THE HONORABLE RICHARD A. JONES

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

ALLVOICE DEVELOPMENTS US, LLC,

Plaintiff,

v.

MICROSOFT CORPORATION,

Defendant.

CASE No. 2:10-cv-02102-RAJ

ORDER DENYING PLAINTIFF'S MOTION FOR LEAVE TO AMEND INFRINGEMENT CONTENTIONS

This matter comes before the court on Plaintiff Allvoice Developments US, LLC's ("Allvoice") motion for leave to amend its infringement contentions. Dkt. # 177. Plaintiff seeks leave to amend the infringement contentions to incorporate changes that "relate to two claim constructions by this Court that differed from Allvoice's proposals," and to provide "technical corrections or clarifications … to avoid confusion." *Id.* at 2. Plaintiff argues that the amendment is supported by good cause and will result in no prejudice to Defendant Microsoft Corporation ("Microsoft"). Defendant opposes the amendment on the grounds of undue delay or unfair prejudice. Dkt. # 179.

Local Patent Rule 124 allows for amendments of infringement contentions "only by order of the Court upon a timely showing of good cause." W.D. Wash. Local Patent

Rule 124. Non-exhaustive examples of circumstances that may, absent undue prejudice to the non-moving party, support a finding of good cause include:

> (a) a claim construction by the Court different from that proposed by the party seeking amendment; (b) recent discovery of material prior art despite earlier diligent search; and (c) recent discovery of nonpublic information about the Accused Device which was not discovered, despite diligent efforts, before the service of the Infringement Contentions.

Id. In determining whether good cause to amend infringement contentions exists, this District follows a two-part test: first, examining the diligence of the moving party; and second, upon a finding of diligence, examining the prejudice to the non-moving party.[1] *REC Software USA, Inc. v. Bamboo Solutions Corp.*, No. C11–0554JLR, 2012 WL 3527891, at *2-3 (W.D. Wash. Aug. 15, 2012); *see also Acer, Inc. v. Tech. Prop. Ltd.*, No. 08-CV-00877, 2010 WL 3618687, at *3 (N.D. Cal. Sept. 10, 2010).[2] If the moving party has not demonstrated diligence, there is no need for the Court to consider the question of prejudice. *O2 Micro Int'l Ltd. v. Monolithic Power Sys*., *Inc*., 467 F.3d 1355, 1367-68 (Fed. Cir. 2006). A determination of whether the moving party has demonstrated diligence is within the sound discretion of the trial court. *See MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1380 n.5 (Fed. Cir. 2005). The burden is on the party seeking to amend its infringement contentions to establish diligence rather than on the opposing party to establish a lack of diligence. *O2 Micro*, 467 F.3d at 1366.

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[1] Allvoice is mistaken in its belief that the liberal policy for amending pleadings in Fed. R. Civ. P. 15(a) and *Foman v. Davis*, 371 U.S. 178 (1962) govern whether the Court should grant leave to amend infringement contentions. *See* Fed. R. Civ. P. 16(b); *Johnson v. Mammoth Recreations, Inc*., 975 F.2d 604, 608 (9th Cir. 1992) (explaining that once the district court enters a scheduling order, the order controls the subsequent course of action, unless modified under Fed. R. Civ. P. 16); *Deep9 Corp. v. Barnes & Noble, Inc*., 2012 WL 4336726, at *14 (W.D. Wash. Sept. 21, 2012) (holding that the party seeking to modify the scheduling order must demonstrate good cause under Fed. R. Civ. P 16(b)).

[2] With relatively little precedent on the issue of amending infringement contentions in this District and due to the similarity between the language of this District's Local Patent Rules and the local patent rules for the Northern District of California, the Court finds interpretations of those rules useful. *REC Software*, 2012 WL 3527891, at *3 n.4.

This District's Local Patent Rules are designed, *inter alia*, as a mechanism for shaping the conduct of discovery and trial preparation by requiring the parties to provide early notice of their infringement contentions, and to proceed with diligence in amending those contentions. *REC Software*, 2012 WL 3527891, at *2 (quoting *O2 Micro*, 467 F.3d at 1365-66). Although federal courts are generally lenient in allowing parties to amend pleadings, this is not the case with amending infringement contentions. *See LG Electronics, Inc. v. Q-Lily Computer, Inc*., 211 F.R.D. 360, 367 (N.D. Cal. 2002). The Local Patent Rules are designed to avoid "vexatious shuffling of positions" that could occur if the parties are permitted to freely modify their infringement contentions at any point in the action. *JSR Corp. v. Tokyo Ohka Kogyo Co*., 2001 WL 1812378, at *5 (N.D. Cal. Sept. 13, 2001). As one court explained:

> The patent local rules were adopted by this district in order to give claim charts more "bite." The rules are designed to require parties to crystallize their theories of the case early in the litigation and to adhere to those theories once they have been disclosed.... Unlike the liberal policy for amending pleadings, the philosophy behind amending claim charts is decidedly conservative, and designed to prevent the "shifting sands" approach to claim construction.

LG Electronics, 211 F.R.D. at 367 (quoting *Atmel Corp. v. Information Storage Devices, Inc*., WL 775115 (N.D. Cal. Nov. 5, 1998)).

A brief sequence of events is helpful to the analysis of this case. Allvoice represents that on July 23, 2010, it served its currently operative infringement contentions. On September 3, 2010, Allvoice and Microsoft submitted the Joint Claim Construction Chart that included both parties' proposed claim constructions of the disputed terms. Dkt. # 180. In its December 21, 2011 *Markman* order, the Court, among other things, construed certain claim terms in a manner unfavorable to Allvoice. Dkt. # 166. On January 4, 2012, Allvoice asked the Court for reconsideration of the *Markman* order (Dkt. # 169). The Court denied Allvoice's motion for reconsideration on January 23, 2012. Dkt. # 172. The parties stipulated that Allvoice could seek leave to amend its

infringement contentions *on or before* April 12, 2012 (emphasis added). Dkt. # 174. On April 12, 2012, Allvoice served its amended infringement contentions now at issue. Dkt. # 177.

Allvoice argues that "the language of Local Patent Rule 124 recogniz[es] that an adverse claim construction normally provides good cause to amend [the infringement contentions]." Dkt. # 181 (Reply) at 3. Allvoice is not correct. The relevant standard for amending infringement contentions requires a showing of diligence.[3] To allow Allvoice to amend its infringement contentions without regard to its diligence would virtually destroy the effectiveness of the Local Patent Rules in balancing the conduct of discovery, trial preparation, and responsibilities of the parties. *See, e.g., Advanced Micro Devices v. Samsung Electronics Co*, 2010 WL 5153136 (N.D. Cal. Dec. 13, 2010); *Acer, Inc. v. Technology Properties Ltd.*, 2010 WL 3618687 (N.D. Cal. Sept. 10, 2010); *see also Johnson v. Mammoth Recreations, Inc.*, 975 F.2d 604, 609 (9th Cir.1992) (holding that the good cause standard for modification of a case management order under Fed. R. Civ. P. 16(b) "primarily considers the diligence of the party seeking the amendment"); Fed. R. Civ. P. 16 Advisory Committee's note to 1983 amendment of section (b) ("the court may modify the schedule on a showing of good cause if it cannot reasonably be met despite the diligence of the party seeking the extension.").

In this instance, Allvoice has not demonstrated that it acted diligently in seeking to amend its infringement contentions. Allvoice does not explain why it waited more than three months after the *Markman* order to seek leave to amend, or more than nineteen months since the joint claim construction of the disputed terms. Nor has Allvoice explained what it was actually doing during its "recent investigation" of Microsoft One Note before the April 12 motion to amend.[4] While the parties may have separately

[3] Most of Allvoice's arguments appear to adress the issue of non-prejudice to Microsoft.

[4] The motion only states that "Allvoice's recent investigation *suggests* that, in later versions of many Microsoft Office applications, this feature *may not* work due to a design flaw that

agreed that Allvoice may file its motion to amend "on or before" April 12, 2012, that side agreement alone does not demonstrate diligence and is not binding on the Court. Determining whether the moving party has demonstrated diligence is a matter that falls squarely within the discretion of the district court. *Avocent Redmond Corp. v. Rose Electronics*, 2012 WL 4903278, at *1 (W.D. Wash. July 6, 2012). Accordingly, the Court concludes that Allvoice has not carried its burden of demonstrating diligence with respect to seeking leave to amend its infringement contentions. Because Allvoice has not demonstrated diligence, the Court does not need to address the question of prejudice to Microsoft. *O2 Micro Int'l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355, 1368 (Fed. Cir. 2006).

For all the foregoing reasons, the Court DENIES Plaintiff's motion for leave to amend its infringement contentions. Additionally, the Court DENIES the parties' joint request for a status conference. Given the Court's heavy docket, the Court GRANTS a six-month continuance to allow sufficient time for discovery to proceed and to accommodate the parties' agreed litigation sequence, as identified in the case schedule. Microsoft may file its motion for summary judgment of non-infringement according to the parties' stipulation, but discovery will proceed simultaneously. The Court will not honor any side agreements limiting or staying discovery. The clerk is DIRECTED to enter an amended case schedule with a discovery deadline of August 5, 2013, and other corresponding deadlines.

Dated this 27th day of December, 2012.

The Honorable Richard A. Jones
United States District Judge

Microsoft *appears* not to have repaired except in Microsoft OneNote." Dkt. # 177 at 6 (emphases added).