

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SLOT SPEAKER TECHNOLOGIES, INC.,
Plaintiff,
v.
APPLE, INC.,
Defendant.

Case No. [13-cv-01161-HSG](#) (DMR)

**ORDER DENYING DEFENDANT
APPLE, INC.'S MOTION FOR LEAVE
TO AMEND ITS INVALIDITY
CONTENTIONS**

Re: Dkt. No. 242

Defendant Apple, Inc. (“Apple”) moves to amend its invalidity contentions to address the Honorable Haywood S. Gilliam’s construction of the term “narrow sound duct.” [Docket No. 242]; see also November 4, 2016 Claim Construction Order (“Claim Construction Order”) at 12 [Docket No. 206]. Plaintiff Slot Speaker Technologies, Inc. (“SST”) opposes. [Docket No. 255]. The court held oral argument on March 23, 2017. Having considered the parties’ briefing and oral argument, Apple’s motion is **DENIED**.

I. BACKGROUND

A. Factual & Procedural History

The factual allegations in this case have been summarized in earlier orders, so the court will not repeat them in detail here. Briefly, SST filed a patent infringement suit against Apple alleging that Apple’s products, which include the iPhone 4 and later models, as well as its iPad and iMac products, infringe SST’s patents by incorporating narrow-profile speaker units that output sound through a duct or aperture having a narrow dimension. First Amended Complaint (“FAC”), ¶¶ 10, 14 [Docket No. 12].

On September 24, 2015, Apple served its Initial Invalidity Contentions. See Apple’s Initial

United States District Court
Northern District of California

1 Invalidity Contentions [Ex. 1 to Docket No. 90]; see also Capuyan Decl., ¶ 22.¹ [Docket No. 242-
2 1].

3 On November 6, 2015, SST served its Patent Local Rule 4-2 Preliminary Claim
4 Constructions. See THX (now SST) PLR 4-2 Preliminary Claim Constructions (“Rule 4-2
5 Preliminary Claim Constructions”) [Ex. A to Smith Decl.]. SST proposed construing the term
6 “narrow sound duct” as a “duct that is narrow in relation to the wavelength of the sound to be
7 reproduced.” Id. at 2.

8 On December 9, 2015, the parties filed their Joint Claim Construction Statement. SST’s
9 proposed construction of the term “narrow sound duct” remained unchanged from its November
10 2015 Rule 4-2 Preliminary Claim Constructions. See Joint Claim Statement at 2 [Docket No. 58].
11 (“Plaintiff’s Construction” of a “narrow sound duct:” “a duct that is narrow in relation to the
12 wavelength of the sound to be reproduced”).

13 In February and March 2016, the parties submitted their claim construction briefs. See
14 Docket Nos. 74, 84, 88. SST’s proposed construction of the term “narrow sound duct” remained
15 unchanged. See THX’s (now SST’s) Opening Claim Construction Brief at 6-11 [Docket No. 74];
16 THX (SST’s) Reply Claim Construction Brief at 4-6 [Docket No. 88].

17 On May 25, 2016, Judge Gilliam held a claim construction hearing, during which SST
18 continued to advance its construction of the term “narrow sound duct” as a “duct that is narrow in
19 relation to the wavelength of sound to be reproduced.” See generally 5/25/16 Hearing Tx. at
20 45:21-63:24 [Ex. B to Smith Decl.].

21 On November 4, 2016, Judge Gilliam issued the claim construction order, in which he
22 adopted SST’s proposed construction of the term “narrow sound duct” without modification. See
23 Claim Construction Order at 12 (“As such, the Court construes ‘narrow sound duct’ as ‘a duct that
24 is narrow in relation to the wavelength of the sound to be reproduced.’”).

25 On November 22, 2016, Apple notified SST that it might seek leave to amend its invalidity
26

27 ¹ Apple subsequently obtained leave to amend its invalidity contentions twice. . See 4/29/16 Order
28 Granting Leave to Amend Invalidity Contentions [Docket No. 103] and 9/7/16 Order Granting
Leave to Amend Invalidity Contentions [Docket No. 183].

1 contentions under Patent L.R. 3-6(a) in light of the claim construction order. See 11/22/16 Joint
2 Case Management Statement at 5 [Docket No. 215].

3 Shortly thereafter, Apple confirmed its intent to seek leave to amend on December 7, 2016,
4 and provided SST with its proposed amendments on December 21, 2016. Over the next three
5 weeks, Apple tried to secure SST's agreement to its proposed amendments, but was ultimately
6 unsuccessful.

7 Apple then filed the instant motion.

8 **II. LEGAL STANDARD**

9 The local rules of the Northern District of California require parties to define their theories
10 of patent infringement and invalidity early on in the course of litigation. *O2 Micro Int'l Ltd. v.*
11 *Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1359 (Fed. Cir. 2006). "In contrast to the more
12 liberal policy for amending pleadings, the philosophy behind amending claim charts is decidedly
13 conservative, and designed to prevent the shifting sands approach to claim construction." *Positive*
14 *Techs., Inc. v. Sony Elecs., Inc.*, No. C. 11-2226-SI, 2013 WL 322556, at *2 (N.D. Cal. Jan. 28,
15 2013) (citation omitted). Thus, this district's Patent Local Rules permit parties to amend their
16 invalidity contentions "only by order of the Court upon a timely showing of good cause." See
17 Patent L.R. 3-6.

18 The Patent Local Rules provide a non-exhaustive list of circumstances that support a
19 finding of good cause, provided there is no prejudice to the non-moving party. These include "(a)
20 claim construction by the Court different from that proposed by the party seeking amendment; (b)
21 recent discovery of material, prior art despite earlier diligent search; and (c) recent discovery of
22 nonpublic information about the Accused Instrumentality which was not discovered, despite
23 diligent efforts, before the service of the Infringement Contentions." Patent L.R. 3-6. By
24 requiring a showing of good cause, "Local Rule 3-6 serves to balance the parties' rights to develop
25 new information in discovery along with the need for certainty in legal theories at the start of the
26 case." *Open DNS, Inc. v. Select Notifications Media, LLC*, No. C-11-5101 EJD (HRL), 2013 WL
27 2422623, at *2 (N.D. Cal. June 3, 2013) (citing *O2 Micro*, 467 F.3d at 1366).

28 However, a "differing claim construction in and of itself does not constitute good cause [to

1 amend invalidity contentions].” *Verinata Health, Inc. v. Sequenom, Inc.*, No. C 12-00865 SI, 2014
2 WL 789197, at *2 (N.D. Cal. Feb. 26, 2014) (citation omitted). “[T]he moving party must still
3 establish its diligence.” *Id.* “[T]he diligence required for a showing of good cause has two
4 phases: (1) diligence in discovering the basis for amendment; and (2) diligence in seeking
5 amendment once the basis for amendment has been discovered.” *Positive Techs., Inc.*, 2013 WL
6 322556, at *2. “[D]iligence determinations are necessarily fact intensive inquiries and must be
7 determined based on the individual facts of each case.” *Word to Info Inc. v. Facebook Inc.*, No.
8 15-CV-03485-WHO, 2016 WL 6276956, at *4 (N.D. Cal. Oct. 27, 2016).

9 The court may deny a motion for leave to amend invalidity contentions if it would cause
10 “undue prejudice to the non-moving party.” Patent L.R. 3-6. Where the moving party is unable to
11 show diligence, there is “no need to consider the question of prejudice,” see *O2 Micro*, 467 F.3d at
12 1368, although a court in its discretion may elect to do so, see, e.g., *Dynetix Design Solutions Inc.*
13 *v. Synopsys Inc.*, No. Cv-11-5973-PSG, 2012 WL 6019898, at *1 (N.D. Cal. Dec. 3, 2012). The
14 moving party bears the burden of establishing diligence. See *O2 Micro*, 467 F.3d at 1366.

15 **III. DISCUSSION**

16 Apple seeks leave to amend its invalidity contentions under Patent L.R. 3-6(a) to address
17 Judge Gilliam’s construction of the term “narrow sound duct.” Apple argues that good cause
18 exists because Judge Gilliam adopted a construction different from Apple’s proposed construction,
19 and SST will not suffer prejudice if leave to amend is granted. See Patent L.R. 3-6(a) (one of the
20 circumstances supporting a finding of good cause a “claim construction by the Court different
21 from that proposed by the party seeking amendment,” provided that “there is no prejudice to the
22 non-moving party”).

23 **A. Diligence**

24 To establish good cause, as explained above, Apple must first demonstrate that it acted
25 diligently in discovering the basis for its proposed amendments and in seeking leave to amend.
26 *Positive Techs., Inc.*, 2013 WL 322556, at *2. Apple argues that it acted diligently because it
27 reanalyzed its prior art references, prepared and served its proposed amendments on SST, and
28 moved for leave to amend within two months of the claim construction order. See *Capuyan Decl.*,

1 ¶¶ 27-28. SST counters that Apple did not act diligently because it was on notice of SST’s
2 proposed construction as early as November 2015, but did not seek leave to amend until fourteen
3 months later in January 2017.

4 Considering all the circumstances of this case, the court finds that Apple has not acted
5 diligently in discovering the basis for its proposed amendments. At the hearing, Apple confirmed
6 that its proposed amendments relate solely to the term “narrow sound duct” as construed by Judge
7 Gilliam. Judge Gilliam, however, adopted SST’s proposed construction of the term “narrow
8 sound duct” without modification. See Claim Construction Order at 12. It is undisputed that
9 Apple knew of SST’s proposed construction of that term as early as November 2015, and was
10 aware, or at least should have been aware of the risk that Judge Gilliam could adopt SST’s
11 proposal. See SST 4-2 Preliminary Claim Constructions at 2; December 2015 Joint Claim
12 Statement at 2. Apple did not account for this possibility in a timely fashion. Instead, it waited
13 until January 2017, over a year after SST first served its proposed construction, to seek leave to
14 amend. As such, Apple did not act with diligence in discovering the basis for the amendments it
15 now seeks leave to make. See *Word to Info Inc.*, 2016 WL 6276956, at *4 (explaining that “where
16 the court adopts the opposing party’s proposed claim construction, the moving party’s diligence,
17 without which there is no good cause, is measured from the day the moving party received the
18 proposed constructions, not the date of issuance of the Court’s claim construction opinion”
19 (citation and internal quotation marks omitted)).

20 Numerous courts in this district have found a lack of diligence under similar circumstances
21 and denied leave to amend a party’s contentions following a claim construction order. See, e.g.,
22 *Cisco Sys., Inc. v. Teleconference Sys.*, Nos. 09-cv-01550 JSW (NC), 10-cv-01325 JSW (NC), 10-
23 cv-05740 JSW (NC), 2012 WL 9337627, at *3 (N.D. Cal. June 11, 2012) (finding that where court
24 adopted the non-moving party’s proposed construction, the moving party was not diligent because
25 it waited almost a year from the date of disclosure of the non-moving party’s construction to
26 investigate whether amendment might be appropriate); *Verinata Health, Inc.*, 2014 WL 789197, at
27 *2 (finding no diligence where the moving party was “aware of the risk that the Court could
28 adopt” the non-moving party’s proposed claim constructions, but waited more than one year from

1 the date of disclosure of the non-moving party’s construction to seek leave to amend); *Aylus*
2 *Networks, Inc. v. Apple, Inc.*, No. 13-cv-04700-EMC, 2015 U.S. Dist. LEXIS 71230, at *1 (N.D.
3 Cal. June 2, 2015) (“When, as here, a court adopts the proposed construction of the non-moving
4 party, the ‘diligence of the moving party is measured from the day the moving party received the
5 proposed construction, not the date of the issuance of the Court’s claim construction opinion.”
6 (citations omitted)).

7 For example, in *Cisco Systems, Inc.*, the plaintiff sought leave to amend its infringement
8 contentions following a claim construction order in which the court adopted the defendant’s
9 proposed construction of a limitation that appeared in every claim for which the plaintiff sought
10 amendment. 2012 WL 9337627, at *1. The plaintiff argued that it acted diligently because it
11 sought leave to amend within three months of the claim construction order. 2012 WL 9337627, at
12 *2-3. The court concluded that the plaintiff had not act diligently because it received the
13 defendant’s proposed construction in April 2011, but did not start investigating whether
14 amendment was appropriate in light of the defendant’s proposed construction until the court
15 construed that term in November 2011. *Id.* at *1-3. The court observed that the plaintiff’s “‘wait-
16 and-see approach’” to amendment “defies the spirit of the patent local rules, which is to ‘require
17 parties to crystallize their theories of the case early in the litigation and to adhere to those theories
18 once they have been disclosed.’” *Id.* at *4 (quoting *O2 Micro*, 467 F.3d at 1366 n.12).

19 Similarly, in *Verinata Health, Inc.*, the defendant sought leave to amend its invalidity
20 contentions following a claim construction order in which the court adopted the plaintiff’s
21 proposals for the constructions that necessitated the defendant’s amendments. 2014 WL 789197,
22 at *2. The defendant argued that good cause existed because the court adopted constructions
23 different from the defendant’s proposed constructions. *Id.* The court disagreed and denied leave
24 to amend, explaining that the defendant “was aware of the risk that the [c]ourt could adopt [the
25 plaintiff’s] constructions” when the parties exchanged their preliminary claim constructions, but
26 instead waited more than one year to amend its invalidity contentions. *Id.* at *3 (citing *Cisco Sys.*,
27 2012 WL 9337627, at *3).

28 Courts generally have granted leave to amend following a claim construction order where

1 the moving party’s proposed amendments addressed a construction that neither party proposed,
2 which is not the case here. See, e.g., *GPNE Corp. v. Apple Inc.*, Nos. 5:12-cv-02885-LHK-PSG,
3 5:12-cv-03057-LHK-PSG, 2013 WL 6157930, at *2 (N.D. Cal. Nov. 22, 2013) (finding diligence
4 where the moving party “could not have anticipated the full scope of the amendments needed
5 without the court’s claims construction order before it,” since the court’s construction “departed”
6 from the parties’ proposed constructions); *Tech. Props. Ltd. LLC v. Canon Inc.*, Nos. 14-cv-
7 03640-CW (DMR) and 14-cv-3643-CW (DMR), 2016 U.S. Dist. LEXIS 46759, at *18-20 (N.D.
8 Cal. Apr. 6, 2016) (finding diligence where the moving party sought leave one month after the
9 claim construction order which included a new condition that was “never proposed by any party to
10 these proceedings”); see also *Emblaze Ltd v. Apple Inc.*, No. 11-cv-01079-PSG, 2013 U.S. Dist.
11 LEXIS 132169, at *4-5 (N.D. Cal. Sept. 12, 2013) (finding diligence where the moving party
12 sought leave to amend following a claim construction order in which the court adopted its own
13 constructions, as well as those of the non-moving party).

14 Like the moving parties in *Cisco Sys., Inc. and Verinata Health, Inc.*, Apple was long
15 aware of the claim construction proposed by SST and ultimately adopted without modification by
16 Judge Gilliam, but took a “wait and see” approach to amendment. See *Cisco Systems, Inc.*, 2012
17 WL 9337627, at *4. Only when Apple lost that gamble did Apple seek to amend its invalidity
18 contentions. This falls short of the diligence required by the Patent Local Rules.

19 Apple cites three cases in support of its diligence argument: *Positive Techs., Inc.*,
20 *Personalweb Techs., LLC v. Github, Inc.*, No. 5:16-cv-01267-EJD (HRL), 2016 WL 3519292, at
21 *2 (N.D. Cal. June 28, 2016), and *Network Prot. Scis., LLC v. Fortinet, Inc.*, No. C 12-01106
22 WHA, 2013 WL 1949051, at *2 (N.D. Cal. May 9, 2013). Each of these cases is factually
23 inapposite in material aspects.

24 In *Personalweb Techs., LLC*, the plaintiffs filed an unopposed motion to amend following
25 a claim construction order in which the court adopted its own construction for four terms, and the
26 defendant’s proposed construction for one term. 2016 WL 3519292, at *2; see also 3/10/16 Claim
27 Construction Order at 21-25 (rejecting parties’ proposed constructions of “licensed” and
28 “unlicensed”); 25-28 (rejecting parties’ proposed construction of “unauthorized” and

1 “authorization” but adopting the defendants’ proposed construction of “authorized”) (Ex. D to
2 Smith Decl.). The court granted leave to amend, finding that the plaintiffs acted diligently by
3 seeking leave within two and a half months after the case was transferred and the court issued its
4 claim construction order, and the initial case management conference had not yet occurred. *Id.*

5 In *Positive Techs., Inc.*, the court granted the defendant leave to amend its invalidity
6 contentions following its claim construction order, noting that the defendants had made a detailed
7 showing of diligence. See 2013 WL 322556, at *2-3. The defendant explained that the two events
8 which triggered its renewed efforts to search for new prior references were the plaintiff’s
9 *Markman* brief, and the claim construction order in which the court rejected both parties’ proposed
10 constructions and proposed its own construction of a term based on the language in the patent. *Id.*
11 at *3; see also 7/3/12 Claim Construction Order in Case No. 11-cv-02226 SI at 6-10 (Ex. C to
12 Smith Decl.). The defendant thereafter engaged in a “multi-tiered” review responding to both
13 events, and made the plaintiff aware of the new prior art references within six months of the
14 plaintiff’s *Markman* brief and less than two months after the claim construction order. See 2013
15 WL 322556, at *3. The court rejected the plaintiff’s argument that the defendants did not act
16 quickly enough in discovering the new prior art references, finding that the two events made it
17 reasonable for the defendants to “dig even deeper,” and that the defendants identified the new
18 information and moved to amend in a timely manner. *Id.* at *3.

19 In contrast to *Personalweb Techs, LLC* and *Positive Techs, Inc.*, Judge Gilliam did not
20 reject the parties’ proposed constructions in favor of his own. Instead, he wholly adopted SST’s
21 construction of “narrow sound duct.” All of Apple’s proposed amendments are tied to that one
22 construction. Apple had notice of SST’s proposed construction for over a year, but chose not to
23 seek amendment of its invalidity contentions until after Judge Gilliam issued the claim
24 construction order.

25 Lastly, in *Network Prot. Scis., LLC*, the court carefully explained that it was the plaintiff’s
26 “own unreasonable behavior,” namely “imposing upon [the defendant (the moving party)] a bone-
27 crushing burden of conducting a prior art search for more than fifty patent claims,” that justified
28 granting the defendant leave to amend its invalidity contentions following the claim construction

1 order in which the district court adopted some of the plaintiff's proposed constructions. 2013 WL
2 1949051, at *2-3. The district court found that the defendant acted reasonably in seeking leave to
3 amend following the court's claim construction order, given the large number of claims previously
4 asserted by the plaintiff, and the fact that the defendant only sought leave to add three new prior
5 art references, and then promptly communicated its intent to amend once it completed its prior art
6 search. *Id.* No such unique factual circumstances exist here. Apple has not argued nor
7 demonstrated that SST imposed any similar "bone-crushing burden" on Apple which would have
8 prevented it from determining the basis for its amendments. Nor could it, since the only
9 amendments Apple now seeks are related to the construction of a single term.

10 At the hearing, Apple did not explain why it failed to move for leave to amend its
11 invalidity contentions at an earlier juncture to address SST's proposed construction of "narrow
12 sound duct." Instead, Apple asserted that at least one case suggests that it could not have sought
13 an amendment to address a proposed construction, citing *Apple Inc. v. Samsung Elecs. Co. Ltd.*,
14 No. 12-cv-0630-LHK (PSG), 2013 WL 3246094, at *4 (N.D. Cal. June 26, 2013). In *Apple*, the
15 patentee sought leave to amend its infringement contentions to add doctrine of equivalents
16 ("DOE") theories for the "means-plus-function" terms which the court had not yet construed. *Id.*
17 at *4. The patentee argued that good cause existed for the amendments because the infringer
18 might later seek "narrowly-defined structures" for each term, which the court could adopt. *Id.* at
19 *4. The court rejected the patentee's argument. It explained that the patentee "should have
20 provided its DOE theories if it had a good-faith basis to assert them" earlier in the case, and that
21 nothing had changed in the case to justify the patentee to seek amendment at this particular point
22 in time. *Id.* at *3-4. Under these circumstances, the court concluded that the patentee's concerns
23 "over the possibility of a loss at claim construction" did not amount to good cause and denied the
24 request as premature. *Id.* at *4. It is worth noting that in *Apple*, the patentee's argument was not
25 based on an actual construction proposed by the alleged infringer, but rather on the specter that
26 such a proposal could be made in the future, and could be adopted by the court. That is a far more
27 speculative situation than is presented here.

28 In sum, the court finds that Apple has not met its burden of establish diligence in seeking

1 the basis for its amendment.²

2 **B. Prejudice**

3 Because Apple has not met its burden of establishing diligence, the court need not reach
4 the issue of prejudice to SST. See O2 Micro, 467 F.3d at 1368.

5 **IV. ADMINISTRATIVE MOTIONS TO SEAL**

6 Apple filed two unopposed administrative motions to seal portions of Exhibit 1 to the
7 Capuyan Declaration [Docket No. 241] and portions of Exhibit 1 to the Supplemental Capuyan
8 Declaration [Docket No. 284]. These exhibits are unredacted versions of Apple’s proposed Third
9 and Fourth Amended Invalidity Contentions and contain information that has been designated as
10 “Confidential” or “Confidential-Attorneys’ Eyes Only” by SST pursuant to the Protective Order in
11 this matter. Having reviewed these materials, the court finds good cause to seal those portions of
12 Exhibit 1 to Capuyan Declaration and those portions of Exhibit 1 to the Supplemental Capuyan
13 Declaration highlighted in red boxes, and grants Apple’s administrative motions to seal.

14 **V. MOTION TO REMOVE INCORRECTLY FILED DOCUMENT**

15 Apple filed an unopposed motion to remove Exhibit 1 to the Supplemental Capuyan
16 Declaration filed on March 20, 2017 [Docket No. 283-1]. [Docket No. 286]. Apple seeks to
17 remove Docket No. 283-1 from the public docket because portions of Exhibit 1 should have been
18 filed under seal and instead were inadvertently filed in their unredacted form. According to
19 Apple, the document has already been locked pursuant to Apple’s request, [Docket No. 283-1],
20 and Apple has already resubmitted the relevant portions under seal [Docket No. 284-4].
21 Therefore, for good cause shown, the court grants Apple’s motion to remove Exhibit 1 to the
22 Supplemental Capuyan Declaration filed on March 20, 2017.

23 _____
24 ² Apple states in a footnote in its reply brief that it did not oppose SST’s motion to amend its
25 infringement contentions based on Judge Gilliam’s construction of “ground plane” because, like
26 here, Judge Gilliam’s construction of a term was different from that proposed by the moving party.
27 See Reply at 2, n.2 [Docket No. 263]. Apple conflates different circumstances. SST contends that
28 good cause exists for its “ground plane” amendments because Judge Gilliam’s construction of
“ground plane” was “different from both SST’s and Apple’s proposed constructions” such that
“SST could not have, prior to the Claim Construction Order, drafted its infringement contentions
according to the Court’s construction.” See SST’s Mot. to Amend at 2 [Docket No. 251]. Apple
makes no such argument here, nor could it, because Judge Gilliam adopted SST’s proposed
construction of the “narrow sound duct” term without modification.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VI. CONCLUSION

In conclusion, the court denies Apple’s motion to amend. The court grants Apple’s administrative motions to seal, and Apple’s motion to remove the incorrectly filed document.

IT IS SO ORDERED.

Dated: April 6, 2017

