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15 *Attorneys for Defendants Garmin*
16 *International, Inc. and Garmin Ltd.*

17 **IN THE UNITED STATES DISTRICT COURT**
18 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

19 PHILIPS NORTH AMERICA LLC,) Case No. 2:19-cv-06301-AB-KS
20)
21 Plaintiff,)
22)
23 v.)
24) **GARMIN’S REPLY IN SUPPORT**
25) **OF ITS MOTION TO AMEND;**
26) **GARMIN’S RESPONSE TO**
27) **PHILIPS’ MOTION TO DISMISS**
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1 Courts “rarely deny a motion for leave to amend for reason of futility.” *Hynix*
2 *Semiconductor Inc. v. Toshiba Corp.*, No. C-04-04708 VRW, 2006 WL 3093812, at
3
4 *2 (N.D. Cal. Oct. 31, 2006) (noting before discovery is complete, a proposed
5 amendment is futile “only if no set of facts can be proved under the amendment
6 which would constitute a valid claim or defense”). Yet in opposing Garmin’s Motion
7
8 to Amend seeking to add an affirmative defense and counterclaim for inequitable
9 conduct, Philips relies solely on the basis of futility.¹ In doing so, Philips ignores
10 the appropriate standard, attempting instead to convert its opposition into one for
11
12 summary judgment, dedicating its entire brief to contesting the sufficiency of
13 Garmin’s “proof” in support of its allegations.

14
15 At this stage, Garmin is not required to conclusively prove its claims. Garmin
16 has plausibly pled a wealth of material facts alleging that Philips knew of the
17 *Yamamoto* reference, knew that *Yamamoto* was material to the patentability of the
18 claims of the ’192 Patent, and still withheld *Yamamoto* from the USPTO with a
19 specific intent to deceive. The Court must accept Garmin’s “allegations of material
20 fact as true and construed in the light most favorable” to Garmin. *Advanced Micro*
21 *Devices, Inc. v. Samsung Elec. Co., Ltd.*, No. C 08-986 SI, 2009 WL 1396256, at *3
22
23

24
25 ¹ Philips additionally moves to dismiss on the same grounds, and thus Garmin’s
26 discussion herein applies equally to Philips request for dismissal.
27
28

1 (N.D. Cal. May 18, 2009). Philips will have ample opportunity to defend the claim
2 on the merits, but the inquiry into whether Garmin will succeed on the merits
3 requires a factual inquiry properly reserved after the completion of discovery.
4

5 I. ARGUMENT

6 A. Philips Conflates Pleading With Proof

7 While Philips casts aspersions on the “plausibility” of Garmin’s allegations,
8 Philips never states (let alone tries to prove) that the allegations are actually
9 implausible or wrong. Notably, Philips still has not produced a single document in
10 response to Garmin’s discovery requests pertaining to the US IP&S team’s access to
11 and knowledge of *Yamamoto*, and expressly declines to engage in the factual merits
12 in its briefing. Philips instead suggests that “[w]hile Philips could say a lot about the
13 actual functioning and operation of IP&S, Philips need not introduce anything
14 outside of the proposed pleadings to show that Garmin’s assumptions are
15 unwarranted.” Dkt. 87 at 5. If anything, Philips’ desire to avoid the merits confirms
16 that Garmin’s inequitable conduct claim is anything but “futile.”
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21 As to Garmin’s allegations, Philips does not dispute the overwhelming majority
22 of them. As alleged in Garmin’s proposed pleading, Philips does not dispute that its
23 employees responsible for the European prosecution of the ’192 Patent knew of
24 *Yamamoto* and knew that the EPO application was rejected over *Yamamoto*. Nor is
25 Philips disputing that its employees responsible for the U.S. prosecution (e.g., Yan
26
27
28

1 Glickberg, Kathleen Asher, Patricia Heim, Edward Goodman, and Jeanne Rusciano)
2 had access to those EPO files, that the U.S. prosecution proceedings were ongoing
3
4 at the time of the European rejection, or that they knew about and actually disclosed
5 other prior art from other foreign applications which Philips was able to successfully
6 overcome. To be sure, the '192 Patent directly claims priority to the EP Application.
7
8 Philips also never disputes that its own internal docketing number for the U.S.
9 application is linked to its internal docketing number for the EP Application. And
10 importantly, Philips does not dispute that *Yamamoto* was material, that Philips never
11 submitted *Yamamoto* to the USPTO, or that Garmin adequately pled with supporting
12 factual allegations the “who” “what” “where” “when” “why” and “how” required by
13 *Exergen*. At bottom, Philips simply disputes that it is liable for inequitable conduct,
14
15 but fails to challenge the plausibility of Garmin’s particularized factual allegations
16 supporting its affirmative defense/counterclaim. These allegations, which the Court
17 must assume are true, are plainly sufficient to raise a right to relief above the
18
19 speculative level.
20

21 Much of Philips’ briefing focuses on matters that do not have any bearing on
22 whether Garmin’s factual allegations are adequately pleaded, such as the size of
23 Philips’ intellectual property department or the purported lack of overlap between
24 EPO and US prosecuting attorneys. Garmin’s factual allegations have nothing to do
25
26 with the size of Philips IP&S or overlap of attorneys, but instead allege that the files
27
28

1 from Philips' foreign prosecution (including the EP Application) were internally
2 linked to the US Application prosecution, such that Philips IP&S employees
3 handling the US Application knew of the prior art at issue in the foreign proceedings
4 and selectively disclosed some of that prior art (that Philips successfully overcame)
5 but not *Yamamoto* (which Philips could not overcome). Philips additionally cites to
6 an ITC decision involving denial of an inequitable conduct claim involving an
7 entirely unrelated patent and different factual allegations in an administrative forum.
8 Dkt. 87 at 13-14. It has no bearing on Garmin's factual allegations in this case, and
9 if anything, merely evidences a pattern by Philips of withholding material prior art
10 from the USPTO.
11

12 **B. Philips Strategically Omits Essential Facts**

13 In its opposition, Philips proffers a timeline graphic attempting to illustrate
14 the events occurring during the co-pending EU and US prosecutions. Dkt. 87 at 10.
15 This timeline, too, selectively discloses the facts. As depicted below, Garmin has
16 added, in red, key events that Philips omitted from Garmin's pleading, all of which
17 evidence Philips selective disclosure and non-disclosure of prior art relevant to
18 Garmin's inequitable conduct allegations:
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