1

2

3

4   UNITED STATES DISTRICT COURT

5   NORTHERN DISTRICT OF CALIFORNIA

6

7   TWILIO, INC.,   Case No.16-cv-06925-LHK   (SVK)

            Plaintiff,
8
                                               ORDER DENYING TELESIGN'S
9   v.   **MOTION FOR LEAVE TO AMEND ITS**
                                               INVALIDITY CONTENTIONS
10 TELESIGN CORPORATION,
                                               Re: Dkt. No. 161
            Defendant.
11

12   Twilio, Inc. ("Twilio") filed this patent infringement action on December 1, 2016, alleging

13 that TeleSign Corporation's ("TeleSign") products infringe its patents. ECF 1. Pending before

14 the Court is TeleSign's second motion for leave to amend its invalidity contentions. ECF 161.

15 This time around, TeleSign seeks leave based on the Court's October 13, 2017 claim construction

16 order. ECF 137. Having carefully considered the parties' submissions, and having had the benefit

17 of oral argument on January 30, 2018, the Court denies TeleSign's second motion for leave to

18 amend its invalidity contentions for the reasons set forth below.

19 **I.   RELEVANT BACKGROUND**

20   TeleSign seeks leave to amend in light of the Court's construction of the term "REST API"

21 in October 2017. ECF 161 at 6. The REST API term has been the subject of a great deal of

22 discussion by both parties and their experts since at least June 2017. Those discussions in general

23 provide important context for TeleSign's second motion. There are two references in particular

24 that have figured prominently in the REST API discussions: 1) The dissertation of Dr. Roy

25 Fielding (the "Fielding dissertation"), published in 2000; and 2) The textbook RESTful Web

26 Services by Richardson and Ruby ("the REST Textbook"), published in 2007, which TeleSign

27 now seeks to add as prior art.

28   A summary of the parties' attention to the REST API term is helpful.

United States District Court
Northern District of California

1   On June 6, 2017, Twilio served proposed constructions of claim terms on TeleSign,

2   including a proposed construction of REST API. Twilio's June 6th proposed construction was:

3   "An application programming interface that is operable with the Representation State Transfer

4   (REST) conventions." ECF 93-8 at 8. As extrinsic evidence in support of its June 6th proposed

5   construction, Twilio listed "Newton's Telecom Dictionary (22nd Ed. 2006)." *Id*. Newton's

6   Telecom Dictionary defines REST as "[a] term coined by Roy Fielding in his Ph. D. dissertation

7   to describe an architecture style of networked systems . . ." ECF 105-14 at 5 (excerpt of Newton's

8   Telecom Dictionary submitted with Twilio's Opening Claim Construction Brief).

9   On July 14, 2017, TeleSign filed its first motion to amend its invalidity contentions

10   arguing, in part, that based on Twilio's June 6, 2017 proposed construction of REST API,

11   TeleSign would need to add its own products as predating technology. ECF 93 at 17-18.

12   TeleSign also argued that "considering Twilio's construction of 'REST API' and 'URI' as well as

13   Twilio's characterization of 'REST' in its response to TeleSign's interrogatory and Twilio's

14   damages contentions, TeleSign has identified for the first time 35 U.S.C. § 103 arguments that it

15   now includes in [its proposed amendments]." ECF 93 at 17.

16   On August 7, 2017, TeleSign deposed Twilio's expert, Dr. Kevin Almeroth and used the

17   REST Textbook that it now seeks to add as prior art as an exhibit to the deposition. *See* ECF 110-

18   2 at 3 (Exhibit 5, the REST Textbook), 40 (questioning of Dr. Almeroth on Exhibit 5). During the

19   deposition, TeleSign referenced a Dr. Almeroth declaration which identified the REST Textbook.

20   ECF 110-3 at 40; ECF 105-8 (Dr. Almeroth's reply declaration, signed July 27, 2017). The

21   exhibit TeleSign used during the deposition contained the first 105 pages of the REST Textbook,

22   and TeleSign questioned Dr. Almeroth about specific pages in the book. ECF 110-2 at 40.

23   Further, Dr. Almeroth referenced Dr. Fielding's definition of REST, including the four constraints

24   ultimately adopted by the Court, no less than seven times. *See* ECF 110-2 at 9, 22-23, 27-28, 30,

25   46.

26   On August 18, 2017, the Court allowed TeleSign to amend its invalidity contentions.   ECF

27   109 at 8. The Court found TeleSign had not been diligent in seeking leave to amend its

1   amendment at that time, the Court granted TeleSign leave to amend. ECF 109 at 4-8. In finding a

2   lack of diligence, the Court stated:

> The Court is not persuaded that Twilio's preliminary (but not "new") construction for "REST API" broadens the universe of prior art available to challenge the validity of the '376 patent. Rather, it appears that TeleSign had as much support for the challenge before Twilio's proffered construction as after. At oral argument, TeleSign's counsel acknowledged that REST is "not as well defined" as SOAP, and that when looking to how people in the art define RESTful and REST, there are competing definitions on whether SOAP can be operable with REST. ECF 106. This is as true today as it was when TeleSign served its contentions on May 1st. Therefore the Court finds that TeleSign has not demonstrated the requisite diligence in support of its amendment.

ECF 109 at 7-8.

The Court allowed TeleSign to amend its invalidity contentions to include the following

contentions about REST and obviousness:

> Depending on claim construction, and/or to the extent that TeleSign's early use is found not to expressly disclose "wherein the call router API is substantially a Representational State Transfer (REST) API," such functionality is inherent to the prior art in that it is necessarily present and would be so recognized by those of skill in the art. In addition, it is obvious that a call router API is substantially a Representational State Transfer (REST) API. Indeed, a skilled artisan would understand that there are a finite number of identified, predictable solutions, namely, embedding zero, some or all state into URIs of a call router to achieve a reasonable expectation of success in responding to an API request directed at such URIs. Further, one skilled in the art would be aware of various well-known, potential REST design principles, such as statelessness, thereby rendering this claim limitation obvious, in addition to other expert opinions relating to the obviousness of this claim.

ECF 119-3 at 83.

In claim construction briefing the parties submitted competing definitions for REST API:

Twilio's Proposed Construction	TeleSign's Proposed Construction
An application programming interface that is operable with the Representation State Transfer (REST) conventions. ECF 105 at 11.	Indefinite *Alternatively:* A programmatic communication interface using a varying level of statelessness. ECF 110 at 10.

In its opening claim construction brief filed on August 14, 2017, Twilio discussed the four

constraints from the Fielding dissertation. ECF 105 at 12. On August 27, 2017, TeleSign filed its

1 responsive claim construction brief, arguing that the term REST was indefinite. ECF 110. In

2 doing so, TeleSign cited extrinsic evidence including specific pages from the Fielding dissertation

3 (*see* ECF 110 at 13; ECF 110-3 at ¶¶ 33, 37, citing pages 4 and 79 of the Fielding dissertation) and

4 the REST Textbook (*see* ECF 110 at 13-14). TeleSign attached excerpts of the REST Textbook to

5 its brief including pages 16-17 (Chapter 1), 29-31 (Chapter 2), and 79-81 (Chapter 4). ECF 110-5.

6   The Court held a Markman hearing on October 5, 2017, during which the Court indicated

7 it would adopt Twilio's definition, modified to include the four constraints set out by the Fielding

8 dissertation. ECF 161-3 at 5:7-11. On October 13, 2017, the Court issued its claim construction

9 order defining REST API as follows:

10   [A]n application programming interface that complies with
         Representational State Transfer (REST) interface constraints, which

11   are: identification of resources; manipulation of resources through
         representations; self-descriptive messages; and, hypermedia as the

12   engine of application state.

13 ECF 137 at 42. In its order, the Court rejected TeleSign's indefiniteness argument, in part because

14 of the extrinsic evidence cited by TeleSign and its expert in both this action and the *inter partes*

15 review proceedings. ECF 137 at 19-20. In examining the materials submitted by TeleSign, the

16 Court concluded that rather than proving that REST API is a subjective term that could be applied

17 inconsistently by skilled artisans as TeleSign argued, the evidence and the experts demonstrated

18 that there was a common understanding of REST at the time of invention. *Id.* Specifically, the

19 Court relied on the Fielding dissertation and the REST Textbook. ECF 137 at 19-22. The Court

20 acknowledged Fielding's four constraints as well as other principles of REST that the parties

21 appeared to agree upon including statelessness, the use of HTTP for transport and operation on

22 resources, and that "REST-based architectures and API's were well known in the art at the time of

23 the filing of the filing of the '376 patent." ECF 20-21 (citing and quoting Telesign's expert, Dr.

24 Neilson, in support of TeleSign's *inter partes* review petition).

25   TeleSign filed its motion to amend its invalidity contentions on December 22, 2017, over

26 two months after the Court's claim construction order. ECF 161. Arguing that the Court adopted

27 a new construction of REST API, TeleSign seeks leave to 1) Add an obviousness combination

1   combination with the REST Textbook. ECF 161 at 4. Specifically, within its proposed charts,

2   TeleSign references the REST Textbook pages 13, 14, 18-19 (Chapter 1), 54 (Chapter 3), 81, 83,

3   84, 86-87, 94-95, 97 (Chapter 4), 217-218 and 221 (Chapter 8).

4   **II.   LEGAL STANDARD**

5   Pursuant to the Northern District of California's Patent Local Rules, parties exchange

6   infringement and invalidity contentions early in a case. *See* Patent Local R. 3. The contentions are

7   not a mere formality but rather a requirement "to eliminate the gamesmanship of hints in favor of

8   open disclosure." *Largan Precision Co, Ltd. v. Genius Elec. Optical Co.*, No. 13-CV-02502-JD,

9   2014 WL 6882275, at *4 (N.D. Cal. Dec. 5, 2014). Amendment of infringement contentions or

10 invalidity contentions may be made only by order of the Court upon a timely showing of good

11 cause. "[A]s a general rule, mistakes or omissions are not by themselves good cause." *Karl Storz*

12 *Endoscopy-Am., Inc. v. Stryker Corp.*, No. 14-CV-00876-RS (JSC), 2016 WL 2855260, at *3

13 (N.D. Cal. May 13, 2016) (internal citation and quotation omitted). Non-exhaustive examples of

14 circumstances that may, absent undue prejudice to the non-moving party, support a finding of

15 good cause include:

16   (a) A claim construction by the Court different from that proposed
            by the party seeking amendment;
17   (b) Recent discovery of material, prior art despite earlier diligent
            search; and
18   (c) Recent discovery of nonpublic information about the Accused
            Instrumentality which was not discovered, despite diligent efforts,
19   before the service of the Infringement Contentions.

20 Patent Local R. 3–6.

21   Whether a party has been diligent requires a two-step inquiry: "(1) diligence in

22 discovering the basis for amendment; and (2) diligence in seeking amendment once the basis for

23 amendment has been discovered." *Monolithic Power Sys., Inc. v. Silergy Corp.*, No. 14-1745-VC

24 (KAW), 2015 WL 5440674, at *2 (N.D. Cal. Sept. 15, 2015). "In considering the party's

25 diligence, the critical question is whether the party could have discovered the new information

26 earlier had it acted with the requisite diligence." *Radware Ltd. v. F5 Networks, Inc.*, No. C-13-

27 02021-RMW, 2014 WL 3728482, at *1 (N.D. Cal. 2014). If the court determines that the moving

United States District Court
Northern District of California

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

fastcase®
Smarter legal research.