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**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

13 TRENT WEST,

14 Plaintiff,

15 v.

16 JEWELRY INNOVATIONS, INC., TOSYALI
17 INTERNATIONAL, INC. (dba BENCHMARK),
18 DIAMOND NORTHSTAR, INC. (dba
19 TUNGSTEN MAGNUM), and A'JAMAIS
DESIGNS, INC. (dba INFINITY RINGS); and
CROWN RING, INC.,

20 Defendants.

Case Number C 07-1812 JF (HRL)

ORDER¹ GRANTING IN PART
MOTION FOR LEAVE TO FILE
SECOND AMENDED
PRELIMINARY INVALIDITY
CONTENTIONS

[re: docket no. 227]

21
22 Defendant Crown Ring, Inc. ("Crown Ring") seeks leave to amend its first amended
23 preliminary invalidity contentions. Plaintiff Trent West opposes the motion. The Court has read
24 the moving and responding papers and has considered the oral arguments of counsel presented on
25 January 16, 2009. For the reasons set forth below, the motion will be granted in part.

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28 ¹ This disposition is not designated for publication in the official reports.

1 **I. BACKGROUND**

2 The instant patent infringement case involves jewelry rings made of tungsten carbide and
3 a method for making the rings. Pursuant to this Court’s Patent Local Rules, Plaintiff served his
4 preliminary infringement contentions on July 27, 2007. This first set of infringement contentions
5 claimed infringement by eight different models of Crown Ring tungsten carbide rings. Crown
6 Ring then served its preliminary invalidity contentions on September 25, 2007. On April 10,
7 2008, the Court issued an order construing the disputed claim terms.

8 The parties have engaged in discovery, including in recent months (1) the deposition of
9 Plaintiff on June 3, 2008; (2) the deposition of Lawrence Stanley, a third-party witness located by
10 co-defendants Tosyali International, Inc., d/b/a Benchmark and Jewelry Innovations, Inc.
11 (collectively “Benchmark”),² on August 7, 2008; and (3) the deposition of Edward McKinnon,
12 another third-party witness, on September 3, 2008. In addition, Plaintiff produced voluminous
13 prosecution files for the patents at issue to Crown Ring on November 3, 2008. These files had
14 been in the possession of Plaintiff’s former patent attorney, who produced the files to Plaintiff on
15 June 20, 2008.

16 By stipulation, the deadlines for discovery and the filings required by the Patent Local
17 Rules have been extended several times by the parties. During October 2008, and in light of the
18 new information provided through discovery, the parties negotiated a stipulation to allow the
19 filing of amended infringement and invalidity contentions. With respect to Plaintiff’s amended
20 preliminary infringement contentions, which were filed on October 18, 2008, the parties
21 stipulated to the following:

22 [The parties] have agreed and stipulate under Civil L.R. 7-12 that
23 good cause exists under Patent L.R. 3-7 to permit entry of West’s
24 First Amended Infringement Contentions...A similar reciprocal
25 stipulation seeking to permit entry of Crown’s amended invalidity
26 contentions is forthcoming. West and Crown have agreed that the
scope of their stipulation for good cause under Patent L.R. 3-7
shall extend only to permitting entry of amendments based upon or
arising directly from the content of evidence which has been made

27 ² Benchmark settled with Plaintiff in early November 2008 and has been dismissed from
28 the instant action.

1 of record through production of documents or fact witness
2 depositions.

3 Stip. at 1-2, October 28, 2008. On October 29, 2008, the Court approved the parties' stipulation.
4 Plaintiff's first amended preliminary infringement contentions assert infringement by
5 approximately fifty-three additional Crown Ring models. According to Crown Ring, these new
6 infringement contentions are supported largely by public information that has been available
7 since the beginning of the litigation.

8 On November 7, 2008, Crown West served its first amended preliminary invalidity
9 contentions. The prior art cited in the contentions includes a ring designed by Lawrence Stanley
10 (the "Stanley ring") and U.S. Patent No. 6,020,826 (the "Rein patent"). Plaintiff objected to the
11 inclusion of the Stanley ring and Rein patent on the ground that the Court previously had denied
12 a motion by Benchmark to amend its preliminary infringement contentions to add these same two
13 references. The basis for the Court's prior ruling was that Benchmark had not been diligent in its
14 search for the prior art and thus failed to meet its burden of showing good cause for amendment.

15 Crown Ring's invalidity contentions also included allegations of unenforceability due to
16 inequitable conduct. Plaintiff objected to the inclusion of any allegations of inequitable conduct
17 because Patent L.R. 3-3 does not provide for the assertion of invalidity contentions based upon
18 inequitable conduct. Because certain filing deadlines were imminent, Crown Ring withdrew the
19 offending material from its amended contentions, and on November 13, 2008, the parties
20 stipulated, through a written agreement that was nearly identical to the stipulation allowing the
21 amendment of Plaintiff's infringement contentions, that Crown Ring's first amended preliminary
22 invalidity contentions should be entered into the record.

23 On November 17, 2008, Crown Ring filed the instant motion, seeking leave to include the
24 Stanley ring, Rein patent, and unenforceability allegations in its proposed second amended
25 preliminary invalidity contentions. In support of its request, Crown Ring contends that it only
26 stipulated to allow Plaintiff to file his amended infringement contentions based on the
27 understanding that in return, Crown Ring could file amended invalidity contentions asserting any
28 prior art that was "based upon or arising directly from the content of evidence which has been

1 made of record through production of documents or fact witness depositions.” Crown Ring
2 maintains that it complied with its part of the bargain and Plaintiff is acting in bad faith by not
3 reciprocating in full.

4 Crown Ring also contends that the Court’s prior order with respect to the Rein patent and
5 Stanley ring is not binding on Crown Ring because Crown Ring was not a party to that order and
6 different circumstances are present here, including the fact that the parties had an agreement to
7 allow the inclusion of any evidence of record in their respective amended contentions. Finally,
8 Crown Ring asserts that even if the parties did not have a stipulation, it was diligent in asserting
9 its proposed amended contentions. Crown Ring also represents that the evidence of inequitable
10 conduct was discovered only through recent depositions, and that the silence of Patent L.R. 3-3
11 with respect to inequitable conduct does not bar the inclusion of such allegations in its amended
12 contentions.

13 II. LEGAL STANDARD

14 Patent L.R. 3-7 provides that “[a]mendment or modification of [...] the Preliminary or
15 Final Invalidation Contentions [...] may be made only by order of the Court, which shall be entered
16 only upon a showing of good cause.” Pat. L.R. 3-7.³ The “good cause” inquiry considers (1)
17 whether the moving party was diligent in amending its contentions and (2) the prejudice to the
18 non-moving party should the motion to amend be granted. *O2 Micro Int’l Ltd. v. Monolithic*
19 *Power Sys., Inc.*, 467 F.3d 1355, 1366-68 (Fed. Cir. 2006). Other factors relevant to this inquiry
20 include “the relevance of the newly-discovered prior art, whether the request to amend is
21 motivated by gamesmanship, [and] the difficulty of locating the prior art.” *Acco Brands, Inc. v.*
22 *PC Guardian Anti-Theft Prods., Inc.*, No. C 04-03526, 2008 WL 2168379, at *1 (N.D. Cal. May
23 22, 2008). A stipulation may also satisfy the good cause requirement. *See Atmel Corp. v.*
24 *Authentec, Inc.*, No. C 06-2138, 2008 WL 276392, at *3 (N.D. Cal. Jan. 31, 2008). The party
25 seeking leave to amend has the burden of showing that good cause exists for the proposed
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27 ³ The 2001 version of the Patent Local Rules governs here because the underlying action
28 was filed before the March 1, 2008 effective date of the new rules. *See Seiko Epson Corp. v.*
Coretronic Corp., No. C 06-06946, 2008 WL 2563383, at *2 (N.D. Cal. June 23, 2008).

1 amendment. *See* Pat. L.R. 3-7; *O2 Micro*, 467 F.3d at 1366-67.

2 III. DISCUSSION

3 A. Addition of Rein Patent and Stanley Ring

4 Plaintiff opposes Crown Ring’s attempt to assert the Stanley ring and Rein patent
5 principally because of the Court’s prior denial of Benchmark’s request to include these references
6 in its amended invalidity contentions. However, the Court did not hold that the references at
7 issue should be excluded under all circumstances. Rather, as argued by Crown Ring, the order
8 applied only to Benchmark, which sought—without a prior stipulation—to add the Stanley ring
9 and Rein patent to its invalidity contentions. The Court concluded that Benchmark’s vague
10 representations regarding its search for the Stanley ring were insufficient to establish good cause.
11 *See West v. Jewelry Innovations, Inc.*, No. C 07-1812, 2008 WL 4532558, at *3 (N.D. Cal. Oct.
12 8, 2008) (to show good cause, “[t]he burden is on Benchmark to establish diligence, and merely
13 asserting that it made ‘diligent’ inquiries does not meet this burden.”). Likewise, the Court found
14 that Benchmark’s omission of the Rein patent from its initial invalidity contentions was
15 inadvertent and insufficient to establish diligence. *See id.* at *4 (“inadvertent omission does not
16 establish diligence.”).

17 The posture of the parties is different here. In contrast to Benchmark, which attempted to
18 amend its preliminary invalidity contentions unilaterally, Plaintiff and Crown Ring *stipulated*
19 that each party would be allowed to amend its respective contentions to “permit[] entry of
20 amendments based upon or arising directly from the content of evidence which has been made of
21 record through production of documents or fact witness depositions.” The stipulation does not
22 exclude any particular item of evidence as long as the evidence has been made of record through
23 document production or deposition testimony. Plaintiff’s argument that the Court’s prior ruling
24 excluded the Rein patent and Stanley ring references from the record mischaracterizes the scope
25 of the order. Other parties, such as Crown Ring, may utilize the Stanley Ring and Rein patent as
26 long as such use complies with applicable procedural rules and any agreements between the
27 parties. The Stanley ring clearly is part of the record, as counsel for Crown Ring was present at
28 the Stanley deposition. The Rein patent also is part of the record, as it was cited to the USPTO

1 during prosecution of at least one of the patents in suit, and presumably also was included in
2 Plaintiff's production of prosecution files to Crown Ring on November 3, 2008. In addition,
3 counsel for Plaintiff represented to Crown Ring that its amended invalidity contentions likely
4 would change in light of the amended infringement contentions filed by Plaintiff. *See* Trojan
5 Decl. Ex. 8 at 1 (Plaintiff's amended infringement contentions "will allow [Crown Ring]" to
6 better assess [its] positions as to whether or not [it] can prove invalidity for each element of each
7 asserted claim."). This statement opened the door to the inclusion of any prior art of record in
8 Crown Ring's amended invalidity contentions. Because the Court issued its prior order on
9 October 8, 2008, several weeks prior to the parties' stipulation, Plaintiff had ample opportunity
10 to carve out the Rein patent and Stanley ring from the stipulation if he had intended to do so.

11 Plaintiff also argues that even if there was a prior agreement to allow amendment, that
12 agreement applied only to one set of amendments for each party, and thus the instant motion
13 independently must satisfy the good cause requirement of Patent L.R. 3-7. The Court agrees that
14 if the motion to amend stood alone, Crown Ring would have to make an independent showing of
15 good cause. However, in light of the parties' stipulation, the Court need not determine whether
16 Crown Ring exercised diligence in its discovery of the Stanley ring or Rein patent because the
17 parties' stipulation is sufficient to show good cause.⁴ *See Atmel*, 2008 WL 276392, at *3. *See*
18 *also MEMC Elec. Materials v. Mitsubishi Materials Silicon Corp.*, No. C 01-4925, 2004 WL
19 5363616, at *4 n.3 (N.D. Cal. Mar. 2, 2004) (good cause requirement of applicable version of the
20 local patent rules was preceded by Civ. L.R. 16-9(c), which allowed amendment "(1) by
21 stipulation of the parties; or upon a showing to the Court of (2) 'excusable subsequent discovery
22 of new information' or (3) 'clearly excusable neglect.'").

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25 ⁴ Crown Ring's excuse for not including the Stanley ring in its prior contentions is that it
26 is a Canadian company without contacts to the tungsten ring industry in the United States.
27 However, that fact alone does not necessarily show that it could not have engaged in more
28 diligent discovery. In addition, the Rein patent was cited as a reference to the USPTO for at least
one of the patents at issue, and thus there appears to be little reason why it could not have been
cited in Crown Ring's initial preliminary infringement contentions.

1 This Order has been served upon the following persons:

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