

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF CALIFORNIA

3 TESSERA, INC.,

No. C 12-692 CW

4 Plaintiff,

ORDER GRANTING
TESSERA'S MOTION
FOR LEAVE TO AMEND
TO ASSERT CLAIMS
AGAINST QUALCOMM
CDMA TECHNOLOGIES
ASIA PACIFIC PTE.
LTD.

5 v.

6 MOTOROLA, INC.; QUALCOMM, INC.;
7 FREESCALE SEMICONDUCTOR, INC.;
and ATI TECHNOLOGIES, ULC,

8 Defendants.

9 _____ /

10 Plaintiff Tessera, Inc. moves for leave to amend its
11 complaint to add claims against Defendant Qualcomm, Inc.'s
12 subsidiary, Qualcomm CDMA Technologies Asia Pacific Pte. Ltd.
13 (QCTAP).¹ Qualcomm opposes the motion. The Court took the motion
14 under submission on the papers. Having considered the papers
15 filed by Tessera and Qualcomm, the Court GRANTS the motion.

16 LEGAL STANDARD

17 The case management order in this action provided that the
18 deadline to add additional parties or claims was April 9, 2012.
19 Docket No. 114. Under Rule 16(b), "[a] schedule shall not be
20 modified except upon a showing of good cause and by leave of the
21

22 _____
23 ¹ Tessera also seeks to make certain other changes in its
24 proposed amended complaint, namely: (1) to delete the allegations
25 and claims against defendant Motorola, Inc., which have been
26 dismissed with prejudice; (2) to delete the request for injunctive
27 relief because the patents-in-suit have expired during the
28 pendency of this litigation; and (3) to add allegations of
activity in California and remove corresponding allegations about
Texas because the case was transferred to this district from
Texas. No opposition has been raised to these proposed
amendments. Accordingly, Tessera is granted leave to make these
changes.

1 district judge." Fed. R. Civ. Pro. 16(b). Where a schedule has
2 been filed, a party's ability to amend the pleadings is "governed
3 by Rule 16(b), not Rule 15(a)." Johnson v. Mammoth Recreations,
4 Inc., 975 F.2d 604, 608 (9th Cir. 1992). Therefore, where, as
5 here, a party seeks to amend a pleading after the date specified
6 in a scheduling order, it must first show "good cause" for the
7 amendment under Rule 16(b). Id.

8 In order to determine whether good cause exists, courts
9 primarily consider the diligence of the party seeking the
10 modification. Id. at 609; see also Coleman v. Quaker Oats Co.,
11 232 F.3d 1271, 1294 (9th Cir. 2000). "[N]ot only must parties
12 participate from the outset in creating a workable Rule 16
13 scheduling order but they must also diligently attempt to adhere
14 to that schedule throughout the subsequent course of the
15 litigation." Jackson v. Laureate, Inc., 186 F.R.D. 605, 607 (E.D.
16 Cal. 1999).

17 If good cause is shown, the party must next demonstrate that
18 the amendment is proper under Rule 15. Johnson, 975 F.2d at 608.
19 Under that rule, courts consider five factors when assessing the
20 merits of a motion for leave to amend: undue delay, bad faith,
21 futility of amendment, prejudice to the opposing party and whether
22 the plaintiff has previously amended the complaint. Ahlmeyer v.
23 Nev. Sys. of Higher Educ., 555 F.3d 1051, 1055 n.3 (9th Cir.
24 2009).

25 DISCUSSION

26 Qualcomm does not argue that it would be prejudiced by
27 Tessera's proposed amendment, that Tessera is acting in bad faith,
28 that the proposed amendment would be futile or that Tessera has

1 repeatedly failed to cure deficiencies in the complaint through
2 amendment. Instead, Qualcomm contends that Tessera has delayed in
3 seeking to amend the complaint.

4 Tessera maintains that it was diligent in seeking to amend
5 the complaint. It argues that it learned in February 2013 that,
6 contrary to Qualcomm's prior representations, "QCTAP was the
7 corporate entity directly responsible for accepting orders from
8 and sending invoices to several customers in the United States,"
9 and that it filed the instant motion on February 27, 2013. Mot.
10 at 8-9. Qualcomm argues that Tessera had prior notice of QCTAP
11 and its connection with LG International (America), Inc., a
12 customer in the United States, from documents disclosed in the
13 investigation initiated by the ITC in April 2007. Opp. at 4.

14 Tessera explains that it first learned about QCTAP's role
15 interacting with United States customers, and resulting potential
16 liability, shortly before it filed the instant motion. It states
17 that, in December 2012 and February 2013, Qualcomm had produced a
18 revised version of a sales spreadsheet that disclosed additional
19 information, including columns labeled "operating unit" and "bill
20 to" country. Mot. at 3-4. For many of the entries on the
21 spreadsheet, "QCTAP OU" appeared in the "operating unit" column
22 and "US" appeared in the "bill to" column. Huang Decl., Ex. J.
23 When Tessera deposed Qualcomm's Rule 30(b)(6) witness in February
24 2013, she confirmed that the notation in the "operating unit"
25 column meant that "it's a QCTAP operating unit, therefore the
26 sales order was a QCTAP" and "the customer would have received an
27 invoice from QCTAP and paid QCTAP." Huang Decl., Ex. N, 45:10-13.
28 Tessera contends that she also confirmed that QCTAP invoiced

1 several customers, including LG International (America), Inc.
2 (LGIA), in the United States. Mot. at 4.

3 Qualcomm responds that Tessera "had previous notice of QCTAP"
4 for two reasons. Opp. at 4. First, it argues that, in the ITC
5 investigation, it had produced a service agreement between
6 Qualcomm and Advanced Semiconductor Engineering, in which QCTAP is
7 identified on a single page in an appendix as a "Ship To
8 Location." However, as Tessera points out, this document does not
9 disclose the role that QCTAP played in United States sales.
10 Second, Qualcomm argues that it had produced documents in the ITC
11 investigation that "identify QCTAP in the context of merchandise
12 returns from customers." Opp. at 4. These documents, however,
13 did not clearly identify QCTAP's role. In the cited exhibit,
14 QCTAP appeared only in parentheses following an RMA number, and no
15 context was provided that reasonably should have put Tessera on
16 notice. This is particularly true in light of Qualcomm's
17 representations that "QCTAP sells the Products it purchases . . .
18 to third-party original equipment manufacturers . . . located
19 solely outside of the United States." Huang Decl., Ex. P, 10.

20 Accordingly, the Court finds that Tessera has shown that it
21 acted diligently in seeking to amend its complaint after it
22 learned of QCTAP's role.

23 CONCLUSION

24 For the reasons set forth above, the Court GRANTS Tessera's
25 motion for leave to amend the complaint. Tessera shall file its
26 amended complaint within two days of the date of this Order and
27 shall serve it forthwith. QCTAP may rest on Qualcomm's answer.
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1 No motion to dismiss may be filed raising any argument on which
2 the Court has already ruled.

3 IT IS SO ORDERED.

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5 Dated: 8/7/2013


6 CLAUDIA WILKEN
7 United States District Judge
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