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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

APPLE INC., a California corporation, Plaintiff, v. SAMSUNG ELECTRONICS CO., LTD., a Korean business entity; SAMSUNG ELECTRONICS AMERICA, INC., a New York corporation; SAMSUNG TELECOMMUNICATIONS AMERICA, LLC, a Delaware limited liability company, Defendants.	Case No. 11-cv-01846-LHK (PSG) **APPLE'S OPPOSITION TO SAMSUNG'S MOTION TO SUPPLEMENT INVALIDITY CONTENTIONS**

INTRODUCTION

Samsung served Invalidity Contentions in early October, claim construction has been fully

briefed and argued, and the parties are heading into expert discovery. Samsung now seeks to add

five new invalidity theories to the case. But Samsung fails to show good cause for these

additions. Such good cause requires diligence in obtaining the new information and a prompt

motion to supplement. Here, Samsung has done neither. Each of Samsung's five new alleged

prior art references could and should have been addressed months ago—whether in Samsung's

initial Invalidity Contentions or shortly thereafter.

Samsung claimed on <u>November 10</u> that it had good cause to add the Mac OS X,

version 10.0 and SuperClock references. Samsung wrote Apple on November 10, 2011,

alleging that it had good cause to amend its Invalidity Contentions to add both the Mac OS X 10.0

and SuperClock references. But Samsung undisputedly knew of these references even earlier, as

it questioned three deponents about these references in October. Having waited for two months

after its self-proclaimed good cause and at least three months after discovering these references to

file this motion, Samsung cannot show diligence. Although Samsung now claims that it required

source code from Apple to assert these references, no source code was required. Samsung's

proposed invalidity charts for SuperClock, for example, never refer to source code and rely solely

on information that it possessed in November.

Samsung raised Glimpse in an <u>August</u> deposition. Samsung's claim that it was unaware

of Glimpse until November is both puzzling and false. During an August 2011 deposition,

Samsung's counsel introduced an article relating to Glimpse and questioned a witness about that

article. Samsung then waited two months to contact the individual behind Glimpse and another

two months to "identify Glimpse as invalidating prior art." The Court's December 2 preliminary

injunction order does not justify Samsung's lack of diligence, as Samsung's motion to amend

came nearly two months later.

Samsung discovered the Cirque and Synaptics references at least by <u>October 7</u>.

Samsung must have believed that Cirque's touchpads were relevant at least by October 7, 2011,

when it included a Cirque patent in its initial Invalidity Contentions. Samsung nevertheless

1 waited three weeks to issue a document subpoena to Cirque. It then waited another three weeks

2 after receiving these documents, or until December 22, to issue a deposition subpoena to Cirque.

3 Samsung could not have acted diligently in waiting until late January to take a deposition

4 regarding potential prior art that it identified in early October.

5 The same is true of the Synaptics reference. Samsung concedes that it learned of this

6 reference during its initial prior art search in connection with its October 7, 2011 Invalidity

7 Contentions. (Motion at 13.) But Samsung delayed two months—until December 7—to

8 subpoena Synaptics, and over three months—until January 19—to depose Synaptics.

9 None of these actions show diligence. Samsung's request to supplement therefore should

10 be denied.

11 **PROCEDURAL HISTORY**

12 On October 7, 2011, Samsung served its 60-page initial Invalidity Contentions with

13 79 invalidity claim charts. (Declaration of Richard Hung in Support of Apple's Opposition

14 ("Hung Decl.") ¶ 2.) On November 1, 2011, Samsung asked that Apple produce a computer with

15 a Mac OS X 10.0 working copy, Mac OS X 10.0 source code, and SuperClock source code.

16 (Declaration of Alex Baxter in Support of Samsung's Motion ("Baxter Decl.") Ex. B.)

17 On November 8, 2011, Samsung wrote again to confirm Apple's production of the requested

18 items and code. (Hung Decl. Ex. A.)

19 On November 10, Samsung sent a letter to Apple listing eight prior art references. (Baxter

20 Decl. Ex. C.) In its letter, Samsung claimed that it had "good cause" to add these references to its

21 Invalidity Contentions, and it asked Apple to stipulate to their addition. (*Id.*) The eight

22 references included Mac OS X 10.0 and SuperClock. (*Id.*) Samsung did not attach any proposed

23 invalidity claim charts to its letter, however, instead providing only brief statements of the

24 references' alleged relevance. (*Id.*)

25 On November 16, the parties discussed Apple's production of Mac OS X 10.0 and

26 SuperClock items. (Hung Decl. Ex. B.) As part of these discussions, Samsung requested that

27 Apple waive any opposition to Samsung's motion to amend its Invalidity Contentions. (*Id.*)

28 Apple declined. (*Id.*)

1   Despite Samsung's representation on November 10 that it was ready to supplement its

2   Invalidity Contentions, Samsung did not do so. Instead, Samsung waited until January 2012 to

3   raise the issue of supplementation again. On January 5, 2012, Samsung wrote Apple about

4   adding the same eight prior art references—and then identified nine more references still,

5   including several related software applications. (Baxter Decl. Ex. H.) This raised the count to 17

6   new prior art references, including the Glimpse and Cirque references. (*Id.*) On January 8, 2012,

7   Apple asked that Samsung explain when it had first learned of each alleged prior art reference.

8   (Baxter Decl. Ex. I.) Samsung subsequently identified yet another prior art reference—the

9   Synaptics reference—raising the count to 18. (Baxter Decl. Ex. K.)

10   Samsung sent a letter to Apple misrepresenting when it discovered the prior art references,

11   as Apple pointed out in its reply. (Baxter Decl. Ex. N.) Many of the stated dates were

12   considerably later than when Samsung should have discovered (and in many cases, did discover)

13   the references. (*Id.*) Apple thus responded on January 26 stating that it would not stipulate to this

14   motion. (*Id.*) Later that evening, Samsung filed the present motion, seeking to supplement its

15   invalidity contentions with 5 of the 18 references addressed in its prior letters. With its motion,

16   Samsung for the first time provided invalidity claim charts for these references.

17   **LEGAL STANDARD**

18   Amendments to invalidity contentions require a timely showing of good cause. (Patent

19   L.R. 3-6.) This requires proof of diligence, *i.e.,* that the party promptly sought amendment after

20   discovering the new information. *O2 Micro Int'l Ltd. v. Monolithic Power Sys.*, 467 F.3d 1355,

21   1363, 1366-67 (Fed. Cir. 2006). A delay of even a few months may demonstrate a lack of

22   diligence. *See, e.g.*, *id.* at 1367 (delay of three months not diligent).

23   This Court is "decidedly conservative" towards amendment of infringement or invalidity

24   contentions. *Kilopass Tech., Inc. v. Sidense Corp.*, No. C-10-02066 SI, 2011 U.S. Dist. LEXIS

25   126837, at *3-4 (N.D. Cal. Nov. 2, 2011) (denying motion for leave to amend invalidity

26   contentions) (internal citation omitted). Such conservatism is "designed to prevent the 'shifting

27   sands' approach to claim construction." *Id.* For example, a motion to amend will be denied

28   where a party delayed seeking amendment in order to obtain more information and avoid possible

1 further amendment. *Genentech, Inc. v. Trs. of the Univ. of Pa.*, No. C 10-2037 LHK (PSG)

2 2011 U.S. Dist. LEXIS 81925, at *5-6 (N.D. Cal. July 27, 2011) (Grewal, J.). Similarly, a motion

3 will be denied where a party awaited a response to a request to stipulate. *O2 Micro*, 467 F.3d

4 at 1361 (affirming finding that negotiations over proposed stipulation did not justify delay in

5 amending contentions); *Oracle Am., Inc. v. Google Inc.*, No. C 10-03561 WHA, 2011 U.S. Dist.

6 LEXIS 87251, at *11 (N.D. Cal. Aug. 8, 2011) ("If Google was serious about amending its

7 invalidity contentions, it should not have gambled for *months* on the possibility that a stipulation

8 might be reached.").

9   Samsung bears the burden of establishing diligence. *O2 Micro*, 467 F.3d at 1366. Absent

10 diligence, the "good cause" inquiry ends—and the Court need not consider any alleged prejudice

11 arising from the belated amendment. *Id.* at 1367-68 (affirming denial of motion to amend and

12 holding there was "no need to consider the question of prejudice" where movant did not act

13 diligently); *accord Genentech, Inc. v. Trs. of the Univ. of Pa.*, No. 10-CV-02037-LHK, 2011 U.S.

14 Dist. LEXIS 108127, at *4 (N.D. Cal. Sept. 16, 2011) (Koh, J.).

15 **I.   SAMSUNG HAS NOT SHOWN GOOD CAUSE TO AMEND UNDER
    PATENT LOCAL RULE 3-6.**

16

17   Samsung did not move in a timely manner with respect to any of the five prior art

18 references addressed in its motion, and thus fails to carry its burden of showing good cause under

19 Patent Local Rule 3-6. Samsung knew of all five references months ago. Samsung claimed in

20 early November that it was ready to amend with respect to Mac OS X and SuperClock, but failed

21 to do so. Samsung's failure to pursue timely non-party discovery for the remaining three

22 references—Glimpse, Cirque, and Synaptics—results solely from its own lack of diligence.

23 Samsung's motion therefore should be denied.

24 **A.   Samsung Could Have Raised Its Invalidity Theories Concerning Mac
    OS X (Chart M-15) Much Earlier.**

25

26   Samsung has been aware of Mac OS X for months. During an October 14, 2011

27 deposition, Samsung asked about certain pictures on the '891 patent that Samsung believed were

28 from Mac OS X. (Baxter Decl. Ex. N; Hung Decl. Ex. C (Chaudhri Depo. at 13:5-7).) A month

1 later, on November 10, 2011, Samsung represented that it already had good cause to supplement

2 its Invalidity Contentions with Mac OS X 10.0. (Baxter Decl. Ex. C.) Nevertheless, Samsung

3 waited over two more months to finally move to supplement—a total of over three months from

4 the time it first became aware of this material.

5 Samsung cites only one inapposite case in support of its belated request: *Bd. of Trs. of*

6 *The Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, No. C-05-04158 MHP,

7 2008 U.S. Dist. LEXIS 16556 (N.D. Cal. Mar. 4, 2008). In *Roche,* the court ruled that, because

8 Stanford had served its actual amended contentions five months before it filed its motion to

9 amend, Stanford's motion should be granted. 2008 U.S. Dist. LEXIS 16556, at *7. Stanford's

10 non-compliance with the Patent Local Rules was purely a formal one, as the other party already

11 had the exact contentions that were eventually filed with the Court.

12 By contrast, Samsung did not provide Apple with *any* amended contentions before filing

13 its motion on January 26, 2012. Although identifying and then repeatedly adding references

14 during the intervening months, Samsung never indicated exactly how it intended to apply these

15 references to the specific asserted claims. In this way, Samsung's prior correspondence masked

16 the relative importance of the identified references. This is clear from the fact that Samsung's

17 motion addresses only 5 of the 18 identified references. (Baxter Decl. Exs. H, K.) Samsung's

18 remaining excuse—that it needed access to a working computer running Mac OS X 10.0 and the

19 corresponding source code before it could supplement its Invalidity Contentions—contradicts

20 Samsung's earlier position in its November 10, 2011 letter that it already had good cause to

21 amend. Indeed, Samsung's letter acknowledged it already had a working computer running Mac

22 OS X 10.0. (Baxter Decl. Ex. C.)

23 As to source code, Samsung's draft Mac OS X invalidity chart confirms that Samsung did

24 not need it for its proposed amendments. (Briggs Decl. Ex. 4.) The vast majority of the chart

25 contains descriptions of and screenshots from Samsung's experimentation with the working copy

26 of Mac OS X it has had since at least November. (Baxter Decl. Ex. C; Briggs Decl. Ex. 4.) The

27 limited citations to source code are either unnecessary or redundant. For example, Samsung's

28 invalidity chart refers to code for the '891 patent's "starting a timer" limitation, but instead could

have referenced Samsung's experimentation with its working copy of Mac OS X. (Briggs Decl. Ex. 4) That Samsung subsequently learned additional technical details about Mac OS X does not excuse its failure to move earlier. *See Genentech*, 2011 U.S. Dist. LEXIS 81925, at *5-6; *CBS Interactive, Inc. v. Etilize, Inc.*, 257 F.R.D. 195, 201-03 (N.D. Cal. 2009) (denying motion to amend invalidity contentions and holding that party should have sought to amend "immediately after" depositions in which it learned of prior art, not months later after investigating technical details).

B.   Samsung Also Could Have Raised Its Invalidity Theories Concerning SuperClock (Chart D-8) Much Earlier.

Samsung knew of SuperClock by October 26, 2011, when Samsung questioned Steven Christensen about this reference at his deposition. (Baxter Decl. Ex. N.; Hung Decl. Ex. D (Christensen Depo. at 161:21-25).) And like Mac OS X 10.0, Samsung claimed on November 10 that it already had a working copy of SuperClock and had good cause to amend its Invalidity Contentions. (Baxter Decl. Ex. C.) Nevertheless, Samsung waited over two more months to seek the Court's leave to amend.

Samsung's claim that it needed source code to amend is contradicted by its new invalidity contentions, which do not refer to source code. (Briggs Decl. Ex. 5.) Samsung's proposed invalidity claim chart for SuperClock shows only i) screenshots from the working copy of SuperClock (which Samsung admittedly possessed before November 10), and ii) quotes from a readme.txt file (which Samsung had in October). (*Id.*) Samsung thus could have filed the exact same invalidity chart for SuperClock back in early November 2011.

C.   Samsung Also Could Have Raised Its Invalidity Theories Concerning Glimpse (Chart G-8) Much Earlier.

Samsung knew of Glimpse and its alleged relevance in August 2011. During a deposition that month, Samsung questioned a witness about Glimpse at length. (Baxter Decl. Ex. N.; Hung Decl. Ex. E (Balakrishnan Depo. at 219-21, 225-228).) The deposition transcript makes clear that Samsung not only knew about this reference, but its citation during reexamination of the asserted '381 patent. (Hung Decl. Ex. E at 219:2-5 ("I've marked as Exhibit 107 . . . the Glimpse prior art

that was referenced in the reexamination prosecution history.").) Despite its long knowledge of

Glimpse, Samsung chose to exclude Glimpse from its initial Invalidity Contentions. It also

delayed raising this matter for five months. Samsung's request to add Glimpse should be denied.

Samsung's excuses for delay ring hollow. For example, Samsung's claim that, "[a]t the

end of November 2011, Samsung [first] discovered a program called Glimpse, developed by

Cliff Forlines" (Mot. at 10), is false in light of the August 2011 deposition. Samsung further

concedes that it delayed contacting Mr. Forlines until early October, nearly *two months* after the

August deposition. (*Id.*) While Samsung then alleges that it "did not identify Glimpse as

invalidating prior art until November 29, 2011," this is almost two *more* months after it contacted

Mr. Forlines. (*Id.*) Samsung then admittedly waited *another* two months to install a functional

version of Glimpse. (*Id.*) Samsung's actions do not show diligence, but the opposite.

Nor does the Court's December 2, 2011 preliminary injunction ruling justify Samsung's

lack of diligence. Samsung does not explain why it waited nearly two more months after that

ruling to seek leave to supplement its contentions. This Court has denied motions to amend based

on comparable delays. *See, e.g.*, *Oracle*, 2011 U.S. Dist. LEXIS 87251, at *12-13 (denying

motion to supplement where Defendant waited one month after claim construction to request

leave to move to supplement invalidity contentions, then waited another month to move).

> **D. Samsung Also Could Have Raised Its Invalidity Theories Concerning Cirque GlidePoint (Chart V-10) and the Synaptics Patent (Chart P-12) Much Earlier.**

Samsung indisputably knew of the potential relevance of Cirque touchpads by October 7.

This is because it included a Cirque patent in its initial Invalidity Contentions. Yet Samsung

waited three weeks after serving its Invalidity Contentions to issue a document subpoena (without

a deposition notice) on Cirque. (Hung Decl. Ex. F.) When the documents arrived, Samsung

waited another three weeks to issue a deposition subpoena on Cirque for a deposition that took

place on January 19, 2012. (Hung Decl. Exs. G, H.)

Samsung admits it was aware of the potential relevance of the exact Synaptics patent it

now seeks to cite in its supplemental Invalidity Contentions on October 7. (Motion at 13.)

1 Yet Samsung waited a full two months to subpoena Synaptics on December 7 for a deposition on

2 January 19, 2012. (Hung Decl. Exs. I, J.)

3   Having known of the potential relevance of both Cirque and Synaptics by October 7,

4 2011, Samsung has no excuse for its long delays in pursuing related nonparty discovery.

5 Samsung failed to take nonparty depositions between *October 7* and *late January*—discovery that

6 it now claims was necessary to supplement its Invalidity Contentions. As this Court has ruled, a

7 party's own delays in seeking non-party discovery do not establish diligence. *See, e.g.*, *Network*

8 *Appliance Inc. v. Sun Microsystems Inc.*, No. C-07-06053 EDL, 2009 U.S. Dist. LEXIS 83090,

9 at *8-11 (N.D. Cal. Aug. 31, 2009) (denying motion for leave to amend infringement contentions

10 given delay in seeking non-party discovery).

11   **II.   GRANTING SAMSUNG'S MOTION WOULD PREJUDICE APPLE.**

12   Where, as here, the moving party cannot show diligence, a court need not consider the

13 prejudice to the non-moving party. *O2 Micro Int'l*, 467 F.3d at 1368; *Genentech*, 2011 U.S. Dist.

14 LEXIS 108127, at *4. If the Court chooses to reach this question, however, Samsung's late

15 supplementation is prejudicial. Apple analyzed its claim construction positions, completed its

16 claim construction briefing, and then presented these arguments at the January 20, 2012 hearing

17 without the benefit of Samsung's full positions on invalidity.

18   Samsung's purported "notice" to Apple does not eliminate this prejudice. For the

19 Glimpse and Cirque references, Samsung did not signal its intent to amend its Invalidity

20 Contentions to add them until January 5—after claim construction briefing had concluded.

21 Samsung also did not raise the Synaptics reference until January 24, after the *Markman* hearing.

22   Nor did Samsung provide sufficient notice to avoid prejudice relating to its addition of

23 Mac OS X 10.0 and SuperClock. Although Samsung referred to these references in its

24 November 10 letter, that letter also addressed six other prior art references that Samsung has since

25 dropped. None of Samsung's correspondence during this period provided invalidity charts

26 sufficient to satisfy Patent Local Rule 3-6. Apple was thus forced to guess a) which of the 8 (and

27 later 18) references Samsung actually considered relevant; b) which of the references Samsung

28 actually would move to include; and c) how Samsung actually intended to apply those references

1   in its invalidity charts. Samsung, by contrast, had the full benefit of its proposed invalidity

2   positions and prepared its claim construction positions accordingly.

3   Samsung's approach is exactly what the Patent Local Rules are meant to prohibit. The

4   Patent Local Rules exist to ensure patent cases are litigated in a fair and orderly fashion and to

5   give parties adequate information with which to litigate their cases. *See IXYS Corp. v. Advanced*

6   *Power Tech., Inc.*, No. C-02-03942 MHP, 2004 U.S. Dist. LEXIS 10934, at *8 (N.D. Cal.

7   June 16, 2004). Samsung's delays in seeking amendment of its Invalidity Contentions deprived

8   Apple of critical information during the claim construction process. This lack of diligence should

9   not be rewarded.

10   **CONCLUSION**

11   Samsung knew about two of the proposed five new references as early as October, and it

12   believed by early November that it had good cause to seek supplementation. As for the other

13   three, Samsung knew that they might be relevant by August or October, but waited for months to

14   seek related nonparty discovery. This does not demonstrate diligence, and Samsung's motion

15   should be denied.

16

17   Dated: February 9, 2012   MORRISON & FOERSTER LLP

18

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