

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Case No. 15-cv-05290-KAW

INTERAXON INC., et al.,
Plaintiffs,
v.
NEUROTEK, LLC, et al.,
Defendants.

**ORDER LIFTING STAY; GRANTING
IN PART AND DENYING IN PART
PLAINTIFFS' MOTION TO AMEND;
DENYING DEFENDANT'S MOTION TO
POSTPONE AND MOTION TO
STRIKE; REGARDING DISCOVERY
LETTERS**

Re: Dkt. Nos. 141, 144, 146, 147, 149, 158

Currently pending before the Court are: (1) Plaintiffs InteraXon Inc.'s and InteraXon U.S., Inc.'s (collectively, "InteraXon") motion for leave to file a first amended complaint; (2) Defendant Jonathan D. Cowan's discovery letter regarding production of documents pursuant to Patent Local Rule 3.4(a); (3) Defendant's motion to postpone deadlines; (4) Plaintiffs' second discovery letter brief regarding the adequacy of Defendant's infringement contentions; (5) Defendant's motion to strike Plaintiffs' second discovery letter brief and preliminary claim constructions; and (6) Defendant's motion to expand page limits. The Court deems these matters suitable for disposition without a hearing pursuant to Civil Local Rule 7-1(b). Having reviewed the papers filed by the parties and the relevant legal authority, the Court resolves the parties' numerous disputes as set forth below.

I. BACKGROUND

Plaintiffs filed the instant suit against Defendants NeuroTek, LLC, MindWaves, Ltd., and Dr. Jonathan D. Cowan (collectively, "Defendants") on November 18, 2015, seeking a declaration of non-infringement and a declaration of invalidity as to Patent No. 5,983,129 ("129 Patent"). (Compl., Dkt. No. 1.) InteraXon manufactures the MUSE Headband. (Compl. ¶ 4.) Around

1 October 2013, Defendants accused InteraXon of infringing on the '129 Patent, and offered to
2 license it. (Compl. ¶ 29.) In November 2014, Defendants demanded that InteraXon "cease and
3 desist" from infringing on the '129 Patent, or enter into a licensing agreement. (Compl. ¶ 30.) The
4 parties began negotiations for a license, during which Defendants withdrew the cease and desist
5 demand, but InteraXon alleges that Defendants threatened to reinstate that demand around May
6 2015. (Compl. ¶ 32.) InteraXon then filed the instant suit. Cowan has filed a counterclaim for
7 infringement on the '129 Patent. (Answer, Dkt. No. 63 ¶ 45.)

8 II. DISCUSSION

9 A. Order Lifting Stay

10 On October 26, 2016, the Court stayed the case pending the appointment of pro bono
11 counsel for the limited purpose of representing Defendant in the course of settlement. (Dkt. No.
12 161.) The stay was to last until four weeks after the appointment of counsel. Counsel was
13 appointed on November 3, 2016. (Dkt. No. 162.) As more than four weeks have passed, the
14 Court LIFTS the stay on this case. This is separate from the discovery stay that the Court imposed
15 on Defendant for failure to provide adequate infringement contentions. (Dkt. No. 135 at 4.) As
16 discussed below, the discovery stay will remain in place.

17 B. Plaintiffs' Motion to File a First Amended Complaint

18 On October 5, 2016, Plaintiffs moved for leave to file a first amended complaint for
19 declaratory judgment of non-infringement. (Dkt. No. 141.) Defendant did not file an opposition.

20 Federal Rule of Civil Procedure 15(a)(2) provides that leave to amend a complaint should
21 be "freely given when justice so requires." Fed. R. Civ. P. 15(a)(2). "This policy is to be applied
22 with extreme liberality." *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1051 (9th Cir.
23 2003). The courts consider five factors when determining whether leave to amend should be
24 granted: "(1) bad faith, (2) undue delay, (3) prejudice to the opposing party, (4) futility of
25 amendment[,] and (5) whether plaintiff has previously amended his complaint." *Allen v. City of*
26 *Beverly Hills*, 911 F.2d 367, 373 (9th Cir. 1990). Not all factors carry equal weight. *Eminence*
27 *Capital, LLC*, 316 F.3d at 1052. Prejudice to the opposing party must be given the greatest
28 weight. *Id.* Absent prejudice, or a strong showing of bad faith, undue delay, or futility of

1 amendment, there exists a presumption under Rule 15(a) in favor of granting leave to amend. *Id.*
2 (citation omitted).

3 Here, Plaintiffs seek to add allegations incorporating Defendant's counterclaims, as well as
4 additional allegations regarding invalidity. (Proposed First Amended Compl. at ¶¶ 37, 39, 43-45,
5 50-59.) Plaintiffs also seek to add new causes of action for: (1) recovery of attorney's fees under
6 35 U.S.C. § 285, and (2) sanctions under 28 U.S.C. § 1927 and/or Federal Rule of Civil Procedure
7 11. (*Id.* at ¶¶ 62-89.)

8 The Court GRANTS IN PART and DENIES IN PART Plaintiffs' motion. Plaintiffs are
9 permitted to add the allegations regarding Defendants' counterclaims and invalidity, as Defendant
10 has not opposed Plaintiffs' motion or suggested there is prejudice, bad faith, or undue delay. The
11 Court finds, however, that Plaintiffs' proposed new causes of action are futile. An assertion of an
12 "exceptional case" under 35 U.S.C. § 285 is not a separate cause of action, and "[t]herefore,
13 [Plaintiffs] should not be permitted to include a separate count based on exceptional case, or the
14 allegations underlying that nonexistent cause of action." *Nycomed U.S. Inc. v. Glenmark Generics*
15 *Ltd.*, No. 08-CV-5023 (CBA)(RLM), 2010 WL 1257803, at *3 (E.D.N.Y. Mar. 26, 2010)
16 (denying leave to add separate cause of action, but permitting adding a demand for attorney's fees
17 under section 285 in the complaint's prayer for relief); see also *Aventis Cropscience, N.V. v.*
18 *Pioneer Hi-Bred Int'l, Inc.*, 294 F. Supp. 2d 739, 743 (M.D.N.C. 2003) ("defendants' Section 285
19 attorney fees request is not a separate, surviving and independent cause of action, but rather a
20 collateral or ancillary issue which is dependent on the main action"). Plaintiffs have already
21 requested attorney's fees under section 285 in their prayer for relief, and no further amendment is
22 required. (See Compl. at 7, Dkt. No. 1.) Similarly, courts have found that sanctions under 28
23 U.S.C. § 1927 and Federal Rule of Civil Procedure 11 are not separate causes of action. See *Flynn*
24 *v. Liner Grode Stein Yankelevitz Sunshine Regenstreif & Taylor LLP*, No. 3:09-cv-422-PMP-
25 RAM, 2010 WL 4339368, at *10 (D. Nev. Oct. 15, 2010) ("Section 1927 does not contain an
26 explicit right of action. Moreover, § 1927's plain text suggests Congress did not intend to imply a
27 private right of action"); *Glannon v. Garrett & Assocs., Inc.*, 261 B.R. 259, 268 (D. Kan. 2001)
28 ("Several courts have determined that section 1927 is not an independent cause of action and must

1 be raised as part of the proceedings in front of the judge who witnessed the conduct at issue");
2 Kraus Indus., Inc. v. Moore, No. 06-542, 2007 WL 2744194, at *10 (W.D. Penn. Sept. 18, 2007)
3 ("Federal Rule of Civil Procedure 11 does not provide for a separate and distinct cause of action");
4 Turner v. Lerner, Sampson & Rothfuss, 776 F. Supp. 2d 498, 511 (N.D. Ohio 2011) ("Federal
5 Rule of Civil Procedure 11 . . . does not create a separate cause of action, but rather, creates a
6 means of punishing misconduct in a pending action"). Thus, Plaintiffs will not be permitted to add
7 the causes of action for attorney's fees and sanctions, or the underlying allegations thereon.

8 **C. Defendant's Motion to Postpone Deadlines**

9 On October 8, 2016, Defendant filed a notice of unavailability, and requested that
10 deadlines be postponed. (Dkt. No. 146.) Defendant's motion is DENIED as moot; at the October
11 18, 2016 case management conference, the Court stayed all deadlines. (Dkt. No. 156.) Thus, no
12 postponement is required.

13 **D. Plaintiffs' Second Discovery Letter Brief**

14 On October 10, 2016, Plaintiffs filed their second discovery letter brief, contending that
15 Defendant's infringement contentions are still inadequate. (Dkt. No. 147.) Pursuant to the Court's
16 order, Defendant filed his opposition on October 20, 2016. (Dkt. No. 157.)

17 With respect to independent claim 1, Plaintiffs argue that the infringement contentions do
18 not adequately specify where the various components and software functions are found. (Dkt. No.
19 147 at 2.) Having reviewed the infringement contentions, the Court determines that, particularly
20 given that Defendant is a pro se litigant, the infringement contentions for independent claim 1
21 appear to be adequate. For example, Plaintiffs point to the Independent Claim 1C answer, which
22 states in relevant part: "The system's microprocessor performs the necessary calculations,
23 supported by other components in the processing system. The specifically matched software
24 which the microprocessor runs to create these calculations is provided by InteraXon."
25 (Infringement Contentions at 3-4, Dkt. No. 143-1.) Plaintiffs argue that Defendant fails to
26 "meaningfully identify the . . . 'necessary calculations,' 'other components,' or 'specifically
27 matched software.'" In comparing the infringement contention with the patent, however, it
28 appears that the "necessary calculations" refers to Independent Claim 1C's "subtracting said

1 representative reference signal from said representative frontal lobe brainwave signal to produce a
2 difference frontal lobe brainwave signal, and processing said difference frontal lobe signal to
3 produce an AIndicator signal" ('129 Patent at 12:65-13:2, Dkt. No. 1-1.) "Specifically
4 matched software" would seem to refer to a software application provided by Plaintiffs, which
5 must be downloaded onto the user's computing system – i.e., a smartphone, computer, or tablet –
6 in order to use the Muse. "Other components," meanwhile, seems to refer to components in the
7 user's computing system which are required to make the computing system work. Assuming the
8 Court's understanding is correct, the Court finds that the infringement contentions for independent
9 claim 1 are sufficient. If the Court's understanding is not correct, however, Defendant must amend
10 his infringement contentions to add further specificity; failure to do so will be construed as
11 agreement with the above characterization.

12 Although the Court finds that the infringement contentions for independent claim 1 are
13 adequate, the Court concludes that the infringement contentions for the dependent claims are not.
14 The Court previously found that Defendants' statement of "A combination of the answers to 1A-E"
15 was inadequate because it required Plaintiffs to guess as to how such answers may be combined.
16 (Dkt. No. 135 at 3.) Defendant's amended infringement contentions now seek to "incorporate" the
17 answers to 1A-1E; this is no more specific than Defendant's prior infringement contentions.
18 (Infringement Contentions at 4-5.) Even if the dependent claims include answers from
19 Independent Claims 1A-E, combining or incorporating prior answers fails to adequately specify
20 where that dependent step takes place. For example, as to dependent claim 9 ("where the step of
21 processing said difference frontal lobe brainwave signal includes rejecting eye movement and
22 other artifacts"), it is not clear how this step of processing would be performed in every location
23 identified in the infringing product in Independent Claims 1A-D, such as the sensors on the Muse's
24 band (1A), the electrically conducting part of the sensors (1B), or the interface between the
25 systems and a device that displays the precalculated Attention Indicator values to the user (1D).
26 Defendant must provide infringement contentions that do not incorporate, rely upon, or depend on
27 prior answers in any way, and are properly limited to show where the dependent claim at issue is
28 alleged to take place in the accused infringing product.

1 Plaintiffs also argue that the infringement contentions fail to adequately explain any theory
2 of indirect infringement, but instead appear to show that Claims 1A and 1B are performed by the
3 Muse (constituting direct infringement) while Claims 1C, 1D, and 1E are performed by another
4 entity, such as the user's computer (constituting indirect infringement). (Dkt. No. 147 at 3.) Per
5 Defendant's opposition, that appears to be precisely what Defendant is alleging, except that Claim
6 1E is a combination of both direct and indirect infringement since it repeats all other steps. (Dkt.
7 No. 157 at 3-4.) Thus, no one entity performs every step of Claim 1.

8 In addition, Plaintiffs challenge Defendant's contentions regarding the doctrine of
9 equivalents, arguing that it simply repeats the claim language. (Dkt. No. 147 at 4.) Defendant
10 does not respond to Plaintiffs' argument. (See Dkt. No. 157.) Upon review of the infringement
11 contentions, it seems that Defendant himself does not believe that the doctrine of equivalents is
12 applicable in this case, as he asserts that the processing would directly meet Claim 1C "without the
13 need to apply the doctrine of equivalents[; Defendant] mention[s] it here because [Defendant]
14 anticipate[s] that the Plaintiff, driven by desperation, will argue to the contrary." (Infringement
15 Contentions at 7.) Accordingly, the Court will strike Defendant's contentions regarding the
16 doctrine of equivalents. If Defendant should later find, through discovery, sufficient evidence in
17 support of a doctrine of equivalents theory, Defendant may move the Court to amend his
18 infringement contentions pursuant to Patent Local Rule 3-6, upon a showing of good cause. See
19 *Finjan, Inc. v. Proofpoint, Inc.*, Case No. 13-cv-5808-HSG, 2015 WL 15174920, at *10 (N.D. Cal.
20 Apr. 2, 2015).

21 Finally, the Court finds that Defendant is correct that Patent Local Rules 3-1 and 3-2 do
22 not require the production of documents demonstrating his infringement theory.

23 Defendant is to provide revised infringement contentions consisting with the discussion
24 above within **14 days** of the date of this Order. Because Defendant's infringement contentions are
25 not in compliance with the Patent Local Rules, the discovery stay will remain in place and
26 Defendant will not be permitted to seek discovery from Plaintiffs. The Court denies Defendant's
27 request for sanctions and additional discovery.
28

1 **E. Defendant's Motion to Strike Plaintiffs' Discovery Letter and Preliminary**
2 **Claim Construction**

3 On October 11, 2016, Defendant filed a motion to strike Plaintiffs' discovery letter brief
4 and preliminary claim constructions for failure to meet and confer. (Dkt. No. 149.) On October
5 12, 2016, Plaintiffs filed an opposition. (Dkt. No. 152.) The Court DENIES Defendant's motion.

6 With respect to Plaintiffs' discovery letter brief, the Court finds that the parties adequately
7 met and conferred prior to Plaintiffs filing their discovery letter brief. (See Dkt. No. 152, Exh. 1.)
8 While it would be preferable for the parties to file a joint discovery letter following the
9 requirements of the Court's standing order, the Court has previously allowed the parties to file
10 separate discovery letters, in light of Defendant's pro se status. (See Dkt. No. 128.) Moreover,
11 Defendant was given the opportunity to respond in full to Plaintiffs' discovery letter. (Dkt. Nos.
12 153, 157.) Therefore, the Court declines to strike Plaintiffs' discovery letter brief.

13 With respect to Plaintiffs' preliminary claim constructions, the Court finds that Plaintiffs
14 were not required to meet and confer prior to exchanging preliminary claim constructions. Patent
15 Local Rule 4-1(a), which concerns the exchange of claim terms, does not require the parties to
16 meet and confer. Defendant instead relies on Patent Local Rule 4-1(b), which requires a meet and
17 confer after the parties have exchanged their preliminary claim constructions. Accordingly, the
18 Court declines to strike Plaintiffs' preliminary claim constructions.

19 **F. Defendant's Discovery Letter Brief**

20 On October 7, 2016, Defendant filed a discovery letter brief seeking to enforce Patent
21 Local Rule 3-4(a), and seeking "requirements, specifications, scripts, formulas, and artwork . . .
22 along with all 'other documentation sufficient to show that the operation of any aspect or elements
23 of an Accused Instrumentality identified by the patent claimant in its Patent L.R. 3-1(c) chart."
24 (Dkt. No. 144.) Pursuant to the Court's order, Plaintiffs filed their opposition on October 21,
25 2016. (Dkt. No. 159.)

26 The Court DENIES Defendant's request that Plaintiffs produce the requested documents.
27 First, because Defendant's infringement contentions are still not adequate, the discovery stay
28 imposed on Defendant is still in place. Second, Plaintiffs represent that they have already
 produced the documentation sought by Defendant, and have made other documents – i.e., source

1 code – available for Defendant to inspect. (Dkt. No. 159 at 3.) While Defendant contends that
2 Plaintiffs should e-mail him these additional documents, rather than requiring him to make a trip
3 to inspect the documents, Plaintiffs are under no such obligation. Federal Rule of Civil Procedure
4 34 states that absent objections, a response to a request for production "must . . . state that
5 inspection and related activities will be permitted as requested," although "[t]he responding party
6 may state that it will produce copies of documents or of electronically stored information instead
7 of permitting inspection." (Emphasis added.) In short, a party is not required to produce copies of
8 documents or electronically stored information in lieu of permitting an inspection.

9 **G. Defendant's Motion for Administrative Relief to Expand Page Limits**

10 Finally, on October 20, 2016, Defendant requested that the Court issue "general Orders"
11 requiring Plaintiffs to answer Defendant's request for production, or to allow each side to file
12 discovery letter briefs of 15 pages. (Dkt. No. 158.) On October 21, 2016, Plaintiffs filed an
13 opposition. (Dkt. No. 159.)

14 The Court DENIES Defendant's request. First, the Court will not issue any "general
15 orders." Second, as discussed above, the discovery stay imposed on Defendant remains in place.
16 Third, Defendant has not provided any specific reasons why discovery letter briefs of 15 pages are
17 required to resolve any ongoing dispute; Defendant only argues generally that Plaintiffs did not
18 provide adequate responses, without identifying specific documents (with the exception of sales
19 and financial information) that Defendant contends needs to be provided.

20 Once Defendant has filed adequate infringement contentions and the stay is lifted, the
21 parties are to meet and confer to determine what documents Defendant believes must still be
22 produced, and to narrow any outstanding disputes. Defendant should, if possible, seek guidance
23 from his pro bono counsel. After the parties have determined what disputes remain and how many
24 pages are required to present the dispute to the Court, the parties may request a page extension.¹

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27 ¹ The parties are **not** permitted to file discovery letter briefs on every single request; the parties
28 may file one discovery letter brief per set of requests (i.e., one letter concerning disputes over five
requests contained in a single set of requests for production, not five letters concerning disputes
over five requests contained in a single set of requests for production).

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III. CONCLUSION

For the reasons stated above, the Court: (1) LIFTS the stay on the instant case; (2) GRANTS IN PART and DENIES IN PART Plaintiffs' motion for leave to file an amended complaint; (3) DENIES Defendant's motion to postpone the deadlines as moot; (4) finds that Defendant's infringement contentions are inadequate and not in compliance with the Patent Local Rules, and that Defendant is not permitted to seek discovery from Plaintiffs until Defendant serves infringement contentions that are in compliance with the Patent Local Rules; (5) DENIES Defendant's motion to strike Plaintiffs' discovery letter and preliminary claim construction; (6) DENIES Defendant's discovery letter brief request that Plaintiff produce documents pursuant to Patent Rule 3-4(a); and (7) DENIES Defendant's motion for administrative relief to expand page limits.

IT IS SO ORDERED.

Dated: January 3, 2017



KANDIS A. WESTMORE
United States Magistrate Judge