January 20, 2022

Honorable Magistrate Judge Nathaniel M. Cousins
United States District Court Northern District of California
San Jose Courthouse, Courtroom 7, 4th Floor
280 South 1st Street, San Jose, CA 95113

Re: *Applied Materials, Inc. v. Demaray LLC*, 20-cv-09341-EJD (N.D. Cal.)

Dear Judge Cousins,

Demaray LLC ("Demaray") and Applied Materials, Inc. ("Applied") submit this joint letter regarding Demaray's requests for targeted discovery regarding Applied's products. Demaray moves to compel Applied to provide targeted discovery on its reactors for PVD processes ("Targeted Product Disclosures") by January 31, 2022, to allow Demaray to make determinations regarding whether affirmative infringement claims are appropriate in this case and provide infringement contentions under PLR 3-1. Applied objects to any PLR 3-1 disclosures as Demaray has not sought leave to amend its answer to assert compulsory counterclaims of infringement. The parties have met and conferred, but were unable to resolve their dispute without Court intervention. The parties are available for a hearing on January 26, 2022, subject to the Court's availability.

Defendant Demaray's Statement

Applied has no basis for refusing to provide the Targeted Product Disclosures necessary to move this case forward. First, Applied is obligated to provide such discovery as it is necessary to substantiate its DJ non-infringement claims. Second, it is still unclear whether affirmative infringement claims against Applied will be at issue. As Demaray has consistently told the Court, it needs targeted discovery on Applied's reactors to make such determinations. If Applied truly wanted to move things forward, it could have provided these disclosures months ago—it chose not to. The Court should grant Demaray's motion and order complete disclosures by January 31, 2022. Demaray can then make a decision regarding whether affirmative infringement claims are appropriate and the parties and the Court can address the case schedule, including claim construction disclosures, with that determination in mind.

A. Background

Applied has sought a declaratory judgement that none of its configured reactors, or its use of those reactors, infringes the Demaray patents. It is uncontested that the Demaray patents are directed at particular configurations of reactors for PVD processes and have claim elements requiring, among other limitations, the use of "a narrow band-rejection filter," for example, to protect the DC power source from damaging feedback from the RF bias. *See, e.g.*, '276 Patent, claim 1. It is also uncontested that the configuration details of Applied's reactors are not publicly available. To substantiate its DJ claims, Applied needs to provide discovery on its reactors, including, among other disclosures, details of its reactor configurations, any filters used to protect the power sources, communications with its customers implicating indirect infringement, and its importation and exportation activities to address infringement under 35 U.S.C. 271(f).

Demaray has consistently told the Court that Demaray needs targeted discovery on Applied's reactors to make affirmative infringement determinations in this case. *See* Dkt. 27 at 6-8; Dkt. 69

at 3-4; Dkt. 82 at 4-7. As outlined in the most-recent Joint CMC Statement, Demaray has proposed that Applied prioritize providing Targeted Product Disclosures sufficient to detail (1) Applied reactors with DC power to the target and RF bias to the substrate (including the reactor configurations, power sources, magnetron usage, and heating elements), (2) the details of any RF filters or alternative protective mechanisms used (including the type of RF filter/alternative protective mechanism, the operating frequency, and the attenuated bandwidth), (3) the details on Applied's use of such reactors (including the targets and substrates used and thin-films deposited), (4) Applied's interactions with its customers regarding the same (*e.g.,* to address indirect infringement issues), and (5) Applied's importation and exportation to reactors and chamber parts sufficient to address Applied's activities abroad (*e.g.,* under 35 U.S.C. § 271(f)). Dkt. 106 at 11-13. Applied has refused to do so pointing to limited discovery from Texas and generic BOMs.

Demaray also served interrogatories and requests for production asking for these Targeted Product Disclosures, but Applied has refused to provide full responses, related documents or the relevant reactor components for inspection and testing. Demaray is prepared to submit the associated discovery requests and Applied's responses if requested by the Court.

As one example, Applied has maintained in the co-pending Texas cases that the subset of the Texas defendants' reactors supplied by Applied lack a narrowband rejection filter or an equivalent. Despite presumably having a basis for this assertion, Applied has failed, both here and in Texas, to disclose, among other information, the details of the protective filters or alternative protective mechanisms used in its reactors. Applied has asserted that it does not have documents detailing such filters and has insisted that subpoenas to, and inspections at, its part suppliers are required.

B. Argument

To ensure that the litigation proceeds in the most sensible and efficient manner possible, the Court should order Applied to provide the requisite disclosures on its reactors forthwith. Demaray served both interrogatories and document requests on Applied in this case seeking this information. In responding, despite seeking a declaratory judgment of non-infringement for ***all of its reactors***, Applied limited its responses to ***just those reactors at issue in Texas*** and pointed to ***its disclosures in Texas***. Applied has since supplemented its response and asserted that all of its reactors are configured the same as the reactors at issue in Texas, but relies only on its disclosures in Texas and a few generic BOMs and has not produced documents supporting such an assertion.

Applied's disclosures in Texas do not address the Target Product Disclosures requested here. For example, the Texas defendants and Applied admit that there are protective RF filters for certain reactors supplied by Applied (*i.e.,* the Cirrus reactors), but have refused to provide circuit-level details on those filters with sufficient specificity to determine whether the filters are "narrowband rejection filters." For other reactors supplied by Applied for which the Texas defendants and Applied claim there are no protective filters, they have failed to identify what alternative protective mechanisms are used in lieu of such filters. Applied claims to lack further details on the filters or alternative protective mechanisms used in its reactors and Demaray has thus been forced to seek physical inspection and testing of representative reactors, power sources, RF filters and connectors (*e.g.,* cables). Just yesterday, a supplier of an Applied RF filter provided schematics confirming the use of a band rejection filter. Demaray is still waiting on the component values to determine the operating frequency and bandwidth of the filter. Similarly, details on Applied's use of reactors to customers other than Intel and Samsung, interactions with such customers to address indirect infringement issues, and importation and exportation details for such reactors have not been

disclosed in Texas.

Applied's suggestion that is has already disclosed all the necessary details on its reactors in Texas is also contradicted by the Texas court's recent orders compelling further disclosures. On September 27, 2021, the Texas court granted Demaray motions to compel the Texas defendants/Applied to provide additional details on both the RF filters and alternative protective mechanisms used in the Texas defendants' reactors, including requiring physical inspections of the filters/alternative protective mechanisms, providing certain parts, including the filter and other parts like DC power sources, for inspection, and requesting details from their power source suppliers. The Texas defendants and Applied failed to comply with the Texas court's orders necessitating yet another motion to compel heard on November 4, 2021. At that hearing, the Texas court again granted Demaray's further motion to compel and ordered Applied to provide representative reactors for inspection by Demaray. Again, the Texas defendants/Applied failed to do so, requiring a further motion to compel heard on December 16, 2021. At that hearing, the Texas court ordered the requested disclosures, including potential inspections of reactors/components to occur in the next 30-60 days. Applied's assertions regarding the scope of its disclosures in Texas are fundamentally inconsistent with these orders.

C. Demaray's proposal

Demaray requests that the Court order Applied to provide the Targeted Product Disclosures listed above by January 31, 2022. Once Applied completes its production of these details on its products and processes, Demaray will timely make infringement determinations.

Applied Materials' Statement

Demaray's motion should be denied as moot because Applied already provided "targeted discovery" necessary to determine whether to bring infringement claims. That discovery, much of which Applied provided a year ago, confirms that none of Applied's products infringe, ***at least***, because none have the claim required narrow band rejection filter ("NBRF"). Despite that discovery, Demaray continues to maintain its claims in Texas based on Applied's customers' use of the ***same*** products Demaray claims it does not know whether it has a Rule 11 basis to allege infringe in ***this case***. Meanwhile, Demaray has repeatedly advocated for this Court to not "derail" its customers suits, currently set for trial on July 11, 2022. It makes no sense that Demaray can be six months from trial in Texas alleging infringement of Intel and Samsung's use of Applied's products but maintain indecision as to whether to even bring claims on those same products here.

The only plausible explanation is that Demaray's motion is not directed to obtaining more discovery (which it already has or does not exist), but an excuse for its purported indecision in order to further delay this case from proceeding. This is made clear from the multiple CMC statements and recent proposed order with competing schedules. Dkt. No. 116. Therein, Demaray proposes Patent L.R. 3-1, 3-2 deadlines *if* infringement claims are allowed and thereafter resetting *Markman* deadlines. The Court should not permit Demaray to continue these delay tactics.

A. The Court Already Confirmed that Demaray Made Direct Infringement Claims Against Applied's Products in its Customer Suits in Texas

As explained during the Jan. 12, 2022 hearing, Judge Davila already determined that the Court has subject matter jurisdiction "because the claims and initial infringement contentions presented in Demaray's WDTX Customer Cases suggest a substantial direct infringement controversy. *See* 35 U.S.C. §271(a)." Dkt. No. 63, 12:13-17. In assessing Demaray's ***preliminary*** infringement

contentions, Judge Davila reasoned that "Demaray 'could just as easily have asserted a claim for direct infringement against [Applied], based on the same underlying circumstances in the customer suit." *Id.* at 13:20-22. Since then, Applied has produced hundreds of documents, made a corporate representative available for deposition, provided declarations regarding schematics and inspections of its products, and facilitated discovery from Applied's suppliers of potentially relevant components. In turn, Demaray has supplemented its contentions in Texas ***four*** times—the third time six weeks ***before*** Demaray's September 30, 2021 deadline to answer and decide whether to assert infringement. Demaray chose not to do so. The latest supplementation came less than a month ago, and those contentions span hundreds of pages. If Demaray continues to claim it lacks sufficient information to allege infringement in this Court, it is because such information (*i.e.,* evidence of a NBRF) does not exist or Demaray has a different view of Rule 11 before this Court compared to Texas. Demaray's Rule 11 obligations should apply equally.

B. Applied Has Already Provided Robust Discovery Regarding its Products

Demaray's claim that Applied has not or refuses to provide the targeted discovery is untrue. Nor has Applied limited its interrogatory responses or document production to products supplied to Intel and Samsung. Applied addresses each of the requested categories in turn:

(1) Applied reactors with DC power to the target and RF bias to the substrate (including the reactor configurations, power sources, magnetron usage, and heating elements). Applied produced its manuals and other documents regarding its products, including specific components therein, a year ago in response to Demaray's subpoenas which Judge Davila relied on, in-part, to find subject matter jurisdiction. Dkt. No. 63, 10:19-11:11. An Applied witness was also deposed in February 2021 regarding those products, including: "[t]he power sources for the target and the substrate in RMS PVD chamber in Applied reactors, including suppliers, configuration…" (Topic 6); "[c]onfiguration of a RMS PVD chamber in Applied reactors to include providing pulsed DC power to the target…" (Topic 7); and "[t]he filters used for RMS PVD chambers in Applied reactors, including suppliers, types and configuration of the filters…" (Topic 9). Demaray did not limit its examination to PVD chambers sold to Intel and Samsung. Since then, Applied has also produced bill of materials and schematics for its PVD chambers, as well as assembly drawings, specifications, and other documentation for ***any*** component Demaray identified and requested pursuant to a stipulation the parties entered into on July 9, 2021. Dkt. No. 52, Ex. F.

(2) the details of any RF filters or alternative protective mechanisms used (including the type of RF filter/alternative protective mechanism, the operating frequency, and the attenuated bandwidth). Again, Demaray is already in possession of this information. To the extent Demaray has been unable to identify a component such that it does not believe it has a Rule 11 basis to allege it to be the claim required NBRF it is because such component(s) do not exist. Demaray attempts to muddy the issue, stating above that "Applied admit that there are protective RF filters for certain reactors supplied by Applied (*i.e.,* the Cirrus reactors) but have refused to provide circuit-level details on those filters with sufficient specificity to determine whether the filters are "narrowband rejection filters." Again, not so. Applied produced the specification for this component a year ago and produced a frequency response generated by the component supplier months ago. Those documents confirm the component cannot be the claim required NBRF. Demaray has known for over a year that Applied does not have circuit-level schematics for that component, but waited until just recently to serve the supplier with a subpoena. Nevertheless, in response, the supplier has generated and produced a circuit-level schematic. Demaray cannot

continue to ignore the discovery it has been provided.

Regarding the remainder of potentially accused PVD chambers, there is no more discovery that Applied can provide to prove the non-existence of the filter Demaray is searching for. Applied produced electrical schematics, bill of materials, and months ago identifying ***every single filter***, regardless of type or location. Most recently, Demaray has asserted that the cable connecting the power supply to the target could be the claimed filter. Even in response to this baseless theory, Applied already identified the supplier and produced its relevant documents regarding its cables.

(3) the details on Applied's use of such reactors (including the targets and substrates used and thin-films deposited). While it is unclear why Demaray needs this information to make infringement determinations as claim 1 of each asserted patent is not limited to any particular material deposited, Demaray also already has this information in the bill of materials Applied produced, which identifies the type of material each chamber is designed to deposit.

(4) Applied's interactions with its customers regarding the same (*e.g.*, to address indirect infringement issues). Demaray fails to explain what "interactions with its customers" it is seeking and more importantly, why information responsive to this vague request is necessary to determine whether it will make infringement claims. Demaray has already accused Intel and Samsung (Applied's customers) of direct infringement based on their use of Applied's products, and taken substantial discovery regarding Applied's sale, delivery and installation of those products. Indeed, Demaray already deposed Applied on its "Sales and delivery of Applied reactors with a RMS PVD chamber, including the locations of sales, offers for sale, delivery, installation and configuration of such reactors…" (Topic 11). Tellingly, Demaray's preliminary contentions in Texas only included boilerplate indirect infringement allegations and still do today. Nevertheless, Applied already agreed to identify all of its customers for potentially relevant PVD chambers within the last six years. It is unclear what further discovery Demaray seeks (or needs) at this time.

(5) Applied's importation and exportation to reactors and chamber parts sufficient to address Applied's activities abroad (*e.g.*, under 35 U.S.C. § 271(f)). Similar to (4), Demaray fails to explain what discovery it is seeking and why it is necessary. Applied's importation and exportation of reactors or components is not relevant to whether Applied's products directly infringe under 35 U.S.C. § 271(a). Demaray's suggestion that it needs to know precisely every possible way it can allege infringement under 35 U.S.C. § 271 to make an infringement claim demonstrates that this motion is all about delay. Moreover, like (4), Demaray has already obtained discovery from Applied regarding importation and exportation issues. For example, Demaray deposed Applied on (Topic 2) "Sales and delivery of Applied reactors with a RMS PVD chamber, including the locations of sales, offers for sale, delivery, installation and configuration of such reactors, the persons involved and documents related thereto," already has accused a foreign customer (Samsung) of infringement, and knows where Applied's PVD chambers are manufactured. Like (4), it is unclear what further discovery Demaray seeks (or needs) at this time.

C. Applied's Proposal

Considering the Court's findings on subject matter jurisdiction discussed above, Demaray's contentions in the customer suits, and the robust discovery Applied (and its suppliers) already produced, Demaray's motion should be denied. The Court should allow this case to proceed based on the claims actually made—Applied's claims of non-infringement and license—and decline to further delay claim construction based on Demaray's purported claim that it needs more discovery.

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