memoranda, and oral arguments of counsel, **IT IS HEREBY ORDERED** that Plaintiff's Motion to Compel Discovery, Motion for Contempt [Docket No. 155] is **GRANTED IN PART** and **DENIED IN PART** as follows:

1. On or before April 20, 2010, Defendant UV Color shall provide Plaintiff with an Amended Prior Art Statement in which Defendant UV Color specifically identifies how the items of prior art work in combination to render Plaintiff's claims invalid.
2. On or before April 20, 2010, Defendants shall permit Plaintiff to open and inspect samples of Defendant UV Color's prior art and Defendant UV Color's Packaged Card Products that were developed, under development, or authorized to be developed.
3. Plaintiff's motion is denied in all other respects.
4. The attached memorandum is incorporated herein.

Dated: 4/9/10

s/ Arthur J. Boylan
Magistrate Judge Arthur J. Boylan
United States District Court

MEMORANDUM

a. Background

Plaintiff's Amended Complaint alleges that Defendants infringed upon Patent No. 6,224,108, entitled "Packaged Data Card Assembly," Patent No. 6,328,341, entitled "Multiple Component Data Package," Patent No. 6,439,613, entitled "Multiple Component Data Package," and Patent No. 6,715,795, entitled "Multiple-Component Data Package." Consumers would likely recognize these patents as pertaining to prepaid gift cards and their packaging.

This Court's pretrial scheduling order sets out the following schedule: "Plaintiff's Claim Chart" was due December 15, 2009. [Docket No. 114.] "Defendant's Claim Chart" was due January 14, 2010. The Defendant's Claim Chart must

[i]ndicate[] with specificity which elements on Plaintiff's Claim Chart it admits are present in the accused device product or process, and which it contends are absent. In the latter regard, Defendant will set forth in detail the basis for a contention that the element is absent. . . . Defendant shall explain in detail any other grounds for asserting invalidity of the claims identified in Plaintiff's Claim Chart including but not limited to any invalidity contentions based on 35 USC §101 and/or §112.

Defendant's Prior Art Statement was due on or before January 22, 2010. [Docket No. 114.] Defendant's Prior Art Statement must contain a "list of all of the prior art on which [Defendant] relies, and a complete and detailed explanation of what [Defendant] alleges the prior art shows and how that prior art invalidates the claim(s) asserted by Plaintiff." [Docket No. 114.] On or before March 1, 2010, the parties were directed to serve and file briefs addressing the issues that the parties anticipate will be placed before the Court at the *Markman* Hearing. Rebuttal briefs were due on March 15, 2010. These deadlines were amended by order of this Court on February 18, 2010, [Docket No. 167] and March 9, 2010. [Docket No. 190.]

On December 15, 2009, Plaintiff served on Defendant UV Color its “Disclosure of Infringement Contentions” (i.e., Plaintiff’s Claim Chart). On January 14, 2010, Defendant UV Color served “Defendant’s Response to Plaintiff’s Disclosure of Infringement Contentions” (i.e., Defendant’s Claim Chart). On January 22, 2010, Defendant UV Color served “Defendant’s Disclosure of Invalidity Contentions” and “Exhibit A – Identification of Claim Limitation in Cited Reference” (i.e., Defendant’s Prior Art Statement).

Plaintiff sent Defendant UV Color a letter stating that UV Color’s Claim Chart and Prior Art Statement were not in compliance with the pretrial scheduling orders. After further correspondence, Plaintiff brought the present motion. [Docket No. 155].

b. Standard of Review

Plaintiff brings the present motion to compel under Fed. R. Civ. P. 37, arguing that Defendants have failed to comply with this Court’s pretrial scheduling orders [Docket Nos. 114, 167, 190]. Federal Rule of Civil Procedure 37(a) permits a party to move for an order compelling disclosure or discovery where a party fails to make a disclosure required by Rule 26(a) or fails to answer or respond to a discovery request. “[A]n evasive or incomplete disclosure, answer, or response must be treated as a failure to disclose, answer or respond.” Fed. R. Civ. P. 37(a)(4). Because Plaintiff’s motion stems from the pretrial scheduling orders, Plaintiff’s motion actually comes under Fed. R. Civ. P. 16(f) and this Court’s inherent power to enforce its orders. *See In re Nevitt*, 117 F. 448 (8th Cir. 1902) (describing the court’s power to enforce its own orders as “inherent and indispensable”).

c. UV Color’s Disclosure of Non-Infringement Contentions

Plaintiff contends that UV Color failed to set forth in detail its basis for contending that the claim elements are absent within its products. For example, for Claim 1 of Patent ‘795,

Plaintiff identified the following element: “personal identifying indicia correlated with a prepaid account and located on said first face.” Plaintiff included a photograph of one of the accused products, UV Color Subway Multicard Package, which Plaintiff labeled to indicate its infringement contentions. Specifically, Plaintiff identified the “Card Number” and “PIN Number” as “personal identifying indicia.” In response, Defendant UV Color’s Claim Chart denies that “personal identifying indicia” are found literally within the accused instrumentalities, and cites to two declarations and an instruction manual in support of its denial.¹

Plaintiff’s Claim Chart stated the specific parts on the accused device that Plaintiff contended were personal identifying indicia. If Defendant UV Color denies this contention, they have essentially two bases for such a denial: First, Defendant UV Color could assert that the specific parts (i.e., “Card Number” and “PIN Number”) are not “personal identifying indicia” because the specific parts are something other than Plaintiff’s properly construed definition of “personal identifying indicia.” A detailed response would invariably provide Plaintiff with some idea of what the specific parts are if they are not “personal identifying indicia.” Second, Defendant could contend that the specific parts are not “personal identifying indicia” because Plaintiff’s use of the term is inconsistent with how the term would be understood by a person of ordinary skill in the art at the time of the invention. While a detailed response does not need to brief an entire claim construction argument, a detailed response should present some basis for Defendant’s contention that Plaintiff’s use of the term is inconsistent with how the term would be understood by a person of ordinary skill in the art. A detailed response would also provide Plaintiff with some idea of what the specific parts are.

¹ These declarations were previously made part of the record. *See* Dec. Phil M. Chakiris, July 8, 2009 [Docket No. 60]; Dec. Dr. Jack D. Grimes, Aug. 27, 2009 [Docket No. 60]. This Court notes that Docket No. 60 is actually a declaration of Jack D. Grimes, Ph.D. that is dated August 12, 2009. This Court assumes that this is a clerical error in the absence of objection from Defendants.

Defendant's response to Plaintiff and this Court committed to neither position. Rather Defendant UV Color's response was to deny the presence of the element within the accused product because, essentially, Defendant UV Color did not know what "personal identifying indicia" meant. Defendant argues, for example, that Plaintiff fails to explain why the specific parts (i.e., "Card Number" and "PIN Number") are "personal identifying indicia." This is true. Plaintiff's claim chart does not explain what about the specific parts make them personal identifying indicia. But, Plaintiff's Claim Chart is unambiguous as to what it does assert. Thus, this Court does not discern how Defendant's ability to respond to Plaintiff's Claim Chart was impeded: Defendant's response could have stated, for example, "The PIN Number is not personal identifying indicia because it is activation indicia." Defendant's response could have also put Plaintiff on notice that Defendant could not fully respond because in Defendant's view Plaintiff's Claim Chart fails to define the claim elements. Although the Declarations cited by Defendant UV Color provide some guidance as to Defendant's position on the claim elements, the Declarations are not directly responsive to Plaintiff's Claim Chart. For example, the Declarations do not define what a "PIN Number" is if it is not "personal identifying indicia." While a defendant may not know how the Court will ultimately construe a claim element, once a defendant is in possession of a plaintiff's claim chart, a defendant should have an idea how plaintiff construes the claim in relation to the accused product. A defendant can then agree or disagree.

For the reasons set forth above, this Court concludes that Defendant's non-infringement contentions constitute an evasive and incomplete answer. Nevertheless, this Court does not conclude that an order compelling Defendant to resubmit an Amended Response to Plaintiff's Disclosure of Infringement Contentions is warranted. First, this Court agrees that there was

significant ambiguity within Plaintiff's Disclosure of Infringement Contentions. While Defendants' responses may have been inconvenient for Plaintiff, this was an inconvenience of Plaintiff's own making because Plaintiff did not "includ[e] *the basis* for each contention that the element is present" as was also required by this Court's Pretrial Scheduling Order. [Docket No. 114 (emphasis added).] Second, Plaintiff's asserted confusion as to Defendant's construction of the claim elements is moot given that the first round of *Markman* briefing has already occurred. Thus, this Court denies Plaintiff's motion for an order compelling Defendant to submit an Amended Response to Plaintiff's Disclosure of Infringement Contentions.

d. UV Color's Disclosure of Invalidity Contentions

Plaintiff contends that Defendant UV Color's disclosure of invalidity contentions does not comply with this Court's pretrial scheduling orders because "Defendant's Disclosure of Invalidity Contentions" and "Exhibit A – Identification of Claim Limitation in Cited Reference" fail to explain what the prior art shows and how the prior art invalidates the claims in a complete and detailed manner. Furthermore, Plaintiff contends that "Defendant's Disclosure of Invalidity Contentions" and "Exhibit A – Identification of Claim Limitation in Cited Reference" failed to explain Defendant UV Color's contentions under 35 U.S.C. §§ 101 and 112. Defendant's Prior Art Statement includes a section that seems to assert the statutory basis for each assertion of invalidity, and a section that identifies each claim element and cites the corresponding prior art that Defendant contends renders the claim element invalid.

Plaintiff cites three examples that Plaintiff contends demonstrate Defendant's evasive and incomplete answers. First, as to the "first account verification indicia on said data card and second account verification indicia on said package, both different from said personal identifying indicia and both correlated with said account" claim element, Defendant listed four patents,

citing to specific columns and lines, and Amerivox Phone cards as prior art. Second, as to the “said panel of said package including an aperture visibly exposing said first account verification indicia” claim element, Defendant listed what appears to be ten different prepaid gift cards and their packaging as prior art. Plaintiff argues that these responses do not amount to a “complete and detailed” explanation of what the prior art shows or how it invalidates the claim element. Plaintiff also notes that Defendant’s answer fails to describe how the elements shown by these patents and card products anticipate or combine to render obvious the claim elements. Third, as to invalidity claims premised upon 35 U.S.C. § 112, Defendant identifies the indefinite elements (e.g., “personal identifying indicia”), but does not explain what is indefinite about the elements. Plaintiff argues that this response is inadequate because Defendant must identify what is indefinite about the elements.

This Court’s pretrial scheduling order required “a complete and detailed explanation of what [Defendant] alleges the prior art shows and how that prior art invalidates the claim(s) asserted by Plaintiff.” Typically, prior art statements list the claim element, the corresponding prior art, as well as the applicable statutory basis for the invalidity contention. If multiple pieces of prior art work in combination to invalidate a claim, then a prior art statement typically denotes the combination. Both parties complain that the number of permutations for combinations of prior art can become unwieldy. In such situations, defendants usually group the prior art items into categories and then specify the categories that invalidate the claim elements.

Defendant UV Color’s Prior Art Statement is deficient. Defendant UV Color fails to specify how the prior art works in combination to render the claims invalid. Defendant contends that because all of its prior art items relate to prepaid gift cards it does not need to explain how the items work in combination. This Court disagrees. First, this contention is contrary to this

Court's pretrial scheduling order. Second, Defendant's Prior Art Statement belies its own assertion because for some claim elements Defendant does not cite all 16 pieces of prior art as invalidating the claim element, which suggests that Defendant has discriminated amongst the prior art items and envisions that one skilled in the art would also discriminate amongst the prior art items.

This Court concludes that Defendant was unable to provide a more detailed response as to its claims under 35 U.S.C. § 112 due to the deficiencies in Plaintiff's Claim Chart. Furthermore, Plaintiff has made no showing as to why a more definite statement concerning Defendant's contentions under 35 U.S.C. § 112 is warranted.

Therefore, this Court orders that, on or before April 20, 2010, Defendant UV Color shall provide Plaintiff with an Amended Prior Art Statement in which Defendant UV Color specifically explains if (and how) the items of prior art work in combination to render Plaintiff's patents invalid.

e. Production of Samples

Plaintiff contends that it has been denied the opportunity to inspect Defendant UV Color's prior art samples and Defendant UV Color failed to produce "[s]amples of each Packaged Card Product developed, under development, or authorized to be developed by UV Color." At the hearing, Defendant UV Color informed the Court that they have acquired all of the samples and will be producing them to Plaintiff, who will be able to open and inspect the samples. Therefore, this Court orders that, on or before April 20, 2010, Defendants shall permit Plaintiff to open and inspect samples of Defendant UV Color's prior art and Defendant UV Color's Packaged Card Products that were developed, under development, or authorized to be developed.

f. Sanctions

This Court concludes that sanctions are unwarranted because the deficiencies of Plaintiff's claim chart precipitated Defendant UV Color's noncompliance with this Court's pretrial scheduling order.