

1 Defendants Garmin International, Inc. and Garmin Ltd. (collectively,
2 “Garmin”) respectfully seek leave, pursuant to Fed. R. Civ. P. 15(a), Local Rule 15,
3 the Court’s Standing Order, and the Court’s Order (Dkt. 81), to file the Proposed
4 First Amended Answer, Affirmative Defenses, and Counterclaims attached as
5 **Exhibits A** (Garmin International, Inc.) **and B** (Garmin Ltd.) to bring an affirmative
6 defense and counterclaim for inequitable conduct relating to U.S. Patent No.
7 9,314,192 against Plaintiff Philips North America LLC (“Philips”).

8 I. INTRODUCTION

9 Garmin seeks to amend its pleadings to assert an affirmative defense and
10 counterclaim of inequitable conduct. Garmin’s inequitable conduct claim relates to
11 one of the patents asserted in this case, U.S. Patent No. 9,314,192 (“the ’192
12 Patent”). The ’192 Patent was filed and prosecuted by Philips, and claims priority
13 to a patent application filed by Philips in the European Patent Office (the application
14 referred to herein as the “EP Application”). As detailed in the proposed amended
15 pleading and below, the European Patent Office rejected the EP Application in view
16 of the *Yamamoto* prior art reference. After receiving the *Yamamoto* rejection, Philips
17 abandoned and withdrew the EP Application entirely.

18 Despite this rejection and abandonment of the EP Application due to
19 *Yamamoto*, Philips never disclosed *Yamamoto* to the United States Patent and
20 Trademark Office (“USPTO”) in connection with the related ’192 Patent. Instead,
21 Philips withheld the *Yamamoto* reference from the USPTO, knowing that it was fatal
22 to the EP Application, while selectively disclosing other prior art references that
23 Philips was able to successfully overcome in prosecution of other related foreign
24 counterparts to the ’192 Patent.

25 Garmin should be granted leave to amend. Garmin’s amended pleading
26 explains in detail the available factual basis for Philips’ knowledge of *Yamamoto*,
27 and why Philips’ withholding of *Yamamoto* was but-for-material to the patentability
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1 of the '192 Patent claims. In view of these facts, Philips understood that when
2 *Yamamoto* was disclosed, the patent application was rejected; and when *Yamamoto*
3 was not disclosed, the patent application was granted. Philips also understood the
4 materiality of *Yamamoto* to the claims of the '192 Patent, as the European Patent
5 Office mapped the claim limitations to *Yamamoto* in its rejection. These facts –
6 pleaded in detail and with particularity – are more than sufficient to allege
7 inequitable conduct.

8 Garmin therefore respectfully requests that the Court grant leave to amend its
9 pleading to assert inequitable conduct. Pursuant to the Court's Standing Order 7(b),
10 Garmin states that the effect of the proposed amendment is to assert a defense and
11 counterclaim for inequitable conduct as to the '192 Patent. The amendment consists
12 of "Counterclaim 4 and Affirmative Defense" contained on pages 24-34 of Exhibits
13 A and B.

14 II. PROCEDURAL BACKGROUND

15 Garmin timely sought to amend its pleadings to assert inequitable conduct
16 after discovering the underlying facts when finalizing its invalidity contentions. The
17 Parties met and conferred regarding Garmin's motion to amend on May 21, 2020
18 pursuant to L.R. 7-3. During this meet-and-confer, counsel for Philips stated that
19 Philips did not oppose the amendment as untimely but did intend to oppose only on
20 grounds of futility. However, in order to further assess such opposition, counsel for
21 Garmin agreed to provide the amended pleading to counsel for Philips for review.
22 After such review, counsel for Philips confirmed its above-stated position, but did
23 not further explain Philips' position. *See* Dkt. 78.

24 The parties submitted a Joint Stipulation seeking to amend the scheduling
25 order to permit Garmin leave to file this motion to amend. Dkt. 78. As noted in that
26 Stipulation, "Garmin did not delay in seeking amendment," "Philips did not oppose
27 the amendment as untimely," and "[t]he Parties submit that there is good cause for
28

1 the requested extension.” *Id.* The parties also agreed to a briefing procedure to
2 accommodate Philips’ desired motion practice. The Court granted the parties’
3 request to amend the scheduling order. Dkt. 81.

4 Garmin has served written discovery requests on Philips seeking, *inter alia*,
5 documents “relating to the prosecution of the ’192 Patent,” documents “reflecting
6 the structure, contents, filing hierarchy, and accessibility of information related to”
7 Philips’ internal files relating to the EP Application and the ’192 Patent, documents
8 relating to “the identity of computers or server architecture utilized by Philips IP&S
9 [Intellectual Property & Standards] in connection with the prosecution of the ’192
10 Patent,” documents “sufficient to identify all individuals affiliated with Philips IP&S
11 that were involved in any way with the prosecution of the ’192 Patent,” and
12 documents “relating to Philips IP&S’ knowledge that the claims of the European
13 patent application from which the ’192 Patent claims priority were found to be not
14 novel in view of” *Yamamoto*. As of the filing of this motion, Philips has served
15 objections to these requests, but has not yet produced the requested documents. *See*
16 **Exhibit C.**

17 III. LEGAL STANDARDS

18 Under Federal Rule of Civil Procedure 15, titled “Amended and Supplemental
19 Pleadings,” courts “should freely give leave [to amend] when justice so requires.”
20 FRCP 15(a)(2). “Accordingly, Rule 15’s policy of favoring amendments to
21 pleadings should be applied with ‘extreme liberality.’” *United States v. Webb*, 655
22 F.2d 977, 979 (9th Cir. 1981).

23 Leave to amend lies “within the sound discretion of the trial court.” *Webb*,
24 655 F.2d at 979. In exercising its discretion, “a court must be guided by the
25 underlying purpose of Rule 15: to facilitate decision on the merits, rather than on the
26 pleadings or technicalities.” *Id.* “Amendment is to be liberally granted where from
27 the underlying facts or circumstances, the [claimant] may be able to state a claim.”
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1 *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 186 (9th Cir. 1987). While a motion
2 for leave to amend may be denied if it is futile, an opposed amendment is “futile
3 only if no set of facts can be proved under the amendment to the pleadings that would
4 constitute a valid and sufficient claim or defense.” *Miller v. Rykoff-Sexton, Inc.*, 845
5 F.2d 209, 214 (9th Cir. 1988), overruled on other grounds by *Ashcroft v. Iqbal*, 556
6 U.S. 662 (2009). As the party opposing amendment, Philips bears the burden of
7 showing futility. *Leighton*, 833 F.2d at 187.

8 IV. ARGUMENT

9 Garmin’s proposed amended pleading sufficiently alleges that individuals
10 employed by Philips knew of the *Yamamoto* reference, knew that *Yamamoto* was
11 material to the patentability of the claims of the ’192 Patent, and withheld *Yamamoto*
12 with a specific intent to deceive the USPTO. Thus, contrary to Philips’ suggestion
13 of futility, Garmin’s proposed amendment is more than sufficient to state a claim for
14 inequitable conduct.

15 Inequitable conduct is a judicially-created equitable defense to patent
16 infringement. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1285
17 (Fed. Cir. 2011) (*en banc*). When a court determines that inequitable conduct has
18 occurred as to one or more claims of a patent, the entire patent is rendered
19 unenforceable. *Id.* at 1287. Inequitable conduct generally requires a showing of (1)
20 specific intent to deceive the Patent Office and (2) “but-for materiality,” meaning
21 that the patent would not have issued but for the misrepresentation or omission.” *Id.*;
22 *Glaukos Corp. v. Ivantis, Inc.*, No. CV-18620-JVS-JDEX, 2019 WL 4198641, at *4
23 (C.D. Cal. July 17, 2019) (granting motion to amend to assert inequitable conduct).

24 The standard for pleading inequitable conduct was set forth in *Exergen Corp.*
25 *v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327 (Fed. Cir. 2009), which requires that
26 inequitable conduct be pleaded with particularity – i.e., an “identification of the
27 specific who, what, when, where, and how of the material misrepresentation or
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