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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ALTERA CORPORATION,
Plaintiff,
v.
PACT XPP TECHNOLOGIES, AG,
Defendant.

Case No. 14-cv-02868-JD

**ORDER GRANTING IN PART AND
DENYING IN PART MOTION TO
AMEND INVALIDITY CONTENTIONS**

Re: Dkt. No. 133

In this patent infringement declaratory judgment action, Altera, the declaratory judgment plaintiff and accused infringer, moves to amend its invalidity contentions. The Court grants the motion in part and denies it in part.

I. FACTUAL BACKGROUND

This case was filed by Altera in this district on June 20, 2014. *See* Dkt. No. 1. On November 19, 2014, PACT, as the patentee and party asserting infringement, served its initial infringement contentions, as required by Patent Local Rule 3-1. *See* Declaration of Karl Kramer ¶ 4, Dkt. No. 134. After reviewing Altera’s source code, PACT served amended infringement contentions on December 22, 2014. *See id.* ¶ 5. The next day, it served supplemental interrogatory responses, in which it asserted earlier priority dates for the asserted patent claims than it had previously. *See* Supplemental Response to Altera Interrogatory No. 2, Dkt. No. 139-3. It proceeded to file a motion to amend its infringement contentions on January 8, 2015, *see* Dkt. No. 56, which the Court granted on February 19, 2015, *see* Dkt. No. 100.

Altera served its initial invalidity contentions pursuant to Patent Local Rule 3-3 on January 5, 2015. Kramer Decl. ¶ 7. It then served a subpoena on third party Rambus on January 7, 2015; according to Altera, Rambus produced its documents in two waves, the first on January 30, 2015, and the second on February 26, 2015. *See id.* ¶ 10.

1 Altera served amended invalidity contentions on March 24, 2015, in which it modified 33
2 of the 55 claim charts included in its original set of contentions. *See id.* ¶ 11. After failing to
3 obtain PACT’s agreement to all of its changes, it filed this motion for leave to amend its invalidity
4 contentions on April 15, 2015. *See* Dkt. No. 33.

5 **II. LEGAL STANDARD**

6 This district’s Local Patent Rules allow amending infringement contentions “only by order
7 of the Court upon a timely showing of good cause.” *See* Patent L.R. 3-6. A precondition to
8 demonstrating good cause is “a showing that the party seeking leave to amend acted with diligence
9 in promptly moving to amend when new evidence is revealed in discovery.” *O2 Micro Int’l Ltd.*
10 *v. Monolithic Power Systems, Inc.*, 467 F.3d 1355, 1363 & 1366 (Fed. Cir. 2006). If diligence is
11 shown, then the moving party must also demonstrate that the other party will not be prejudiced by
12 the amendment. *See Takeda Pharmaceutical Co., Ltd. v. TWi Pharmaceuticals, Inc.*, No. 13-cv-
13 02420-LHK, 2015 WL 1227817, at *6-7 (N.D. Cal. Mar. 17, 2015).

14 **III. DISCUSSION**

15 Altera’s proposed amendments fall into four categories: correction of “obvious errors”;
16 amendments allegedly responsive to PACT’s amended infringement contentions; amendments in
17 response to the earlier priority dates PACT disclosed on December 23, 2014; and adding language
18 that was inadvertently omitted in the charts dealing with claim 17 of U.S. Patent No. 6,119,181.
19 PACT does not oppose the amendments in the first category, so those changes are permitted.

20 **A. Responses to PACT’s Amended Infringement Contentions**

21 The changes that Altera claims are justified by the amended infringement contentions
22 PACT served on December 22, 2014, are limited to the addition of language dealing with the
23 Altera Application Briefs 113 and 114 references, the Altera Flex 10K Datasheet reference, and
24 the Altera 1995 Databook reference to the portion of Exhibit F.2 of its invalidity contentions
25 dealing with claim 11 of U.S. Patent No. 7,565,525. *See* Amended Invalidity Contentions at 1687,
26 1772-74, Dkt. No. 138-3. (Altera also seeks to make changes to Exhibits F.4 and F.5, but PACT
27 does not oppose these so the Court allows them.) Altera claims that the functionality described in
28 the new citations is similar to aspects of Altera’s devices that were cited for the first time in

1 PACT’s amended infringement contentions.

2 A comparison of PACT’s amended contentions with Altera’s suggests that the proposed
3 amendments to Exhibit F.2 can fairly be characterized as responsive to PACT’s changes. As the
4 Court told the parties at the February 18, 2015, hearing in this case, such responsive amendments
5 would be permitted. *See* Feb. 18, 2015, Hearing Tr. 15:14-20, Dkt. No. 131.

6 The Court is concerned about why Altera took three months after PACT’s amended
7 infringement contentions to serve amended invalidity contentions. *See O2 Micro*, 467 F.3d at
8 1367 (affirming district court’s holding that three months delay showed lack of diligence);
9 *Verinata Health, Inc. v. Sequenom, Inc.*, No. C 12-00865 SI, 2014 WL 789197, at *3 (N.D. Cal.
10 Feb. 26, 2014) (holding that a delay of “almost three months” was improper); *Apple, Inc. v.*
11 *Samsung Elecs. Co., Ltd.*, No. 11-cv-01846-LHK, 2012 WL 1067548, at *2 (N.D. Cal. Mar. 27,
12 2012) (finding “over two and a half months” too long). *But see Nuance Comm’ns, Inc. v. Abbyy*
13 *Software House*, C 08-02912 JSW (MEJ), 2012 WL 2427160, at * 2 (N.D. Cal. June 26, 2012)
14 (finding a “few months” diligent); *Vasudevan Software, Inc. v. Int’l Bus. Machines Corp.*, No.
15 C09-05897 RS (HRL), 2011 WL 940263, at *3-4 (N.D. Cal. Feb. 18, 2011) (finding four months
16 diligent). Altera says it held off so that it could combine these changes with other additions based
17 on the completion of Rambus’s production, which are addressed below, and because it did not
18 know until February 19, 2015, that the Court would allow PACT’s proposed amended contentions.

19 It is generally good practice to move to amend contentions on a rolling basis (or at least to
20 serve each set of changes as it’s completed) to minimize prejudice to the other party and to avoid
21 conflating the diligence inquiry for multiple sets of amendments. But in this specific case, given
22 the Court’s prior indication that it would allow responsive changes, the fact that some courts in
23 this district have permitted delays of similar length, and Altera’s desire to move with respect to all
24 its amendments at one go, the Court excuses a delay that might otherwise be fatal to Altera’s claim
25 of diligence. The Court also finds that the amendment is not prejudicial because they preceded the
26 deadline for PACT’s opening claim construction brief by several weeks, giving PACT enough
27 time to incorporate any necessary changes into its claim construction positions. The amendments
28 in this category are permitted.

B. Responses to PACT's New Priority Dates

1 The newly-added citations in Altera's second category are asserted to be in response to the
2 new priority dates PACT asserted in its December 23, 2014, supplemental interrogatory
3 responses.¹ The new references, like the parts of Gaul, are three in number: German Patent
4 Application DE 44 16 881 A1, by Martin Vorbach, one of the named inventors on the patents-in-
5 suit; Ralph D. Wittig, OneChip: An FPGA Processor with Reconfigurable Logic (1995); and the
6 Rambus ASIC Cell User Guide and Specification (1993).

7 The problem is that each of these would have been relevant prior art even under PACT's
8 initial claimed priority date, and could, and probably should, have been included in Altera's initial
9 infringement contentions. Altera's rejoinder is that "[t]he Wittig and Rambus references were
10 added to strengthen existing references that predate PACT's new priority dates" and "[t]he
11 Vorbach reference was added to replace an existing reference that may not predate PACT's new
12 priority dates." See Altera's Reply at 6:24-25, Dkt. No. 157. What Altera means by that is
13 completely unclear. Altera had nothing to lose by charting the references in the first place.
14 Presumably, a party asserting invalidity would want each of their theories to be as strong as
15 possible, even if it thought it had other, more squarely on-point theories that depended on later art.
16 It would be one thing if Altera, on finding out PACT's earlier alleged date of conception, renewed
17 its search for prior art that predated the new date and as a result turned up the three references.
18 But that is not what Altera says happened here: Altera does not claim that it found the three
19 references it seeks to add for the first time after PACT's amended infringement contentions were
20 served. In fact, Altera doesn't say when it came upon the Wittig reference at all, which is a
21 necessary precondition to determining whether it was diligent in amending its contentions to
22 include it. And it is clear that Altera knew about the Vorbach application even before PACT
23 disclosed its new priority date, since it was cited in its initial invalidity contentions. See Proposed
24 Amended Invalidity Contentions at 7, Dkt. No. 135-1. Leave to add the proposed citations to the
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27 ¹ PACT claims that the relevant priority dates were made known to Altera before December 23
28 through its earlier document productions. That does not hold water: Altera is entitled to be told
what priority dates PACT claims for its own asserted patents, and not be forced to divine it from a
document production.

1 Vorbach and Wittig references that fall into this category is denied.

2 The situation with respect to the Rambus reference is unclear. Altera does not specifically
3 say when it obtained the reference, but the fact that it was one of the documents Altera requested
4 in its January 7, 2015, subpoena to Rambus suggests that it did not have a copy when it served its
5 initial invalidity contentions. *See* Altera Subpoena to Rambus at PDF p. 8, Dkt. No. 159-1. If so,
6 Altera will be permitted to add citations to this reference for the reasons given with respect to the
7 third category, addressed below. If not, leave is denied for the same reasons given for the Vorbach
8 and Wittig references.

9 **C. Documents Obtained from Rambus**

10 The third category of edits Altera seeks to make consists of citations to documents
11 obtained from Rambus via subpoena. The subpoena was served on January 7, 2015, and
12 Rambus's production was completed on February 26, 2015. *See* Kramer Decl. ¶ 10.

13 PACT's main argument against these proposed changes is that Altera could have issued its
14 subpoena earlier. Maybe so, but it could also legitimately have felt that the subpoena was
15 necessary only when PACT disclosed its new priority dates on December 23, 2014. It is
16 understandable that the earlier priority dates would affect Altera's calculus in deciding whether to
17 issue a subpoena, since in making that decision, Altera was bound to balance the potential value of
18 Rambus's production against the downside of putting a third party to the trouble of dredging up
19 documents relevant to technologies that might end up being irrelevant.

20 The Court finds that the gap of slightly less than one month between the completion of
21 Rambus's production and the service of the amended invalidity contentions is not a sign of
22 indolence, and finds no prejudice. Leave to add citations to the Rambus-produced documents is
23 granted.


24 **D. Correcting Errors in Charts for Claim 17 of the '181 Patent**

25 The final category of proposed changes seeks to add certain citations and language that the
26 parties apparently agree was inadvertently omitted from Altera's initial charts. What appears to
27 have happened is that Altera's initial charts misquoted the first element of the claim and then
28 based the charted invalidity theory on the incorrectly-quoted element. *See, e.g.,* Proposed

1 Amended Invalidity Contentions at 499-500, Dkt. No. 136-1. Altera claims in briefing that it
2 discovered the error on March 7, 2015. *See* Dkt. No. 157 at 8:24-26. Cases in this district are split
3 on whether correcting an inadvertent error is consistent with diligence. *Compare West v. Jewelry*
4 *Innovs., Inc.*, No. C 07-1812 JF (HRL), 2008 WL 4532558, at *4 (N.D. Cal. Oct. 8, 2008) *and*
5 *Berger v. Rossignol Ski Co., Inc.*, No. C 05-02523 CRB, 2006 WL 1095914 at *5 (N.D. Cal. Apr.
6 25, 2006) *with Apple, Inc. v. Samsung Elecs. Co.*, No. CV 12-00630 LHK (PSG), 2012 WL
7 5632618, at *5 (N.D. Cal. Nov. 15, 2012). Since PACT does not suggest any bad faith on Altera’s
8 part, and sinking an invalidity theory due to an honest if careless mistake is a harsh result, the
9 Court allows the correction.

10 **IT IS SO ORDERED.**

11 Dated: June 19, 2015

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JAMES DONATO
United States District Judge