

United States District Court
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IMPERIUM (IP) HOLDINGS, INC.	§	
	§	
v.	§	Case No. 4:11-CV-163
	§	Judge Clark/Judge Mazzant
	§	
APPLE, INC., ET AL.	§	

ORDER

Pending before the Court is Plaintiff’s Motion for Leave to Amend Its Patent Rule 3-1 Disclosures (Dkt. #205). Having considered the relevant pleadings, the Court is of the opinion that Plaintiff’s motion should be granted.

BACKGROUND

In its Complaint, Plaintiff Imperium (IP) Holdings, Inc. (“Imperium” or “Plaintiff”) accuses eight Defendants of infringing two or more of the following patents: U.S. Patent No. 6,271,884, U.S. Patent No. 6,838,651, U.S. Patent No. 6,838,715, U.S. Patent No. 7, 064,768, and U.S. Patent No. 7,109,535. (Dkt. #1 at 5-10). Plaintiff asserts that Defendant Apple Inc. (“Apple”) infringed all the patents-in-suit by “manufacturing, using, selling, offering for sale, and/or importing cell phones and/or other devices with image sensors, including, but not limited to, the iPhone 3G cell phone, throughout the United States, including in this judicial district.” *Id.* Plaintiff alleges all other Defendants infringed two or more of the patents-in-suit also by “manufacturing, using, selling, offering for sale, and/or importing cell phones and/or other devices with image sensors...” *Id.* In answer to Imperium’s Complaint, Defendants denied Imperium’s allegations, asserted affirmative defenses of non-infringement, and counterclaimed for a declaratory judgment that none of their products with image sensors infringe the patents-in-suit. Imperium served its Disclosure of Asserted

Claims and Infringement Contentions on October 6, 2011. Imperium provided Defendants with detailed claim charts setting forth Imperium's theory of infringement in relation to an exemplary device, and also identified those "other devices with image sensors and image processors made, used, sold, offered for sale and/or imported" by Defendants that are believed to "infringe the asserted claims of the patents-in-suit in the same or substantially similar manner."

On February 15, 2012, Plaintiff filed a motion to compel. On April 11, 2012, the Court denied Plaintiff's motion (Dkt. #164). The Court noted that "discovery is not limited to the specific products identified in a plaintiff's infringement contentions" and found that "Defendants are under a continuous obligation to produce discovery and supplement discovery of any products that are reasonably similar." The Court held that Plaintiff did not offer sufficient evidence to justify granting the motion "at this time."

Plaintiff now moves for leave to amend its infringement contentions with respect to 74 additional products. On May 25, 2012, Plaintiff contracted with UBM TechInsights to obtain access to its Information Retrieval Insights System ("IRIS") for a sum of twenty-five thousand dollars (\$25,000). IRIS could provide the identity of the image sensors and processors that are incorporated into many, but not all, of Defendants' devices. Upon receiving access to IRIS, Imperium immediately began utilizing IRIS to identify the image sensors in Defendants' products. Through IRIS, Plaintiff identified 74 additional products containing image sensors and/or image processors manufactured, used, sold, offered for sale, and/or imported by Defendants that Plaintiff asserts infringe the patents-in-suit in the same manner as the products previously identified.

On June 4, 2012, Plaintiff served Amended Infringement Contentions on each Defendant. Plaintiff asked each Defendant to notify it regarding whether it would oppose a motion to amend.

On June 5, 2012, Defendants responded by asking Plaintiff to further explain the grounds for its motion to amend. On June 6, 2012, Plaintiff responded. On June 7, 2012, Defendants asked Plaintiff to provide the name of the third-party database that Plaintiff utilized to identify the image sensors in the additional accused products, and to explain Plaintiff's statement that the database had only become available in the "last few weeks." On June 8, 2012, Plaintiff responded by identifying the IRIS database and explaining that representatives of UBM TechInsights had described IRIS as a new product offering that went live in May of 2012. On June 15, 2012, Plaintiff again requested that Defendants provide notice of whether they opposed the proposed motion. Defendants then requested a meet and confer on the issue. On June 18, 2012, the parties engaged in a telephonic meet and confer. On the call, Defendants declined to declare whether they opposed the motion to amend. On June 19, 2012, Defendants informed Imperium that they would oppose the motion for leave to amend its contentions. Plaintiff requested that the Defendants provide a basis for opposing the motion. On June 21, 2012, Defendants responded that Plaintiff had not been diligent and that Defendants will suffer prejudice.

On June 22, 2012, Plaintiff filed its motion for leave (Dkt. #205). On July 12, 2012, Defendants filed a response (Dkt. #215). On July 20, 2012, Plaintiff filed a reply (Dkt. #224).

STANDARD

Local Patent Rule 3-1 requires any party claiming patent infringement to serve on all other parties a "Disclosure of Asserted Claims and Infringement Contentions," and delineates all of the information that must be contained in the Infringement Contentions, including a list of the products accused of infringing each asserted claim and "[a] chart identifying specifically where each element of each asserted claim is found within each Accused Instrumentality." *See* P.R. 3-1(a)-(c). The

preparation and supplementation of infringement contentions is a matter of pleading, and is intended to put Defendants on notice of the asserted theories of infringement in order to streamline discovery. *Realtime Data, LLC v. Packeteer, Inc.*, No. 6:08-cv-144, 2009 WL 2590101, at *5 (E.D. Tex. Aug. 18, 2009).

A party may comply with Rule 3-1 “by setting forth particular theories of infringement with sufficient specificity to provide defendants with notice of infringement beyond that which is provided by the mere language of the patent rules themselves.” *STMicroelectronics, Inc. v. Motorola, Inc.*, 308 F. Supp. 2d 754, 755 (E.D. Tex. 2004) (citation omitted). However, infringement contentions are not intended to require a party to set forth a prima facie case of infringement and evidence in support thereof. *Realtime Data*, 2009 WL 2590101, at *5; *see also Linex Techs., Inc. v. Belkin Int’l, Inc.*, 628 F. Supp. 2d 703, 713 (E.D. Tex. 2008) (infringement contentions are not intended to be a forum for adjudicating merits of plaintiff’s contentions).

Patent Rule 3-6 provides that amendment or supplementation of infringement contentions may be permitted only upon a showing of good cause. P.R. 3-6(b). District courts have discretion in ruling on motions to amend infringement contentions, and the court should consider four factors in making its ruling:

- (1) the explanation for the failure to meet the deadline;
- (2) the importance of the amendments;
- (3) the potential prejudice in allowing the amendments; and
- (4) the availability of a continuance to cure such prejudice.

Realtime Data, 2009 WL 2590101, at *2.

ANALYSIS

The first factor requires the Court to examine the explanation for the failure to meet the deadline. Plaintiff asserts that it was diligent and the proposed amended contentions are based on non-public information that was not available for purchase until May 2012. Plaintiff also asserts that Defendants refused to provide discovery on “reasonably similar” products. Defendants respond that Plaintiff was not diligent and that “[i]t is apparent that Plaintiff never purchased the phones that it belatedly seeks to accuse of infringement, and thus simply cannot speak to the public availability of the image sensor information in such phones.” Defendants further argue that the IRIS launch did not add any information to what was previously available to Plaintiff and that UBM has maintained a database of “teardown reports” that identify, among other things, the image sensors used in Defendants’ products for years. In reply, Plaintiff argues that it paid \$25,000 for access to IRIS confirming that the information in the database was not publically available. The Court finds that Plaintiff was diligent in this case.

The next factor requires the Court to look at the importance of the amendments. Plaintiff asserts that through the use of the IRIS database, Plaintiff identified 74 new infringing products and a denial of this motion would prevent Plaintiff from accusing these 74 identified products of infringement. Defendants assert that Plaintiff’s demonstrable lack of diligence, including its failure to even purchase the mobile phones that it seeks to accuse of infringement here, calls into question the importance of Plaintiff’s amendment. The Court finds that this factor favors granting leave.

The third factor requires the Court to examine the potential prejudice in allowing the amendments. Defendants assert the following: that this litigation is at an advanced stage; Defendants provided their invalidity contentions many months ago; the parties briefed and argued

claim construction; the Court has issued its Report and Recommendation on claim construction issues; the parties have engaged in extensive discovery, including inventor depositions, and are preparing expert disclosures; Plaintiff's proposed amendment to its infringement contentions, which would interject 74 additional products into this case; the additional products that Plaintiff seeks to accuse incorporate different image sensors than those products Plaintiff has already accused; and discovery regarding these additional products, including potential third party discovery, will be burdensome, time-consuming, and may be incompatible with the current schedule of this litigation. Defendants argue they will be prejudiced by their inability to address Plaintiff's new theories in their invalidity contentions and claim construction proceedings.

Plaintiff responds that Plaintiff's amended contentions do not assert new theories of infringement or new patents against any of the Defendants and there would be no need to revisit claim construction or their invalidity contentions. The Court agrees with Plaintiff. This case is set for trial in April 2013, and there is sufficient time to address any additional discovery and have the case ready for trial. The Court finds that Defendants will not be seriously prejudiced by granting leave.

The last factor requires the Court to look at the availability of a continuance to cure prejudice. Plaintiff asserts that the amendments will not require a continuance of the trial date. Defendants assert "[a] long continuance, sufficient to address the substantial prejudice caused by Plaintiff's proposed addition of 74 products to this litigation, would derail the case schedule and may jeopardize the April 2013 trial date." The Court disagrees. The trial is set before Judge Clark in April 2013 and will not be continued. The Court believes that allowing the amendments will still allow sufficient time for the parties to prepare for trial, which is over eight months away, without

a continuance. Thus, this factor weighs in favor of granting leave.

Weighing the above factors, the Court concludes that granting Plaintiff's motion for leave to amend would be appropriate at this time.

It is therefore ORDERED that Plaintiff's Motion for Leave to Amend Its Patent Rule 3-1 Disclosures (Dkt. #205) is hereby GRANTED. The Court declines Plaintiff's request, made in footnote 2.

SIGNED this 30th day of August, 2012.


AMOS L. MAZZANT
UNITED STATES MAGISTRATE JUDGE