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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

Case No. CV 19-06301-AB (KSx)

PHILIPS NORTH AMERICA LLC,  
  
Plaintiff,  
  
v.  
  
GARMIN INTERNATIONAL, INC.  
AND GARMIN LTD.,  
  
Defendants.

**ORDER DENYING DEFENDANTS’  
MOTION TO AMEND (DKT. NO. 82)**

**I. INTRODUCTION**

Before the Court is Defendants’ Garmin International, Inc. and Garmin Ltd. (collectively, “Defendants” or “Garmin”) Motion to Amend. (“Motion,” Dkt. No 82.) Plaintiff Philips North America LLC (“Plaintiff” or “Philips”) filed an Opposition to Defendants’ Motion to Amend or in the alternative, Motion to Dismiss (“Opp’n,” Dkt. No. 87); Defendants filed a Reply; (“Reply,” Dkt. No. 88); and Plaintiff, per stipulation (Dkt. No. 78), filed a Reply in Support of Its Motion to Dismiss (“Sur-Reply,” Dkt. No. 91). For the following reasons, the Court **DENIES** Defendants’ Motion and **DENIES AS MOOT** Plaintiff’s Motion to Dismiss in the Alternative.

1           **II. BACKGROUND**

2           Plaintiff asserts six patents in this action. (First Amended Complaint, Dkt. No.  
3 45.) By this Motion, Defendants request leave to amend their pleadings to assert an  
4 affirmative defense and counterclaim for inequitable conduct with respect to U.S.  
5 Patent No. 9,314,192 (“the ’192 Patent”). Defendants attach to their Motion a set of  
6 Proposed First Amended Answers, which contain allegations related to inequitable  
7 conduct. (Dkt. No. 83-1 at ¶¶ 78–133; Dkt. No. 83-2 at ¶¶ 78–133.<sup>1</sup>) The allegations  
8 are as follows.

9           **A. Philips IP&S**

10          Plaintiff’s parent company, Koninklijke Philips Electronics N.V. (“KPNV”) has  
11 a department titled Intellectual Property & Standards (“IP&S”), which “handles all IP  
12 matters related to Philips businesses.” (Dkt. No. 83-1 at ¶¶ 78–79.) IP&S contains “a  
13 team of over 300 intellectual property experts in 18 offices in 11 different countries.”  
14 (*Id.* at ¶ 80.) “[O]n information and belief, Philips IP&S coordinates its  
15 communications and patent strategies in patent offices throughout the world.” (*Id.* at  
16 ¶ 82.)

17          **B. EP Application**

18          On December 15, 2005, IP&S filed Application No. 05112250.5 (“the EP  
19 Application”) with the European Patent Office (“EPO”). (*Id.* at ¶ 87.) IP&S received  
20 an International Search Report from the EPO, following which IP&S amended the  
21 claims in the EP Application. (*Id.* at ¶¶ 88–91.) On March 9, 2010, the EPO notified  
22 IP&S that the claims in the EP Application were not novel in view of the art cited in  
23 the International Search Report. (*Id.* at ¶ 92.) IP&S amended the claims. (*Id.* at ¶ 93.)  
24 On June 26, 2012, IP&S identified a new internal representative for the EP  
25 Application, Petronella Verweij. (*Id.* at ¶ 94.)

26 \_\_\_\_\_  
27  
28 <sup>1</sup> Because the allegations presented in Dkt. Nos. 83-1 and 83-2 are identical, the Court hereinafter refers to Dkt. No. 83-1, and its analysis applies equally to Dkt. No. 83-2.

1 On June 30, 2014, the EPO issued a summons for IP&S to attend oral  
2 proceedings and attached two additional references, collectively referred to as  
3 “Yamamoto.” (*Id.* at ¶ 95.) The EPO’s explanation stated it “is not at present apparent  
4 which part of the application could serve as a basis for a new, allowable claim.” (*Id.* at  
5 ¶ 96.) IP&S did not attend the oral proceeding, and the EPO closed the proceedings.  
6 (*Id.* at ¶¶ 99–101.) On April 7, 2015, IP&S withdrew the EP Application and  
7 requested a refund. (*Id.* at ¶ 102.)

### 8 **C. Japanese Application**

9 On June 12, 2008, IP&S filed Japanese Patent Application No. 2008-545163  
10 (“Japanese Application”). (*Id.* at ¶ 103.) The Japanese Patent Office cited prior art JP  
11 2003-102692A, following which IP&S amended the claims and overcame the  
12 rejection. (*Id.* at ¶¶ 104–06.)

### 13 **D. US Application**

14 On June 12, 2008, IP&S (specifically, Yan Glickberg and Jeanne Rusciano)  
15 filed U.S. Patent Application No. 12/097,121 (“US Application”) with the United  
16 States Patent and Trademark Office (“PTO”). (*Id.* at ¶¶ 107, 110.) IP&S submitted an  
17 Information Disclosure Statement identifying the references previously identified by  
18 the EPO in the International Search Report. (*Id.* at ¶ 112.) During prosecution, IP&S  
19 employees Yan Glickberg, Patricia Heim, Edward W. Goodman, and Kathleen Asher  
20 made submissions to the PTO. (*Id.* at ¶¶ 110–19.) During the timeframe from 2009 to  
21 2015, IP&S submitted the references from the International Search Report, and two  
22 references cited against the Japanese Application. (*Id.*) IP&S did not submit the  
23 Yamamoto reference that was cited in 2014. (*Id.* at ¶ 120.)

### 24 **E. IP&S Docket Numbers**

25 At the time of filing, the IP&S “attorney docket number” for the US  
26 Application was PH003603 US1, and the attorney docket number for the EP  
27 Application was PH003603 EP2. (*Id.* at ¶ 108.) In 2015, IP&S changed the US  
28 Application docket number to 2005PO2656WOUS and the EP Application docket

1 number to 2005PO2656WE. (*Id.* at ¶ 109.)

## 2 **F. Allegations Relating to IP&S Knowledge**

3 The IP&S team prosecuting the US Application knew of the Yamamoto  
4 reference because the team operates in a coordinated fashion. (*Id.* at ¶¶ 123, 124.) The  
5 same docketing number was assigned to the US Application and EP Application,  
6 which “evidences that the legal teams prosecuting both patents had access to the same  
7 information.” (*Id.* at ¶¶ 108, 125.) IP&S selectively disclosed references cited against  
8 foreign counterparts, but not the Yamamoto reference. (*Id.* at ¶ 126.)

## 9 **III. LEGAL STANDARD**

### 10 **A. Leave to Amend**

11 To determine whether a proposed amendment to pleading should be allowed  
12 after the scheduling order deadline for amending pleadings has expired, there are  
13 typically two steps: (1) the party seeking amendment must show good cause to allow  
14 modification of the scheduling order under Rule 16, and (2) the court must determine  
15 whether amendment is proper under Rule 15. *See Johnson v. Mammoth Recreations,*  
16 *Inc.*, 975 F.2d 604, 607–08 (9th Cir. 1992); *Eckert Cold Storage, Inc. v. Behl*, 943 F.  
17 *Supp.* 1230, 1232–33 (E.D. Cal. 1996).

18 “Only after the moving party has demonstrated diligence under Rule 16 does  
19 the court apply the standard under Rule 15 to determine whether the amendment was  
20 proper.” *Id.* (citations omitted). Rule 15(a)(2) instructs the court to “freely give leave  
21 when justice so requires.” Fed. R. Civ. P. 15(a)(2); *see Foman v. Davis*, 371 U.S. 178,  
22 182 (1962).

23 “This policy is to be applied with extreme liberality.” *Desertrain v. City of Los*  
24 *Angeles*, 754 F.3d 1147, 1154 (9th Cir. 2014) (citation omitted); *see also DCD*  
25 *Programs, Ltd. v. Leighton*, 833 F.2d 183, 186 (9th Cir. 1987) (citation omitted)  
26 (“Amendment is to be liberally granted where from the underlying facts or  
27 circumstances, the [claimant] may be able to state a claim.”) Even so, “[l]eave to  
28 amend is not automatic[.]” *Kaneka Corp. v. SKC Kolon PI, Inc.*, No. CV 11-03397

1 JGB (RZx), 2013 WL 11237203, at \*2 (C.D. Cal. May 6, 2013). In the Ninth Circuit,  
2 courts consider five factors in deciding whether to grant leave to amend: “bad faith,  
3 undue delay, prejudice to the opposing party, futility of amendment, and whether the  
4 plaintiff has previously amended the complaint.” *Id.* (citing *Nunes v. Ashcroft*, 375  
5 F.3d 805, 808 (9th Cir. 2004)); *see also Forman v. Davis*, 371 U.S. 178, 182 (1962).  
6 “Futility alone can justify the denial of a motion for leave to amend.” *Nunes*, 375 F.3d  
7 at 808.

8 The party opposing amendment bears the burden of showing prejudice, which is  
9 the “touchstone of the inquiry under [R]ule 15(a).” *Eminence Capital, LLC v. Aspen,*  
10 *Inc.*, 316 F.3d 1048, 1052 (internal quotation marks omitted) (citation omitted); *see*  
11 *also Johnson*, 975 F.2d at 609 (“Rule 15(a)’s liberal amendment policy . . . focuses on  
12 the bad faith of the party seeking to interpose an amendment and the prejudice to the  
13 opposing party”). Ultimately, leave to amend lies “within the sound discretion of the  
14 trial court.” *United States v. Webb*, 655 F.2d 977, 979 (9th Cir. 1981); *see also Rich v.*  
15 *Shrader*, 23 F.3d 1205, 1208 (9th Cir. 2016).

### 16 **B. Inequitable Conduct**

17 “Inequitable conduct is an equitable defense to patent infringement that, if  
18 proved, bars enforcement of a patent.” *Therasense Inc. v. Becton Dickinson and Co.*,  
19 649 F.3d 1276, 1285 (Fed. Cir. 2011). The doctrine enforces a patent applicant’s duty  
20 of candor to the Patent Office. *See* 37 C.F.R. § 1.56 (“Each individual associated with  
21 the filing and prosecution of a patent application has a duty of candor,” including “a  
22 duty to disclose to the Office all information known to that individual to be material to  
23 patentability.”). Inequitable conduct is sometimes characterized as consisting of three  
24 elements: (1) “the patent applicant made misrepresentations or omissions material to  
25 patentability,” (2) the applicant “did so with the specific intent to mislead or deceive  
26 the [Patent Office],” and (3) “that deceptive intent was the single most reasonable  
27 inference to be drawn from the evidence.” *Ohio Willow Wood Co. v. Alps S., LLC*, 813  
28 F.3d 1350, 1357 (Fed. Cir. 2016).

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