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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

MEDTRONIC, INC., *et al.*,

No. C-07-0567 MMC (EMC)

Plaintiffs,

v.

AGA MEDICAL CORPORATION,

Defendant.

**ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFFS'
MOTION TO STRIKE PORTIONS OF
DEFENDANT'S OPENING EXPERT
REPORTS**

(Docket No. 238)

Plaintiffs Medtronic, Inc., Medtronic USA, Inc., and Medtronic Vascular, Inc. (collectively "Medtronic") have moved the Court to strike portions of Defendant AGA Medical Corporation's opening expert reports. The Court held a hearing on the motion on February 25, 2009. Having considered the parties' briefs and accompanying submissions, as well as the oral argument of counsel, the Court hereby **GRANTS** in part and **DENIES** in part Medtronic's motion.

I. FACTUAL & PROCEDURAL BACKGROUND

Medtronic initiated this lawsuit on January 29, 2007. *See* Docket No. 1 (complaint). AGA answered the complaint on April 4, 2007. *See* Docket No. 9 (answer). In its answer, AGA asserted numerous defenses, including defenses based on invalidity pursuant to 35 U.S.C. § 101; failure to comply with 35 U.S.C. § 112; and unenforceability due to inequitable conduct. *See* Docket No. 9 (Ans. ¶¶ 30-32, 33-35, 36-57).

On July 9, 2007, AGA served its preliminary invalidity contentions. *See* Lawson Decl., Ex. B (preliminary invalidity contentions). Thereafter, AGA served its final invalidity contentions. On

1 October 17, 2008, AGA served its supplemental final invalidity contentions. *See* Yang Decl., Ex. 12
2 (supplemental final invalidity contentions).

3 On November 7, 2008, AGA served responses to interrogatories that had been propounded
4 by Medtronic. *See* Yang Decl., Ex. 6 (interrogatory responses). One of the interrogatories that had
5 been served -- Interrogatory No. 14 -- asked AGA to state all facts supporting each contention that
6 the patents at issue were invalid and unenforceable. *See* Walsh-Benson Decl., Ex. 2
7 (interrogatories). At the hearing on the motion to strike, Medtronic conceded that Interrogatory No.
8 14 was the first interrogatory that it had served on the issue of invalidity and unenforceability.

9 On November 14, 2008, AGA moved to amend its answer. *See* Docket No. 129 (motion).
10 More specifically, AGA sought leave to amend (1) to add a new defense not previously pled -- *i.e.*,
11 prosecution laches -- and (2) to add allegations about additional instances of inequitable conduct.
12 (In its original answer, AGA had provided some examples of what it alleged constituted inequitable
13 conduct.) In mid-December 2008, Judge Chesney denied AGA leave to add the prosecution laches
14 defense but granted it leave to add allegations about other examples of inequitable conduct. *See*
15 Docket No. 158 (order). Judge Chesney gave AGA until January 20, 2009, to file an amended
16 answer.

17 On December 5, 2008, fact discovery closed, with one exception -- *i.e.*, the parties had until
18 December 19, 2008, to complete fact depositions already noticed. *See* Docket No. 133 (order).

19 On December 30, 2008 -- *i.e.*, after the close of fact discovery -- AGA served supplemental
20 responses to several interrogatories, including Interrogatory No. 14. *See* Lawson Decl., Ex. A
21 (supplemental interrogatory responses).

22 On January 20, 2009, consistent with Judge Chesney's order, AGA filed and served its
23 amended answer. *See* Docket No. 208 (amended answer).

24 On January 23, 2009, AGA served the expert reports now being challenged. *See* Yang Decl.,
25 Exs. 1-4 (expert reports). On February 4, 2009, Medtronic filed the currently pending motion to
26 strike portions of those expert reports.

27 Expert discovery closed two days after the hearing on the motion to strike (*i.e.*, on February
28 27, 2009). *See* Docket No. 133 (order).

1 **II. DISCUSSION**

2 A. Inequitable Conduct Defense (Duerig and Goffney Reports)

3 Medtronic argues first that certain portions of the Duerig and Goffney reports should be
4 stricken because, although AGA included an inequitable defense in its original answer filed on April
5 4, 2007, and maintained an inequitable defense in its amended answer filed on January 20, 2009,
6 AGA made no mention of an inequitable conduct based on the actions of Mr. Peterson specifically
7 (an attorney involved with the prosecution of the ‘852 application), as opposed to Dr. Middleman
8 (an individual involved with the prosecution of the ‘291 application), until these expert reports were
9 served on January 23, 2009. This request to strike is denied.

10 Although what is formally before the Court is Medtronic’s motion to strike, the situation here
11 may be more aptly characterized in substance as an attempt by AGA to amend its operative answer
12 so as to include additional allegations of inequitable conduct, which, under Federal Rule of Civil
13 Procedure 9(b), must be pled with specificity. So characterized, motions for leave to amend are
14 governed by Federal Rule of Civil Procedure 15(a), which provides in relevant part that leave to
15 amend should be freely given when justice so requires. *See* Fed. R. Civ. P. 15(a). “Four factors are
16 commonly used to determine the propriety of a motion for leave to amend. These are: bad faith,
17 undue delay, prejudice to the opposing party, and futility of amendment.” *Ditto v. McCurdy*, 510
18 F.3d 1070, 1079 (9th Cir. 2007). “Delay alone is insufficient to justify denial of leave to amend; the
19 party opposing amendment must also show that the amendment sought is futile, in bad faith or will
20 cause undue prejudice to the opposing party.” *Jones v. Bates*, 127 F.3d 839, 847 n.8 (9th Cir. 1997).

21 In the instant case, the Court acknowledges that, in mid-November 2008, AGA sought leave
22 to amend its original answer to include allegations of additional instances of inequitable conduct.
23 That proposed amended answer – as well as the amended answer actually filed on January 20, 2009,
24 after Judge Chesney granted leave to amend – did not include any allegations about inequitable
25 conduct based specifically on the actions of Mr. Peterson (as opposed to Dr. Middleman). However,
26 AGA has adequately explained why it did not include any such allegations in its proposed and
27 subsequently filed amended answer, or in its response to Interrogatory No. 14 (first provided on
28 November 7, 2008 and then supplemented on December 30, 2008). AGA did not obtain documents

1 supporting the particular inequitable conduct allegations involving Mr. Peterson until December
2 2008, when they were provided by a third party, and AGA was not in a position to show Dr. Duerig
3 the documents until the third party consented to their disclosure, which took place on January 19,
4 2009. *See* Hemminger Decl. ¶ 2. At the hearing, Medtronic argued that AGA did not need to have
5 an expert look at the documents in order to know that it had an inequitable conduct defense based on
6 the conduct of Mr. Peterson, but that is not evident from the record. *See* Yang Decl., Ex. 1 (Duerig
7 Report ¶¶ 125-31). Furthermore, the delay in having Dr. Duerig examine the late produced
8 documents was not substantial.

9 Moreover, even if there were some undue delay on the part of AGA, Medtronic has failed to
10 establish that it would suffer any prejudice if the operative answer were amended to include
11 allegations of inequitable conduct based on the conduct of Mr. Peterson. Tellingly, at the hearing on
12 the motion to strike, Medtronic stated that the issue here was not one of notice but rather one of
13 pleading. One would expect that, if prejudice were a real concern, then Medtronic would not have
14 given up an argument based on notice. Furthermore, Medtronic does not make any contention that it
15 was not prepared from a factual standpoint to contest the inequitable conduct defense based on the
16 actions of Mr. Peterson. Thus, Medtronic's contention that it was prejudiced because it had only
17 two weeks to prepare a rebuttal report is not persuasive.

18 Finally, the Court notes that at no point did Medtronic ever object to AGA's answer as
19 insufficient for purposes of Rule 9(b). *See Davsko v. Golden Harvest Prods., Inc.*, 965 F. Supp.
20 1467, 1474 (D. Kan. 1997).

21 Accordingly, for the foregoing reasons, the Court denies the motion to strike the portions of
22 the Duerig and Goffney reports at issue herein.

23 B. Cragg I Reference (Duerig Report)

24 Medtronic argues next that portions of Dr. Duerig's report which refer to the Cragg I
25 reference should be stricken because Dr. Duerig relied on the reference to support invalidity under
26 35 U.S.C. § 102(g) (covering invalidity based on prior invention by another) but the reference was
27 not disclosed as prior art under § 102(g) in AGA's final or supplemental final invalidity contentions
28 or responses to Interrogatory No. 14. This request to strike is denied.

1 The issue is, in essence, moot. AGA has disavowed any reliance on the Cragg I reference as
2 a basis for invalidity under § 102(g). It is using the Cragg I reference to establish obviousness under
3 35 U.S.C. § 103. To the extent Medtronic has expressed concern that AGA will rely on new
4 combinations involving the Cragg I reference not previously identified in its final or supplemental
5 final invalidity contentions, AGA represented at the hearing that it would limit its positions in this
6 litigation to the combinations identified in its final or supplemental final invalidity contentions. *See,*
7 *e.g., Yang Decl., Ex. 12* (supplemental final invalidity contentions).

8 C. Combinations of Cragg I, Miyazaki, and Hughes References (Duerig Report)

9 Medtronic contends that portions of Dr. Duerig’s report should be stricken to the extent it is
10 based on new and substantially different combinations that were not specifically identified in AGA’s
11 final or supplemental final invalidity contentions. As noted above, this issue is now moot because
12 AGA represented at the hearing that it would limit its positions in this litigation to the combinations
13 identified in its final or supplemental final invalidity contentions. Thus, Medtronic’s request to
14 strike is denied as moot.

15 D. Hughes Reference (Bhattacharya Report)

16 Medtronic asserts that portions of the Bhattacharya report that discuss the Hughes reference
17 should be stricken because they include an opinion not expressed in AGA’s final or supplemental
18 final invalidity contentions, or in its response to Interrogatory No. 14 – *i.e.,* “that the Hughes
19 reference is anticipatory prior art [that] meets every claim limitation.” Mot. at 9. In response, AGA
20 asserts that Medtronic has misread the Bhattacharya report. *See Opp’n at 10, 16-18.* According to
21 AGA, “both AGA and Prof. Bhattacharya do not contend that Hughes is anticipatory prior art, *so*
22 *long as* Medtronic pays heed to the Court’s claim constructions as to the breadth of the claims.”
23 Opp’n at 16 (emphasis added). “Because the Court did not consider stress-induced martensite to be
24 equivalent to thermally-induced martensite, AGA honored the Court’s claim construction and
25 omitted Hughes from its invalidity contentions as anticipatory prior art (though Hughes was
26 included as a reference for invalidity due to obviousness).” Opp’n at 18.

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1 As reflected by the above, AGA is essentially reserving the right to advance a contention that
2 is contingent upon the position taken by Medtronic. The issue here is whether Patent Local Rule¹
3 3-3 requires a party to assert a claim of invalidity which is only conditional and contingent on the
4 opposing party’s position. Neither party has cited the Court to any authority directly on point. In
5 the absence of such authority, the Court concludes that Rule 3-3 does not require such at least in this
6 case where the contingency is allegedly not clearly anticipated by the Court’s claim construction.
7 This conclusion is consistent with Patent Local Rule 3-6, which contemplates that changes to an
8 accused infringer’s invalidity contentions may be made under certain circumstances: *e.g.*, the
9 presiding judge’s claim construction or for good cause. In short, the contingent contentions in this
10 case are better addressed under Rule 3-6 rather than 3-3. Accordingly, Medtronic’s request to strike
11 under Rule 3-3 is denied.

12 E. Obviousness Type Double Patenting Defense (Duerig Report)

13 An inventor is allowed only one patent for one invention because, “[i]f more than one patent
14 could be obtained on the same invention, an inventor could extend the period of exclusivity that a
15 patent is supposed to provide.” Alan L. Durham, *Patent Law Essentials* 112 (1999). Accordingly,
16 “a claim can be held unpatentable or invalid if it duplicates the subject matter of a claim in an earlier
17 patent to the same inventor. This is referred to as ‘double patenting.’ Double patenting can also be
18 found where the claims are attributable to different ‘inventive entities’ but are owned by a common
19 assignee.” *Id.*

20 There are two different kinds of double patenting: same invention double patenting (“SIDP”)
21 and obviousness-type double patenting (“OTDP”). SIDP “means that the later claim is identical in
22 scope to the earlier claim.” *Id.* OTDP “means that the later claim, though not identical, is only an
23 ‘obvious variation’ of the earlier claim.” *Id.* SIDP is covered by 35 U.S.C. § 101. OTDP has its
24 roots based in § 101 but is considered a nonstatutory defense. *See Geneva Pharms., Inc. v. GSK*,
25 349 F.3d 1373, 1377-78 (Fed. Cir. 2003). AGA admits that the defense is nonstatutory. *See Opp’n*
26 at 12 (stating that “OTDP is a judicially-created doctrine”).

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28 ¹ The Court refers to the Patent Local Rules in force for cases filed before March 1, 2008.

1 Medtronic argues that because AGA, in its answer, referred only to statutory double
2 patenting (*i.e.*, SIDP) and not nonstatutory double patenting (*i.e.*, OTDP), those portions of the
3 Duerig report that refer to OTDP should be stricken. The Court agrees with Medtronic that, as a
4 formal matter, AGA failed to give notice of OTDP in its answer. The answer referred only to § 101.
5 *See* Docket No. 9 (Ans. ¶¶ 30-32).

6 However, the fact that AGA’s answer did not specifically identify nonstatutory double
7 patenting as a defense, in addition to statutory double patenting, did not cause any prejudice to
8 Medtronic. Medtronic claims prejudice on the basis that, had it known about the OTDP defense at
9 the outset of the case, it would have conducted discovery any differently from how discovery was
10 actually conducted. But the Court finds this assertion unconvincing as a matter of fact. At the
11 hearing, Medtronic admitted that the first interrogatory it propounded on any of the invalidity and
12 unenforceability defenses was in October 2008 (*i.e.*, Interrogatory No. 14). Nothing indicates it
13 would have propounded discovery any earlier had OTDP been specifically pled.

14 Moreover, as discussed above, Federal Rule of Civil Procedure 15(a) provides that leave to
15 amend should be freely given when justice so requires. *See* Fed. R. Civ. P. 15(a). Medtronic was
16 put on notice of the OTDP defense in AGA’s response to Interrogatory No. 14, served in November
17 2008, which stated in relevant part that “the ‘141 patent is invalid on the basis of statutory and/or
18 obviousness-type double patenting over US Patent No. 4,665,896 and/or US Patent No. 5,067,957.”
19 Yang Decl., Ex. 6 (interrogatory responses). While, in its response, AGA mistakenly referred to the
20 ‘896 patent instead of the ‘387 patent, that was an obvious error – a fact that Medtronic admitted in
21 its papers as well as at the hearing. *See* Mot. at 11 n.9 (admitting that the ‘896 patent has no
22 connection at all to the inventor Jervis, in contrast to the ‘378 patent and the ‘957 patent). Given the
23 obviousness of the error, the Court is not persuaded that Medtronic was free to ignore the error
24 simply because AGA has the burden of proving its affirmative defense. Medtronic chose to sit on its
25 rights rather than seeking to discover the basis of the actual OTDP defense. Having failed to
26 exercise its own reasonable diligence, it is in no position to claim undue prejudice. Guided by the
27 factors applicable under Rule 15(a), the Court denies the request to strike.

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1 F. Best Mode Defense (Duerig Report)

2 Medtronic contends that portions of the Duerig report that refer to a best mode defense
3 should be stricken because, although AGA did refer to 35 U.S.C. § 112² in its answer, it never made
4 clear that it was making a best mode defense (as opposed to, *e.g.*, a defense based on indefiniteness
5 or enablement) until after the close of discovery, when it supplemented its response to Interrogatory
6 No. 14. *See* Lawson Decl., Ex. A (supplemental interrogatory responses). AGA made no reference
7 to a best mode defense in its original response to Interrogatory No. 14, which was served on
8 November 7, 2008 -- prior to the close of discovery. *See* Yang Decl., Ex. 6 (interrogatory
9 responses). This request to strike is granted.

10 The parties agree the best mode defense need not be specifically pled. Nor do the Patent
11 Local Rules require a detailed description of the defense as part of invalidity contentions. *Fresenius*
12 *Med. Care Holdings, Inc. v. Baxter Int'l, Inc.*, No. C 03-1431 SBA, 2006 U.S. Dist. LEXIS 90856,
13 at *15-16 (N.D. Cal. May 15, 2006) (noting that “Patent Local Rule 3-3(d), which governs the
14 disclosure of invalidity contentions based on 35 U.S.C. § 112, only requires disclosure of
15 indefiniteness, enablement, or written description defenses”). However, AGA did not specify and
16 detail this defense in its initial response to Medtronic’s interrogatory prior to close of discovery. It
17 should have.

18 Accordingly, the situation here is analogous to a motion for sanctions, pursuant to Federal
19 Rule of Civil Procedure 37(c)(1), for a failure to disclose timely in response to a valid discovery
20 request. *See Schiller v. City of New York*, No. 04 Civ. 7921 (RJS) (JCF), 2008 U.S. Dist. LEXIS
21 79620, at *16 (S.D.N.Y. Oct. 9, 2008) (stating that “[t]here is no doubt that the defendants breached
22 their Rule 26 discovery obligations either by failing to disclose fully at the outset [names of
23 witnesses] or by subsequently failing to supplement in a timely manner” and that, “[e]ither way, the
24 defendants’ actions trigger sanctions under Rule 37(c)”). Under Rule 37(c)(1), for such a failure,

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26 ² Section 112 provides: “The specification shall contain a written description of the invention,
27 and of the manner and process of making and using it, in such full, clear, concise, and exact terms as
28 to enable any person skilled in the art to which it pertains, or with which it is most nearly connected,
to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying
out his invention.” 35 U.S.C. § 112.

1 preclusion-type sanctions may be issued, *see* Fed. R. Civ. P. 37(c)(1)(C) (referring to, *inter alia*,
2 sanctions provided for by Rule 37(b)(2)(A)(ii)-(iii)), unless the party who failed to disclose or timely
3 supplement can establish either that the failure was substantially justified or that the failure to act is
4 harmless. *See* Fed. R. Civ. P. 37(c)(1); *see also* *Nguyen v. IBP, Inc.*, 162 F.R.D. 675, 680 (D. Kan.
5 1995) (stating that “[t]he burden of establishing substantial justification and harmlessness is upon
6 the party who is claimed to have failed to make the required disclosure.”).

7 In the instant case, AGA has failed to show either substantial justification or harmlessness.
8 As to justification, AGA claimed at the hearing that it did not include any information about a best
9 mode defense until its supplemental interrogatory responses because it was only then that fact
10 depositions had taken place, which were necessary in order to flesh out the defense. But AGA has
11 failed to demonstrate why it was not possible, at the time that it served its original response to
12 Interrogatory No. 14, to provide at least its good faith factual basis for asserting the best mode
13 defense, consistent with Federal Rule of Civil Procedure 11. It is not excusable to say nothing until
14 after close of discovery.

15 As to harmlessness, AGA argued at the hearing that Medtronic knew from the fact
16 depositions that took place in December 2008 that AGA was interested in the issue of best mode.
17 However, as noted above, fact discovery – with the exception of depositions already noticed –
18 closed on December 5, 2008. *See* Docket No. 133 (order) (providing that fact discovery, except for
19 fact depositions already noticed, was to close on December 5, 2008). It is also too late for
20 Medtronic to retain expert testimony on this issue. Thus, the motion to strike is granted.

21 G. Underlying Information for Duerig, Bhattacharya, and Imbeni Reports

22 Finally, in its brief, Medtronic argued that the Duerig, Bhattacharya, and Imbeni reports
23 should be stricken on the basis that AGA failed to timely provide the underlying information
24 supporting the reports. At the hearing, however, Medtronic essentially stated that it was no longer
25 pressing this argument, other than to note that AGA’s conduct was not appropriate. Medtronic
26 specifically stated that it did not want to engage in any additional discovery to cure the prejudice
27 that it claimed it had suffered.

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III. CONCLUSION

For the foregoing reasons, Medtronic’s motion to strike is granted in part and denied in part. The Court emphasizes that it is only making rulings regarding the expert reports; it is not making any rulings as to whether, *e.g.*, AGA should be permitted to amend its answer again or AGA should be precluded from asserting any defense.

This order disposes of Docket No. 238.

IT IS SO ORDERED.

Dated: March 2, 2009



EDWARD M. CHEN
United States Magistrate Judge