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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

VIA TECHNOLOGIES, INC. (A
CALIFORNIA CORPORATION), et al.,

Plaintiffs,

v.

ASUS COMPUTER INTERNATIONAL, et
al.,

Defendants.

Case No.14-cv-03586-BLF (HRL)

**ORDER DENYING LEAVE TO AMEND
INFRINGEMENT CONTENTIONS**

Re: Dkt. Nos. 189, 190

In the present motion before the court, plaintiffs Via Technologies, Inc. (California), Via Technologies, Inc. (Taiwan), and Via Labs, Inc., (together, “VIA”) seek to amend their patent infringement contentions to address a claim construction ruling by the court that VIA asserts differs from the one it proposed. Dkt. No. 189. Defendants ASUS Computer International, ASUSTeK Computer, Inc., and ASMedia Technology, Inc. (together, “Defendants”), oppose the motion. Dkt. No. 196. For the reasons described below, the court denies VIA’s motion for leave to amend its infringement contentions.

BACKGROUND

VIA served its initial infringement contentions regarding U.S. Patent No. 7,313,187 (“the ‘187 Patent”) in 2015. Claim number one of the ‘187 patent includes a term: “a parallel-to-serial unit which receives a parallel data to serialize the parallel data into a serial data and a delayed serial data.” Dkt. No. 176. While VIA proposed that the court adopt in its claim construction order the plain meaning of this term, the court instead adopted Asus’s proposed construction, construing the term as a “means-plus-function” limitation in its order of August 19, 2016. *Id.* Defendants assert that VIA first had notice of the means-plus-function construction in November

1 2015, when defendants filed their Patent Local Rule 4-1 disclosures. Dkt. No. 196, Bakhar Decl.,
2 Ex. 5.

3 VIA first notified Defendants of its intent to amend its infringement contentions more than
4 one month after the claim construction order, on September 26, 2016, in an e-mail asking whether
5 the defendants would oppose a motion to amend. Dkt. No. 196, Bakhar Decl., at ¶ 2. Defendants
6 responded on the same day, inquiring into the basis for the proposed amendment and asking for a
7 redlined version of the amended contentions. *Id.* at ¶ 3. On October 4, 2016, VIA explained that
8 the amendments would be based on the court’s claim construction and promised a redlined draft.
9 *Id.* at ¶ 4. One month later, and a little more than two-and-a-half months after the court’s claim
10 construction order, on November 6, 2016, VIA served its proposed amended infringement
11 contentions and a redlined version showing the changes from the previous contentions. *Id.* at ¶ 5.
12 VIA filed its motion to amend with the court on November 18, 2016, three months after the claim
13 construction order and the same day that fact discovery closed. Dkt. No. 174.

14 LEGAL STANDARD

15 The patent local rules “require parties to crystallize their theories of the case early in
16 litigation and to adhere to those theories once they have been disclosed.” *DCG Sys. V. Checkpoint*
17 *Techs., LLC*, No. C 11-03792 PSG, 2012 WL 1309161, at *2 (N.D. Cal. Apr. 16, 2012) (quoting
18 *O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1366 n.12 (Fed. Cir. 2006)).
19 While the patent local rules’ policy toward amending infringement contentions leans conservative,
20 the patent local rules “are not a straitjacket into which litigants are locked from the moment their
21 contentions are served. There is a modest degree of flexibility, at least near the outset.” *Id.*
22 (quoting *Halo Elecs., Inc. v. Bel Fuse Inc.*, No. C 07-06222 RMW (HRL), 2010 WL 349593, at *1
23 (N.D. Cal., Sep. 3, 2010).

24 Patent Local Rule 3.6 governs the amendment of infringement contentions. It states that
25 amendments “may be made only by order of the Court upon a timely showing of good cause.”
26 Patent L.R. 3-6. Courts evaluating requests for leave to amend apply a two-step analysis to
27 determine if there is good cause: “first the court must determine whether the non-moving party
28 was diligent in amending its contentions; second[,] the court must determine whether the non-

1 moving party would suffer undue prejudice if the motion to amend were granted.” *DCG Sys.*,
2 2012 WL 1309161, at *3. In establishing good cause, the burden is on the moving party to show
3 diligence. *Apple Inc. v. Samsung Elecs. Co., Ltd.*, No. CV 12-00630 LHK, 2012 WL 5632618, at
4 *2 (N.D. Cal. Nov. 15, 2012). One circumstance that may, absent prejudice to the non-moving
5 party, support a finding of good cause is “[a] claim construction by the Court different from that
6 proposed by the party seeking amendment.” Patent L.R. 3-6(a). But a differing claim
7 construction “in and of itself does not constitute good cause” to amend; “the moving party must
8 still establish its diligence.” *Tech. Props. Ltd. LLC v. Canon Inc.*, No. 14-3643, 2016 WL
9 1360756, at *3 (N.D. Cal. Apr. 6, 2016) (quoting *Verinata Health, Inc. v. Sequenom, Inc.*, No. C
10 12-00875 SI, 2014 WL 789197, at *2 (N.D. Cal. Feb. 26, 2014)).

11 DISCUSSION

12 VIA asserts that good cause exists to allow it to amend its infringement contentions
13 because the court adopted a different claim construction from the one it proposed. Dkt. No. 189.
14 VIA justifies the delay between the court’s claim construction ruling and its motion to amend by
15 pointing to a case, *Vasudevan Software, Inc. v. Int’l Bus. Machines Corp.*, No. C09-05897 RS
16 (HRL), 2011 WL 940263, at *3 (N.D. Cal. Feb. 18, 2011), in which a four-month delay was
17 deemed acceptable, and by explaining that part of the delay can be attributed to its expert’s efforts
18 in responding to a prior discovery order of this court, Dkt. No. 197. Additionally, VIA asserts that
19 the defendants will not be prejudiced by its amendments because they received the proposed
20 changes a week before deposing experts on technical issues and because the rebuttal expert report
21 deadline was not until January 27, 2017. *Id.*

22 In response, Defendants assert that delaying the filing of a motion to amend for three
23 months after the court’s claim construction order and waiting until the last day of fact discovery is
24 not diligent. Defendants also argue that they will be prejudiced because they will not have the
25 opportunity to conduct any additional discovery related to the proposed amendment, which they
26 claim constitutes a new theory of infringement. Dkt. No. 196.

27 As an initial matter, the court must determine from when it must measure VIA’s diligence
28 in moving to amend. Courts in this district disagree about the relevant starting time. *Tech. Props.*

1 *Ltd., LLC v. Canon Inc.*, No. 14-cv-3643, 2016 WL 1360756, at *3-4 (N.D. Cal. Apr. 6, 2016)
2 (discussing the split). For example, in *Chimar Systems v. Cisco Systems*, the court stated that
3 Patent Local Rule 3-6 does not require parties to move to amend prior to the issuance of the claim
4 construction order and measured the moving party's diligence from the date of that order. No. 13-
5 cv-01300-JSW (MEJ), 2015 U.S. Dist. LEXIS 73935, at *17 (N.D. Cal. May 14, 2015). In
6 contrast, in *Cisco Systems, Inc. v. Teleconference System, LLC*, the court held that the date on
7 which the moving party first received notice of the adverse construction from the opposing party
8 was the appropriate starting date, as "that is when [the moving party] first became aware of the
9 risk that the district court could adopt [the adverse] construction." No. 10-cv-05740 JSW (NC),
10 2012 WL 9337627 (N.D. Cal. June 11, 2012); *see also Verinata Health, Inc. v. Sequenom, Inc.*,
11 No. C 12-00865 SI, 2014 WL 789197 (N.D. Cal. Feb. 26, 2014) (measuring diligence from the
12 time that the moving party first received notice of the proposed adverse construction).

13 The court is persuaded that the relevant time from which to measure diligence when (as
14 here) the court adopts the opposing party's construction is the date the moving party receives
15 notice of that construction, as this is when diligent preparations could begin. *Karl Storz*
16 *Endoscopy-America, Inc. v. Stryker Corp.*, No. 14-cv-00876-RS (JSC), 2016 WL 7386136, at *4
17 (N.D. Cal. Dec. 21, 2016). This is not to say that the moving party must draft its proposed
18 amendments the very next day; but a diligent party would prepare so that it would be ready to
19 respond expeditiously to the court's issuance of an adverse claim construction order.

20 Here, VIA has had notice of the adverse claim construction ultimately adopted by the court
21 since it appeared in the defendant's patent local rule disclosures in November 2015. But even
22 measuring from the court's claim construction order, VIA has not established diligence. VIA
23 waited two-and-a-half months before serving its proposed amendments, and it waited another two
24 weeks to file those amendments with the court. Courts in this district have found that such delays
25 do not constitute diligence. *Verinata Health, Inc. v. Sequenom, Inc.*, No. C 12-00865 SI, 2014 WL
26 789197, at *3 (N.D. Cal. Feb. 26, 2014) (finding that the moving party was not diligent when it
27 served its proposed amendments two-and-a-half months after the claim construction order and
28 filed its motion two weeks later); *see also O2 Micro Int'l Ltd. v. Monolithic Power Sys., Inc.*, 467

1 F.3d 1355, 1367 (Fed. Cir. 2006) (finding no diligence where the moving party waited three
2 months to serve its proposed amended contentions). Additionally, the court is not persuaded that
3 VIA's stated reason for its schedule excuses the delay. Though responding to this court's
4 discovery order may have been time-consuming, that order did not issue until October 12, 2016, at
5 which time nearly two months had already passed since the court's claim construction order. VIA
6 offers no explanation for its delays between August 19 and October 12.

7 Finally, the court is not convinced that VIA's e-mail of September 26, 2016, provided
8 sufficient notice of the proposed amendments to the defendants to support a finding of diligence.
9 The e-mail says, simply, "Please advise us whether Defendants will oppose a motion by VIA to
10 amend its infringement contentions under Patent L.R. 3-6 based on the Court's claim construction
11 ruling." Dkt. No. 196, Bhakar Decl., Ex. 1. At the hearing on this motion, VIA argued that, based
12 on the claim construction order, this e-mail should have made the subject of its proposed
13 amendments obvious to the defendants. But the e-mail contains no information about the scope or
14 nature of the proposed amendments, and an e-mail so thin on detail does not suffice to
15 demonstrate VIA's diligence in moving to amend. Similarly, the October 4, 2016, e-mail from
16 VIA promises a copy of the proposed amendments but also does not provide any specifics about
17 the amendments themselves. Dkt. No. 196, Bhakar Decl., Ex. 3.

18 Finally, the case VIA cites to support its argument that three months is not too long to
19 establish diligence is distinguishable. In *Vasudevan Software, Inc. v. International Business*
20 *Machines Corp.*, the court found that a party was diligent despite a four-month delay when its
21 reason for seeking an amendment was new information obtained in discovery. No. C09-05897 RS
22 (HRL), 2011 WL 940263, at *3 (N.D. Cal. Feb. 18, 2011). Because the new information was
23 unclear, the court determined that a longer investigation was justified. *Id.* Here, however, the
24 basis for the proposed amendment is an adverse claim construction. VIA had notice of the
25 construction that was ultimately adopted starting in late 2015. Under these circumstances, the
26 court is not persuaded that VIA has acted diligently in moving to amend.

27 If the court determines that the party seeking leave to amend has not acted diligently, there
28 is no need to consider the question of prejudice to the non-moving party. *O2 Micro Int'l Ltd. v.*

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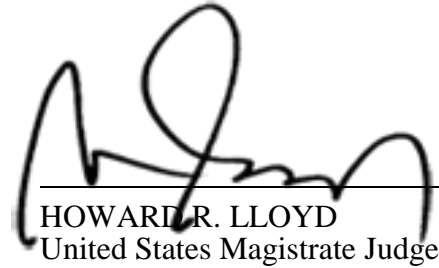
Monolithic Power Sys., Inc., 467 F.3d 1355, 1368 (Fed. Cir. 2006). The court thus declines to consider the question of prejudice, especially given that fact discovery has already closed.

CONCLUSION

For the reasons explained above, the court denies VIA’s motion for leave to amend its infringement contentions.

IT IS SO ORDERED.

Dated: 1/30/2017



HOWARD R. LLOYD
United States Magistrate Judge