

1 The Court's case management order was issued on December 21, 2011, and
2 required the filing of preliminary infringement contentions on or before January 4, 2012. A two
3 week period in which to set forth infringement contentions is standard in this district and should
4 not have come as a surprise to ArrivalStar or its counsel. A similar period is provided by default
5 in Local Patent Rule 120 in order "to streamline the pre-trial and claim construction process, and
6 generally to reduce the cost of patent litigation." Local Patent Rule 101. Courts in this district
7 expect that a party asserting a claim of patent infringement has, at the time of filing, information
8 sufficient to support the claim and is therefore prepared to state its infringement contentions
9 early in the litigation. If, as ArrivalStar weakly suggests in its motion, the intervening holidays
10 made compliance with the January 4th deadline difficult, ArrivalStar should have filed a timely
11 motion to extend and set forth the circumstances that established "good cause." No such motion
12 was filed, and there is no indication that counsel was unavailable during the relevant period.

13 Nor did Enroute Systems trick ArrivalStar into non-compliance with the Court's
14 order. The documents submitted in support of ArrivalStar's motion for relief from deadline do
15 not support an inference that Enroute Systems acted in bad faith, attempted to fool ArrivalStar,
16 or otherwise agreed to put this litigation "on hold." A week after the Court issued its case
17 management order, ArrivalStar contacted Enroute Systems to see if it was interested in resolving
18 the litigation quickly. ArrivalStar recounted the history of the dispute and sweetened a
19 settlement proposal that had been made in December 2010.¹ Opposing counsel did not respond
20 until January 3, 2012, at which point he simply noted that he was hoping to meet with his client
21 later in the week and would get back to ArrivalStar later. Enroute Systems did not suggest that
22 settlement was likely or indicate that the litigation deadlines would be held in abeyance. The
23 infringement contentions were due the next day and yet ArrivalStar made no attempt to negotiate

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25 ¹ Although ArrivalStar asserts that this communication was in response to a request from
26 Enroute, there is no evidence to support such an assertion and there is no indication that the alleged
request was in any way misleading.

1 a stipulated extension of the deadline or to seek relief from the Court. If, as ArrivalStar states in
2 its memorandum, it believed the litigation was “on hold,” that belief was not reasonable given
3 the nature of the communications, the pending case management deadlines, and the explicit
4 requirement for judicial consent in both the Federal Rules of Civil Procedure and the case
5 management order.

6 Finally, ArrivalStar argues that an extension is appropriate because, without one,
7 its infringement contentions may not be heard on the merits and ArrivalStar’s litigation position
8 will be prejudiced. The Court has a strong preference for resolving matters on their merits.
9 However, a review of the governing rules and case law make clear that parties in federal court
10 are not free to ignore the deadlines established in a case management order. Rule 16 was
11 amended in 1983 to require scheduling orders that govern pre-trial as well as trial procedure.
12 The purpose of the change was to improve the efficiency of federal litigation: leaving the parties
13 to their own devices until shortly before trial was apparently costly and resulted in undue delay.
14 Under the new rule, once a case management schedule issues, changes will be made only if the
15 movant shows “good cause.”

16 Rule 16(b)’s “good cause” standard primarily considers the diligence of the party
17 seeking the amendment. The district court may modify the pretrial schedule “if it
18 cannot reasonably be met with the diligence of the party seeking the extension.”
19 Fed. R. Civ. P. 16 advisory committee’s notes (1983 amendment)

20 Johnson v. Mammoth Recreations, Inc., 975 F.2d 604, 609 (9th Cir. 1992). See also Zivkovic v.
21 S. Cal. Edison Co., 302 F.3d 1080, 1087-88 (9th Cir. 2002) (where plaintiff failed to
22 “demonstrate diligence in complying with the dates set by the district court,” good cause was not
23 shown). Prejudice to the moving party, standing alone, does not supply the necessary “good
24 cause.” Johnson, 975 F.2d at 609 (“Although the existence or degree of prejudice to the party
25 opposing the modification might supply additional reasons to deny a motion, the focus of the
26 inquiry is upon the moving party’s reasons for seeking modification. . . If that party was [sic]
not diligent, the inquiry should end.”) (emphasis added).

1 In Johnson, plaintiff sought an extension of time in which to add as a party the
2 actual owner of the ski resort at which plaintiff was injured. The incorrectly-named party moved
3 for summary judgment after the joinder cut-off date had passed. The district court granted the
4 dispositive motion and declined to allow plaintiff to amend his complaint. The Ninth Circuit
5 reviewed the discovery record and found that the named defendant had not hidden relevant facts
6 or attempted to mislead plaintiff regarding the real parties in interest.

7 The burden was upon [plaintiff] to prosecute his case properly. He cannot blame
8 [the named defendant] for his failure to do so. The simple fact is that his attorneys
9 filed pleadings and conducted discovery but failed to pay attention to the responses
10 they received. That is precisely the kind of case management that Rule 16 is
designed to eliminate. It is one of the reasons that the district courts have been
forced to assume the burdens of case management themselves.

11 Id. at 610. In the absence of reasonable diligence in complying with the case management
12 deadlines, plaintiff could not establish good cause for the requested modification. The fact that
13 plaintiff lost his claim (i.e., suffered substantial legal prejudice) was not a substitute for the
14 necessary good cause. Applying the analysis in Johnson to this case means that, having failed to
15 show that it acted with reasonable diligence, ArrivalStar’s potential inability to pursue its claim
16 of infringement does not establish good cause for the requested extension.

17 There is no question that this is a harsh result for defendant. However, the policy
18 judgments that prompted the adoption of Rule 16(b) serve the larger interests of judicial
19 efficiency and economy, not just the interests of individual litigants. In addition, there is a clear
20 trend among appellate courts to focus the Rule 16(b)(4) analysis on the movant’s diligence,
21 rather than competing claims of prejudice. See Oravec v. Sunny Isles Luxury Ventures, L.C.,
22 527 F.3d 1218, 1232 (11th Cir. 2008) (the “good cause” standard “precludes modification [of the
23 scheduling order] unless the schedule cannot be met despite the diligence of the party seeking
24 the extension.”); O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc., 467 F.3d 1355, 1367-68
25 (Fed. Cir. 2006) (because the movant had not acted diligently in seeking an extension of the
26 infringement contention deadline, there was “no need to consider the question of prejudice to the

1 non-movant”); Rahn v. Hawkins, 464 F.3d 813, 822 (8th Cir. 2006) (“The primary measure of
2 good cause is the movant’s diligence in attempting to meet the order’s requirements.”);
3 O’Connell v. Hyatt Hotels of Puerto Rico, 357 F.3d 152, 155 (1st Cir. 2004) (“Indifference by
4 the moving party seals off this avenue of relief irrespective of prejudice because such conduct is
5 incompatible with the showing of diligence necessary to establish good cause.”) (internal
6 quotation marks and alterations omitted); Zivkovic, 302 F.3d at 1087 (“If the party seeking the
7 modification was not diligent, the inquiry should end and the motion to modify should not be
8 granted.”) (internal quotation marks omitted); Parker v. Columbia Pictures Indus., 204 F.3d 326,
9 340 (2nd Cir. 2000) (“[A] finding of ‘good cause’ depends on the diligence of the moving
10 party.”). But see Leary v. Daeschner, 349 F.3d 888, 906-09 (6th Cir. 2003) (considering both
11 the moving party’s diligence and prejudice to the opposing party when evaluating a motion to
12 extend a case management deadline). Where diligence, and therefore good cause, have not been
13 shown, the district court runs the risk of reversal should it ignore the requirements of Rule 16(b).
14 See Sherman v. Winco Fireworks, Inc., 532 F.3d 709 (8th Cir. 2008) (reversing jury verdict in
15 favor of defendant on newly-added preemption defense where amendment was not justified by
16 good cause).

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18 For all of the foregoing reasons, the Court finds that ArrivalStar has not shown
19 good cause for failing to meet the infringement contention deadline. Its motion for an extension
20 of that deadline is therefore DENIED pursuant to Fed. R. Civ. P. 16(b).

21 Dated this 28th day of March, 2012.

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23 Robert S. Lasnik

24 United States District Judge