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28UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIASYMANTEC CORPORATION,  
Plaintiff,  
v.  
ZSCALER, INC.,  
Defendant.

Case No. 17-cv-04426-JST

**ORDER DENYING MOTION FOR  
LEAVE TO AMEND**

Re: ECF No. 193

Before the Court is Plaintiff Symantec Corporation's motion for leave to file a second amended complaint. ECF No. 193. The Court denies the motion.

**I. BACKGROUND**

The parties compete in the computer security software market. Symantec sued Defendant Zscaler, Inc. for patent infringement in December 2016 in the District of Delaware. ECF No. 1. Two months later, Zscaler moved to dismiss, arguing the '959 and '227 patents, and claim 5 of the '116 patent, were invalid under 35 U.S.C. § 101. ECF Nos. 1, 9. Symantec then asserted only claim 5 of the '116 patent in an effort "to moot Zscaler's § 101 defenses for the other claims from the '116 patent." ECF No. 193 at 6. After the case was transferred, this Court entered a scheduling order and set a December 22, 2017 deadline to amend the pleadings. ECF No. 121. Symantec filed a first amended complaint ("FAC") on that date. ECF Nos. 131, 139. The amended complaint mooted the pending motion to dismiss.

On January 25, 2018, Zscaler filed a renewed motion to dismiss the same patents on invalidity grounds. ECF No. 149. Symantec opposed the motion on February 8, 2018, but did not seek leave to amend, either in its briefing or at oral argument on the motion. ECF Nos. 153, 176. Symantec also moved to strike Zscaler's motion to dismiss as it pertained to the '116 patent,

1 because Zscaler had not previously contended that the patent was invalid. ECF No. 155. The  
2 Court granted both motions on March 23, 2018. ECF No. 173. Neither party sought  
3 reconsideration.

4 Magistrate Judge James granted Zscaler leave to amend its invalidity contentions on April  
5 18, 2018. ECF No. 185. One week later, Symantec told Zscaler it intended to file a motion to  
6 amend the pleadings and to reassert claim 1 of the '116 patent. ECF No. 193. The next day,  
7 Zscaler amended its invalidity contentions to include claim 1 and claim 5 of the '116 patent and  
8 filed a motion for judgment on the pleadings for claim 5 of the '116 patent. ECF No. 185.  
9 Symantec served a draft of its second amended complaint (“SAC”) on Zscaler on April 30, 2018.  
10 Zscaler then consented to Symantec’s reassertion of claim 1, withdrew its motion, and filed a new  
11 motion for judgment on the pleadings on claims 1 and 5 of the '116 patent one day later. ECF No.  
12 190. After two weeks passed, Symantec moved for leave to amend its complaint. ECF No. 193.

13 **II. STANDARD OF REVIEW**

14 Because the deadline to amend pleadings passed on December 22, 2017, ECF No. 121 at 2,  
15 Symantec’s request is governed by Rules 16(b)(4) and 15(a)(2) of the Federal Rules of Civil  
16 Procedure. See *Ctr. for Biological Diversity v. McCarthy*, No. C 13-5142 SBA, 2014 WL  
17 3058321, at \*2 (N.D. Cal. July 3, 2014) (citing *Johnson v. Mammoth Recreations, Inc.*, 975 F.2d  
18 604, 608 (9th Cir. 1992)); see also *Richie v. Blue Shield of California*, No. C-13-2693 EMC, 2014  
19 WL 6982943, at \*14 (N.D. Cal. Dec. 9, 2014).

20 Under Rule 16(b)(4), “[a] schedule may be modified only for good cause and with the  
21 judge’s consent.” Fed. R. Civ. P. 16(b)(4). “Unlike Rule 15(a)’s liberal amendment policy which  
22 focuses on the bad faith of the party seeking to interpose an amendment and the prejudice to the  
23 opposing party, Rule 16(b)’s ‘good cause’ standard primarily considers the diligence of the party  
24 seeking the amendment.” *Johnson*, 975 F.2d at 609. “Although the existence or degree of  
25 prejudice to the party opposing the modification might supply additional reasons to deny a motion,  
26 the focus of the inquiry is upon the moving party’s reasons for seeking modification.” *Id.*; see  
27 also *Zivkovic v. S. California Edison Co.*, 302 F.3d 1080, 1088 (9th Cir. 2002).

28 Under Rule 15(a)(2), “the court should freely give leave when justice so requires.” Fed. R.

1 Civ. P. 15(a)(2). “[L]eave to amend should be granted unless amendment would cause prejudice  
2 to the opposing party, is sought in bad faith, is futile, or creates undue delay.” Johnson, 975 F.2d  
3 at 607.

4 **III. DISCUSSION**

5 **A. Diligence Under Rule 16(b)(4)**

6 **1. Timeliness of the Request**

7 Symantec argues that it acted diligently because it promptly disclosed its intent to amend,  
8 one week after Judge James granted Zscaler leave to amend its invalidity contentions. ECF No.  
9 193 at 9. Symantec argues that “Zscaler should not be heard to object to Symantec’s second  
10 amended complaint when Zscaler’s untimely assertion of its § 101 defense created the need for  
11 Symantec to amend the complaint.” Id. at 10. But Symantec fails to explain how Zscaler’s  
12 additional invalidity contention affected its complaint, given that, in the ordinary course, a  
13 defendant files its invalidity contentions after the plaintiff files its complaint – just as occurred  
14 here. ECF No. 155 (filing FAC in December 2017); ECF No. 185 (filing invalidity contention  
15 amendment April 2018). Indeed, the patent local rules envision this precise order. See Patent L.R.  
16 3-1 (requiring plaintiff to assert claims 14 days after the initial case management statement);  
17 Patent L.R. 3-3 (requiring defendant to disclose invalidity contentions 45 days after assertions).

18 The Court is also persuaded that Symantec acted dilatorily when it failed to request  
19 amendment at any point during oral argument on the motion to dismiss or in its opposition, nor did  
20 it seek reconsideration of the Court’s decision to dismiss the patents with prejudice. ECF No. 198  
21 at 10, 12-13. In short, Symantec’s late request to amend is unwarranted.<sup>1</sup>

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<sup>1</sup> Zscaler argues that Symantec’s motion is a thinly veiled attempt to avoid Rule 54(b)’s rigorous standards for obtaining reconsideration of a prior ruling. ECF No. 198 at 16. “Reconsideration is appropriate if the district court (1) is presented with newly discovered evidence, (2) committed clear error or the initial decision was manifestly unjust, or (3) if there is an intervening change in controlling law.” Harrison v. Milligan, No. C 09-4665 SI (pr), 2012 WL 1835428, at \*2 (N.D. Cal. May 21, 2012); see also Civ. L.R. 7-9(a). Symantec’s efforts – particularly the lengthy arguments about inventiveness contained in its reply brief – do closely resemble a motion for reconsideration. Because the Court concludes that Symantec does not demonstrate good cause under Rule 16, it does not address this point further.

1                                   **2.       Reasons for the Request**

2                   Symantec contends that two recent Federal Circuit cases, *Berkheimer v. HP Inc.*, 881 F.3d  
3 1360 (Fed. Cir. 2018) and *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121  
4 (Fed. Cir. 2018), “fundamentally changed the analysis under § 101” and therefore justify its  
5 motion for leave to amend. ECF No. 193 at 7. But the Court considered these cases when it  
6 dismissed the ’959 and ’227 patents. ECF No. 173. The Federal Circuit issued *Berkheimer* on  
7 February 8th and *Aatrix* on February 14th, both well before the Court heard the motion on March  
8 22 and issued its order on March 23. Symantec discussed *Berkheimer* in its opposition to  
9 Zscaler’s motion to dismiss, and discussed both *Berkheimer* and *Aatrix* during oral argument  
10 regarding the motion, but Symantec never requested leave to amend. ECF No. 176 at 22.  
11 Symantec also raised *Aatrix* in a notice of supplemental decision, and Zscaler discussed both cases  
12 in its reply. ECF No. 193 at 12 & n.1 (citing ECF No. 157). The Court even cited to *Berkheimer*  
13 in its order dismissing the ’959 and ’227 patents. ECF No. 173 at 13 n.5.

14                   Nonetheless, to give full consideration to Symantec’s arguments, however, the Court  
15 considers again how these cases changed the legal landscape, if at all. In *Berkheimer*, the Federal  
16 Circuit affirmed in part and reversed in part a district court’s grant of summary judgment on patent  
17 ineligibility grounds. *Berkheimer*, 881 F.3d at 1365. The court concluded each claim was  
18 directed to an abstract idea at step one of the eligibility analysis, but that for some claims the  
19 “question of whether a claim element or combination of elements [wa]s well-understood, routine  
20 and conventional to a skilled artisan in the relevant field [at step two wa]s a question of fact.” *Id.*  
21 at 1368. The Federal Circuit recognized that in “many cases” there are no “disputes over the  
22 underlying facts material to the § 101 inquiry,” and that “nothing in [its] decision should be  
23 viewed as casting doubt on the propriety” of determining patent eligibility on motions to dismiss.  
24 *Id.* The district court erred in dismissing four of the case’s eight claims, however, because  
25 “improvements in the specification, to the extent they [we]re captured in the claims, create[d] a  
26 factual dispute regarding whether the invention describe[d] well-understood, routine, and  
27 conventional activities.” *Id.* at 1370. In sum, under *Berkheimer* improvements in the specification  
28 captured in the claims may create fact questions which preclude finding a patent ineligible as a

1 matter of law. See *Cellspin Soft, Inc. v. Fitbit, Inc.*, No. 17-CV-05928-YGR, 2018 WL 1610690,  
2 at \*10 n.12 (N.D. Cal. Apr. 3, 2018) (distinguishing *Berkheimer* where the plaintiff failed “to  
3 identify any portion of the specification which describe[d] the purportedly inventive” concept); see  
4 also *Uniloc USA, Inc. v. Apple Inc.*, No. C 18-00358 WHA, 2018 WL 2287675, at \*7 (N.D. Cal.  
5 May 18, 2018) (same because “the instant motion tees up no factual dispute over whether or not a  
6 claim element or combination of elements is well-understood, routine and conventional to a  
7 skilled artisan in the relevant field. . . [because] the ’203 patent itself explains that those  
8 components and configurations were considered industry standard at the time of the claimed  
9 invention”); *TriPlay, Inc. v. WhatsApp Inc.*, No. CV 13-1703-LPS-CJB, 2018 WL 1479027, at \*8  
10 (D. Del. Mar. 27, 2018) (“Unlike, for instance, the claims involved in *Ber[k]heimer*, the  
11 specification here is silent as to what the specific claimed improvement is, how it differs from the  
12 prior art, or how any inventive feature, alone or as an ordered combination, is used in an  
13 unconventional manner.”).

14 In *Aatrix*, the Federal Circuit reaffirmed that “patent eligibility can be determined at the  
15 Rule 12(b)(6) stage . . . when there are no factual allegations that, taken as true, prevent resolving  
16 the eligibility question as a matter of law.” *Aatrix*, 882 F.3d at 1125. The district court abused its  
17 discretion, however, when it denied leave to amend because the proposed second amended  
18 complaint raised “factual disputes underlying the § 101 analysis.” *Id.* at 1126. The proposed  
19 complaint “describe[d] the development of the patented invention, including the problems present  
20 in prior art” and specifically alleged “improvements and problems solved by the . . . patented  
21 inventions” which “contradict[ed] the district court’s conclusion that the claimed combination was  
22 conventional or routine.” *Id.* at 1127-28 (describing that the prior art extracted data only from  
23 widely available databases while the patent extracted property data from application software  
24 which eliminated hand typing). In conformity with the distinction drawn by *Aatrix*, district courts  
25 continue to dismiss patents as a matter of law at the Rule 12(b)(6) stage. See *T-Jat Sys. 2006, Ltd.*  
26 *v. Expedia, Inc. (DE)*, No. CV 16-581-RGA, 2018 WL 1525496, at \*6 (D. Del. Mar. 28, 2018)  
27 (“[T]here is no dispute of fact as to ‘whether a claim element or combination of elements is well-  
28 understood, routine and conventional to a skilled artisan.’ Plaintiff makes no ‘concrete

1 allegations’ to support its allegation that the ‘particular characteristics’ are not ‘well-understood,  
2 routine, or conventional,’ or inherent to translation.”). To this extent, Aatrix did not work a  
3 “fundamental change” in the law.

4 Symantec also argues that Aatrix independently requires the Court to grant leave to amend  
5 whenever the Court dismissed the complaint for lack of inventiveness under § 101 and the plaintiff  
6 offers new “allegations that, taken as true, would directly affect the district court’s patent  
7 eligibility analysis.” ECF No. 193 at 12 (quoting Aatrix, 882 F.3d at 1126-30). But Aatrix stood in  
8 a very different posture from this case. In Aatrix, the Federal Circuit concluded the district court  
9 abused its discretion in denying leave to amend under the more forgiving Rule 15(a) standard.  
10 Aatrix, 882 F.3d at 1126 (acknowledging it reviewed the district court’s denial under Rule 15(a));  
11 see also Aatrix Software, Inc. v. Green Shades Software, Inc., No. 3:15-cv-164-HES-MCR (M.D.  
12 Fla. 2016), ECF No. 42 (scheduling order setting no deadline to amend pleading); id. at ECF No.  
13 61 (moving for leave to amend under Rule 15(a)); id. at ECF No. 67 (denying motion for leave to  
14 amend with no analysis). There is no shortage of cases finding that district courts abused their  
15 discretion by denying leave to amend under Rule 15(a). See *Foman v. Davis*, 371 U.S. 178, 182  
16 (1962) (finding denial of leave to amend under Rule 15(a) to be “merely [an]abuse of that  
17 discretion and inconsistent with the spirit of the Federal Rules”); *Arizona Students’ Ass’n v.*  
18 *Arizona Bd. of Regents*, 824 F.3d 858, 871 (9th Cir. 2016) (concluding district court abused  
19 discretion in denying leave to amend under Rule 15(a)); *Crowley v. Bannister*, 734 F.3d 967, 978  
20 (9th Cir. 2013) (same); *In re Korean Air Lines Co., Ltd.*, 642 F.3d 685, 701 (9th Cir. 2011)  
21 (same); *Chudacoff v. Univ. Med. Ctr. of S. Nevada*, 649 F.3d 1143, 1152 (9th Cir. 2011) (same);  
22 *Pub. Util. Dist. No. 1 of Grays Harbor Cty. Wash. v. IDACORP Inc.*, 379 F.3d 641, 653 (9th Cir.  
23 2004) (same); *Lopez v. Smith*, 203 F.3d 1122, 1131 (9th Cir. 2000) (same). Here, the parties agree  
24 that the more searching Rule 16(b)(4) standard applies because the deadline to amend the  
25 pleadings passed. ECF No. 121; see also *Santillan v. USA Waste of California, Inc.*, 853 F.3d  
26 1035, 1048 (9th Cir. 2017) (finding no abuse of discretion in denying amendment under Rule  
27 16(b)(4)); *In re W. States Wholesale Nat. Gas Antitrust Litig.*, 715 F.3d 716, 737 (9th Cir. 2013),  
28 *aff’d sub nom. Oneok, Inc. v. Learjet, Inc.*, 135 S. Ct. 1591 (2015); *Aventis Pharma S.A. v.*

1 Hospira, Inc., 675 F.3d 1324, 1337 (Fed. Cir. 2012) (same); Johnson, 975 F.2d at 610 (same).

2 Zscaler argues that Berkheimer and Aatrix did not meaningfully disturb the legal  
3 landscape. ECF No. 198 at 11. Both preserved district courts' ability to dismiss patents as a  
4 matter of law at the Rule 12(b)(6) stage, and simply recognized that in some cases, factual disputes  
5 as to inventiveness can prevent dismissal. *Id.* Berkheimer and Aatrix do represent a shift in  
6 Federal Circuit law regarding motions to dismiss on ineligibility grounds. See, e.g., Paul R.  
7 Gugliuzza, *Quick Decisions in Patent Cases*, 106 GEO. L.J. 619, 661 & n.313 (2018) (suggesting  
8 the Federal Circuit shift to finding more questions of fact in the eligibility analysis and noting on  
9 the eve of press that they did so in Berkheimer and Aatrix).<sup>2</sup> But the cases do not "fundamentally  
10 change" the landscape because courts continue to dismiss patents as a matter of law where there  
11 are no factual disputes. Neither the cases' substance nor their timing provides good cause for  
12 Symantec's requested amendment.

13 **B. Prejudice**

14 The prejudice to Zscaler the proposed amendment would cause also counsels against  
15 granting Symantec leave to amend. On April 6, after the Court granted Zscaler's motion to  
16 dismiss with prejudice, Zscaler informed Symantec that it would terminate its pending petitions  
17 for inter partes review ("IPR") of the '959 patent. ECF No. 198 at 16. Symantec allowed Zscaler  
18 to terminate and did not mention its efforts to amend the complaint, and Zscaler terminated the  
19 petitions. *Id.* To allow amendment to reinstate these patents would cause prejudice.

20 **C. Futility Under Rule 15(a)**

21 Zscaler argues that Symantec's proposed amendments are futile because no inventive  
22 concepts are captured in the claims of the '959, '227, and '116 patents. ECF No. 198 at 15.  
23 Because the Court denies Zscaler judgment on the pleadings for the '116 patent on the basis of the  
24 FAC in a concurrently filed order, the Court does not consider whether the SAC's amendments  
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26 <sup>2</sup> See also Robert Daniel Garza, *Software Patents and Pretrial Dismissal Based on Ineligibility*, 24  
27 RICH. J.L. & TECH. 1, 114 (2018) ("The holdings in Berkheimer and Aatrix Software, Inc. provide  
28 procedural victories for software patent holders. . . . [P]erhaps the Federal Circuit is slowly  
swinging the pendulum back in favor of software patentees.").

1 regarding the '116 patent are futile. However, the Court did dismiss the '959 and '227 patents on  
2 the basis of the FAC with prejudice. ECF No. 173 at 18 (“[C]laims directed to patent-ineligible  
3 subject matter . . . cannot be cured through amendment of a complaint[.]”) (citing Papst Licensing  
4 GmbH & Co. KG v. Xilinx Inc., 193 F. Supp. 3d 1069, 1095 (N.D. Cal. 2016)). The Court  
5 considers whether an amendment to add these patents would be futile.

6 Berkheimer, Aatrix, and Symantec’s SAC do not upset the Court’s firm conclusion that the  
7 '959 and '227 patents, which break files into chunks for scanning, and scan in parallel when  
8 possible, are abstract. See ECF No. 173. Symantec does not ask the Court to reconsider this part  
9 of its analysis. ECF No. 208 at 11, 13 (arguing only that the patents are inventive); ECF No. 193  
10 at 12-13 (same). The Court will take a closer look at inventiveness, however, because Symantec  
11 offers additional arguments on this point. See, e.g., ECF No. 208 at 11, 13.

12 The '959 patent’s specification does not claim that its method of scanning files in chunks,  
13 rather than in full, was not “well-understood, routine, and conventional.” Berkheimer, 881 F.3d at  
14 1368. At best, the patent claims that “many attacking agents can be detected only after a file has  
15 been fully downloaded,” but not that breaking files into smaller chunks for scanning was  
16 inventive, unconventional, or in any way an improvement on the prior art. ECF No. 1-1 at 33. By  
17 contrast, the patent’s specification in Berkheimer, “discusse[d] the state of the art at the time the  
18 patent was filed and the purported improvements of the invention.” Berkheimer, 881 F.3d at 1369.  
19 Likewise, the specification “describe[d] an inventive feature that store[d] parsed data in a  
20 purportedly unconventional manner,” through one-to-many editing, a method captured in several  
21 claims. Id.; see also Cellspin, 2018 WL 1610690, at \*10 n.12 (distinguishing Berkheimer where  
22 the plaintiff failed “to identify any portion of the specification which describe[d] the purportedly  
23 inventive” concept).

24 The '227 patent also fails to capture in its claims any particular improvement on the prior  
25 art. The specification explains that “[t]ypically a block of data from an incoming or outgoing  
26 stream is cached, and then the entire block is serially scanned by each of a plurality of scanners[,  
27 which] can drastically reduce the speed of data transmission.” ECF No. 1-1 at 51. This language  
28 does not describe that prior approaches were not scanning in parallel where possible; only that



1 “typically” a block was serially scanned. Id. Symantec also points to a segment of the  
2 prosecution history, ECF No. 193-19 at 18, which explains that the prior art generally considered  
3 hardware solutions best for high speed scanning, and that the software method claimed would not  
4 increase speed. This does not support Symantec’s contention that the patent improved upon the  
5 prior art by reducing latency. ECF No. 208 at 12-13. The patent fails to describe any  
6 unconventional method that was not present in the prior art. Berkheimer, 881 F.3d at 1369; see  
7 also Uniloc, 2018 WL 2287675, at \*7.

8 Amendment would be futile for both the ‘959 and ’227 patents. See Johnson, 975 F.2d at  
9 607 (explaining “leave to amend should be granted unless amendment would cause prejudice to  
10 the opposing party, is sought in bad faith, is futile, or creates undue delay”) (emphasis added).<sup>3</sup>

11 **CONCLUSION**

12 For the foregoing reasons, the Court DENIES Symantec’s motion for leave to amend.

13 **IT IS SO ORDERED.**

14 Dated: July 23, 2018

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17 JON S. TIGAR  
18 United States District Judge

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28 <sup>3</sup> Zscaler notes that Symantec’s proposed SAC also improperly asserts claim 1 of the ’498 patent  
notwithstanding that Symantec statutorily disclaimed that claim. ECF No. 198 at 17 n.4 (citing  
SAC ¶¶156-64; ECF No. 152). Symantec does not respond. ECF No. 208.