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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

24/7 CUSTOMER, INC.,
Plaintiff,
v.
LIVEPERSON, INC.,
Defendant.

Case No. [3:15-cv-02897-JST](#) (KAW)

**ORDER REGARDING 10/17/16 JOINT
DISCOVERY LETTER**

Re: Dkt. No. 92

On October 17, 2016, the parties filed a joint letter concerning Defendant LivePerson, Inc.’s request to amend its invalidity contentions. (Joint Letter, Dkt. No. 92 at 1.) Plaintiff [24]7 Customer, Inc. argues that good cause does not exist, because Defendant was not diligent in seeking leave to amend and [24]7 will be prejudiced if leave to amend is granted. (Joint Letter at 3.)

Upon review of the joint letter, and for the reasons set forth below, the Court GRANTS LivePerson’s request to amend its invalidity contentions.

I. BACKGROUND

On June 22, 2015, Plaintiff [24]7 Customer, Inc. filed a lawsuit against Defendant LivePerson, Inc. alleging infringement on several patents pertaining to its customer engagement software platform.

On March 23, 2016, [24]7 served its infringement contentions, which included 122 asserted claims across 13 patents. (Joint Letter at 1.) On June 20, 2016, LivePerson served its invalidity contentions for all 122 claims. *Id.* The initial invalidity contentions broadly asserted that “[t]he asserted claims of the [patents-in-suit] are also invalid under 35 U.S.C. § 112.” *Id.*

On July 25, 2016, LivePerson informed [24]7 of its intention to amend the invalidity

1 contentions to assert that certain claims were invalid under 35 U.S.C. § 112 immediately after
2 discovering its positions. *Id.* [24]7 contends that it responded immediately, stating that the newly
3 disclosed positions were “improper, untimely, and ineffective.” (Joint Letter at 5.) [24]7 claims
4 that LivePerson did not respond. *Id.*

5 On September 1, 2016, LivePerson requested to meet and confer regarding a motion to
6 amend the invalidity contentions. (Joint Letter at 2.) On September 19, 2016, [24]7 responded that
7 it opposed such a motion. *Id.* It does not appear that the parties sufficiently engaged in good faith
8 meet and confer efforts regarding the proposed amendment despite their attestations to the
9 contrary.

10 On October 17, 2016, the parties filed the instant joint letter in which LivePerson seeks
11 leave to amend its invalidity contentions, pursuant to Patent L.R. 3-6, to contend that certain
12 claims are invalid under 35 U.S.C. § 112.

13 II. LEGAL STANDARD

14 “The local patent rules in the Northern District of California . . . require both the plaintiff
15 and the defendant in patent cases to provide early notice of their infringement and invalidity
16 contentions, and to proceed with diligence in amending those contentions when new information
17 comes to light in the course of discovery.” *O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467
18 F.3d 1355, 1365–66 (Fed. Cir. 2006). The Patent Local Rules seek to achieve this objective by
19 requiring invalidity contentions to be served early in the case to disclose:

20 (1) the identity of each item of prior art that allegedly anticipates
21 each asserted claim or renders it obvious, Patent L.R. 3–3(a); (2)
22 whether each of those items of prior art anticipates each asserted
23 claim or renders it obvious, Patent L.R. 3–3(b); (3) a chart
24 identifying where specifically in each alleged item of prior art each
limitation of each asserted claim is found, Patent L.R. 3–3(c); and
[(4)] any grounds of invalidity based on 35 U.S.C. § 101,
indefiniteness under 35 U.S.C. § 112(2) or enablement or written
description under 35 U.S.C. § 112(1) of any of the asserted claims,
Patent L.R. 3-3(d).

25 *Largan Precision Co., Ltd. v. Genius Elec. Optical Co.*, No. 13–CV–02502–JD, 2014 WL
26 6882275, at *1 (N.D. Cal. Dec. 5, 2014).

27 “Any invalidity theories not disclosed pursuant to Local Rule 3-3 are barred . . . from
28 presentation at trial (whether through expert opinion testimony or otherwise).” *MediaTek Inc. v.*

1 *Freescale Semiconductor, Inc.*, No. 11–CV–5341–YGR, 2014 WL 690161, at *1 (N.D. Cal. Feb.
2 21, 2014) (citing *Avago Techs. Gen. IP PTE Ltd. v. Elan Microelectronics Corp.*, 2007 WL
3 2103896, at *1 (N.D. Cal. July 20, 2007)).

4 Patent Local Rule 3-6 allows a party to amend its invalidity contentions only upon a
5 showing of good cause:

6 Amendment of the Infringement Contentions or the Invalidity
7 Contentions may be made only by order of the Court upon a timely
8 showing of good cause. Non-exhaustive examples of circumstances
9 that may, absent undue prejudice to the non-moving party, support a
10 finding of good cause include:(a) A claim construction by the Court
different from that proposed by the party seeking amendment; (b)
Recent discovery of material, prior art despite earlier diligent search;
and (c) Recent discovery of nonpublic information about the
Accused Instrumentality which was not discovered, despite diligent
efforts, before the service of the Infringement Contentions.

11 Patent L.R. 3-6. The good cause inquiry is two-fold: (1) whether the moving party was diligent in
12 amending its contentions; and (2) whether the non-moving party would suffer prejudice if the
13 motion to amend were granted. *Barco N.V. v. Tech. Properties Ltd.*, 2011 WL 3957390, at * 1
14 (N.D. Cal. Sept. 7, 2011). Other factors relevant to this inquiry include the “relevance of newly-
15 discovered prior art, whether the request to amend is motivated by gamesmanship, and whether the
16 opposing party will be prejudiced by the amendment.” *West v. Jewelry Innovations, Inc.*, 2009 WL
17 152136, at *2 (N.D. Cal. Jan. 22, 2009). The moving party has the burden of demonstrating good
18 cause. *O2 Micro Int'l*, 467 F.3d at 1366.

19 III. DISCUSSION

20 LivePerson argues that it has good cause to amend its invalidity contentions, because it
21 acted diligently and there is no prejudice to [24]7. (Joint Letter at 1-3.)

22 A. Whether LivePerson was diligent in seeking amendment.

23 LivePerson served its initial invalidity contentions on June 20, 2016, and claims that it first
24 made its § 112 positions known to [24]7 on July 25, 2016, immediately after discovery. (Joint
25 Letter at 1.) Furthermore, LivePerson contends that its initial invalidity contentions already gave
26 notice by broadly contending that “[t]he asserted claims of the [patents-in-suit] are also invalid
27 under 35 U.S.C. § 112.” *Id.* LivePerson’s supplemental contentions, dated September 1, 2016,
28 assert that several claims for the Asserted Patents are invalid as indefinite under § 112. (*See* Joint

1 Letter, Ex. A.)

2 In opposition, [24]7 argues that LivePerson was not diligent, because the indefiniteness
3 contentions could have been identified based solely on the Asserted Patents, and, therefore, should
4 have been in the initial contentions served on June 20, 2016. (Joint Letter at 3.) [24]7 argues that,
5 as a result, any amendment is not timely. *Id.* [24]7 further argues that LivePerson missed the July
6 5, 2016 deadline to identify those issues with the proposed claim terms for claim construction. *Id.*
7 This, however, is not dispositive. Additionally, the cases [24]7 relies on are distinguishable. For
8 example, in *Hewlett Packard Co. v. ServiceNow, Inc.*, ServiceNow conceded that the invalidity
9 contentions were defective during the technology tutorial, so the court advised counsel to seek
10 leave to amend. Instead, counsel sought a ruling that its invalidity contentions did not require
11 amendment on the grounds that it duly raised § 112(f) arguments against the asserted patents in its
12 initial contentions. 2016 WL 692828, at *1 (N.D. Cal. Feb. 19, 2016). Here, the tutorial has
13 recently occurred, and Defendant is proactively seeking to amend its contentions prior to the claim
14 construction hearing.

15 “The local rules on [invalidity] contentions are ‘not a straitjacket into which litigants are
16 locked from the moment their contentions are served. There is a modest degree of flexibility, at
17 least near the outset.’” *Largin Precision Co, Ltd.*, 2014 WL 6882275, at *1 (quoting *Comcast*
18 *Cable Comm’ns Corp., LLC v. Finisar Corp.*, 2007 WL 716131, at *2 (N.D. Cal. Mar. 2, 2007)).
19 Again, the parties here have only completed claim construction discovery and have not completed
20 claim construction itself. Further, LivePerson informed [24]7 of its new § 112 position one month
21 after it served the initial invalidity contentions, and sought to meet and confer regarding the
22 supplemental contentions a little more than one month later, on September 1, 2016, prior to the
23 close of claim construction discovery. [24]7 responded on September 19, 2016, more than two
24 weeks later, stating that it opposed any amendment. Thus, the passage of a couple of months
25 cannot be wholly attributed to LivePerson.

26 Accordingly, the Court finds that LivePerson has been diligent in seeking amendment.

27 **B. Whether [24]7 would be prejudiced if the motion to amend is granted.**

28 [24]7 contends that it will be prejudiced if LivePerson is permitted leave to amend,

1 because [24]7 has already selected terms for claim construction, submitted its claim construction
2 positions, filed its opening brief, and selected claims for assertion. (Joint Letter at 5.) The Court
3 notes, however, that had [24]7 been amenable to amendment on September 1, 2016, prior to the
4 close of claim construction discovery, most of those deadlines would not have passed. As such,
5 [24]7's contentions that, had LivePerson timely identified its § 112 arguments, it may have chosen
6 different terms for claim construction and different claims for assertion, are not credible for two
7 reasons. (*See* Joint Letter at 5.) First, at the latest, [24]7 was on notice of LivePerson's § 112
8 positions on September 1, 2016, when LivePerson served its supplemental invalidity contentions.
9 While the proposed terms were already identified, [24]7 does not identify any of the terms that it
10 believes would have to be construed given the new theories of invalidity, rendering the argument
11 that different terms may have been chosen as mere speculation. Second, amendment to invalidity
12 contentions may be permitted after the claim construction order is issued, so the fact that
13 LivePerson seeks amendment prior to the order being issued is not dispositive. *See* Patent L.R. 3-
14 6.

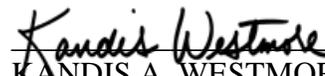
15 Thus, [24]7 has failed to show that it would truly suffer prejudice if LivePerson is
16 permitted to amend its invalidity contentions.

17 **IV. CONCLUSION**

18 In light of the foregoing, LivePerson's request to amend its invalidity contentions is
19 GRANTED, and LivePerson shall serve its amended contentions within 21 days.

20 IT IS SO ORDERED.

21 Dated: November 14, 2016

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23 KANDIS A. WESTMORE
24 United States Magistrate Judge
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