

EXHIBIT I

From: [Wells, Maclain](#)
To: [Ou, Philip](#)
Cc: [#Demaray Service \[Int\]](#); [Demaray - AMAT](#)
Subject: [EXT] Applied Materials, Inc. v. Demaray LLC, 5:20-cv-09341-EJD
Date: Tuesday, February 1, 2022 5:46:00 PM
Attachments: [Demaray s Motion to Add Affirmative Infringement Claims \(v2\).DOCX](#)

Phil,

We will be moving the NDCA court for permission to amend Demaray's Answer to include affirmative counterclaims for infringement. We understand from past correspondence that you oppose. Here is our portion of the draft submission. Please provide Applied's inserts by 3 pm on Friday. We are available to discuss tomorrow.

Thank you,
Maclain

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February __, 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 to resolve a dispute regarding Demaray’s request to amend its Answer to add affirmative claims for infringement to this case. The parties met and conferred, were unable to resolve their dispute, and are available for a hearing on February 10 or at the Court’s earliest convenience

Demaray LLC’s Statement

Demaray moves to add affirmative infringement claims concerning Applied’s reactors. Demaray recently received third-party discovery from Applied’s filter supplier and has diligently analyzed this information and has a good-faith basis to allege that Applied’s stand-alone reactors are infringing. Demaray is ready to address these claims via an amended Answer and Counterclaims, although it still needs targeted discovery to ascertain the full scope of infringement and prepare preliminary infringement contentions. *See* Dkt. 118. Demaray has requested amendment at the earliest opportunity so that the Court may consider this request while it enters a case schedule.

A. Background

Applied has sought a declaratory judgement that none of its stand-alone reactors, or its use thereof, 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. As Demaray has repeatedly informed the Court, Demaray therefore needs targeted discovery on Applied’s reactors to make affirmative infringement determinations on Applied’s stand-alone reactors in this case, including circuit-level details on any protective filters or alternative protective mechanisms used. *See, e.g.*, Dkts. 27 at 6-8, 69 at 3-4, 82 at 4-8, 118 at 1-3.

At every turn, Applied has refused to disclose these necessary details. As outlined in the most-recent Joint CMC Statement, Demaray proposed that Applied prioritize providing Targeted Product Disclosures sufficient to detail (1) its reactors with DC power to the target and RF bias to the substrate (including reactor configurations, power sources, magnetron usage, and heating elements), (2) any RF filters or alternative protective mechanisms used (including the type of RF filter/alternative protective mechanism, operating frequency, and attenuated bandwidth), (3) Applied’s use of such reactors (including the targets and substrates used and thin-films deposited), (4) its interactions with customers regarding the same (*e.g.*, to address indirect infringement issues), and (5) its importation and exportation to reactors and chamber parts sufficient to address its activities abroad (*e.g.*, under 35 U.S.C. § 271(f)). Dkt. 106 at 11-13 (Third Updated CMC Statement). Applied refused, requiring a motion to compel. *See* Dkt. 118.

Demaray also served discovery on Applied in this case asking for these Targeted Product Disclosures, but Applied refused to provide full responses, related documents or the relevant reactor components for inspection and testing. For 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 refused here and in Texas to disclose the details of the protective filters or alternative protective mechanisms used in its reactors, claiming that it does not have details on such filters.

Demaray subpoenaed Applied's filter supplier, Comet Technologies USA, Inc. ("Comet"), concerning the DC filter supplied for certain Applied reactor chambers. On December 17, 2021, Comet stated that "COMET built this component at Applied's request and **according to Applied's specifications**" belying Applied's feigned ignorance. On January 19, 2022, Comet provided a circuit-level schematic confirming the use of a band-rejection filter inside the RF match supplied to Applied. On January 26, 2022, Comet provided further detail about inductive components in this DC filter, including coil specifications. On February 4, 2022, Demaray visually inspected and tested the DC filter at Comet's facility. Demaray now seeks to add affirmative infringement claims concerning Applied's reactors and is prepared to file an amended Answer and Counterclaims at the Court's direction. Of note, Demaray still seeks targeted disclosures regarding these and Applied's other reactors (*see* Dkt. 118) to prepare its infringement contentions addressing the full-scope of Applied's infringement.

B. Argument

Based upon Comet's recent disclosures, Demaray seeks to add affirmative counterclaims for infringement. Under Fed. R. Civ. P. 15(a)(2), the Court should "freely give leave when justice so requires." "Courts presented with motions for leave to amend a pleading to add an omitted counterclaim generally 'adhere [] to the liberal amendment policy of Rule 15' in deciding whether to grant the requested leave." *Kawczynski v. Kawczynski*, No. 18-cv-05709 NC, 2019 U.S. Dist. LEXIS 239238, at *2-3 (N.D. Cal. Mar. 25, 2019) (quotations omitted). The factors informing whether amendment is warranted are: (1) bad faith, (2) undue delay, (3) prejudice to the opposing party, and (4) futility of amendment. *Foman v. Davis*, 371 U.S. 178, 182, 83 S. Ct. 227, 9 L. Ed. 2d 222 (1962). The party opposing amendment bears the burden of showing prejudice. *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 187 (9th Cir. 1987). Here, Rule 15 and the *Foman* factors favor granting Demaray leave to add counterclaims for infringement.

Demaray neither seeks amendment in bad faith nor has unduly delayed. Demaray appropriately and consistently told Applied and this Court that it needs targeted disclosures, including circuit-level details regarding Applied protective filters to evaluate the propriety of affirmative infringement claims. *See, e.g., Pac. Sci. Energetic Materials Co. LLC v. Ensign-Bickford Aero. & Def. Co.*, 281 F.R.D. 358, 363 (D. Ariz. 2012) ("Erring on the side of avoiding Rule 11 sanctions at the risk of waiving its counterclaim, the defendant diligently sought discovery of technical documentation to support its claim of infringement but has been unable to obtain it... I FIND good cause to amend the scheduling order to allow the defendant to amend its answer and file a counterclaim."). Demaray recently received circuit-level details on the protective filter used in a subset of Applied's *Cirrus* reactors. Based on its review of these schematics (produced January 19), disclosures on the inductive members (produced January 26) and inspection of Comet's DC filter (conducted February 4), Demaray has a good faith, reasonable basis to add affirmative infringement claims regarding Applied's stand-alone reactors. In particular, it has

reason to believe that Comet's filter contains a claimed narrowband rejection filter. Demaray seeks to amend at the earliest possibility to allow the Court to consider this request while it decides Demaray's motion for targeted disclosures and enters a case schedule.

Applied will not be prejudiced by amendment. The Court has yet to conduct a case management conference or enter a case schedule. Discovery is in its early stages and briefing on claim construction has not started and can easily be adjusted per Demaray's proposed schedule (Dkt. 116) to accommodate affirmative infringement claims. And, Applied's suggestion that Demaray should have brought its claims based on Texas disclosures ignores its own actions. Applied stated it's reactors lack the claimed "narrowband rejection-filter" (Dkt. 1, ¶¶ 95, 100), but refused in Texas and here to provide details necessary for Demaray to test this assertion. On September 27, 2021, the Texas court granted Demaray's motions to compel the Texas defendants and Applied to provide more details on the RF filters/alternative protective mechanisms in the Texas defendants' reactors, including requiring physical inspections of the filters/alternative protective mechanisms, providing parts (such as the filter and DC power sources) for inspection, and requesting details from their power source suppliers. The Texas defendants and Applied failed to comply necessitating another motion to compel. The Texas court granted this motion on November 4, 2021 and ordered Applied to provide representative reactors for inspection. Again, the Texas defendants and Applied failed to do so, requiring another motion to compel. At a December 16, 2021 hearing, the Texas court ordered the requested disclosures, including 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

The Court should grant Demaray's motion to add affirmative claims for infringement based on its diligent inquiry and recent discovery of information relating to the DC filters that non-party Comet supplies to Applied for *Cirrus* reactors. Demaray has prepared an amended Answer with Counterclaims that it is ready to file. Demaray also requests the Court to order the requested targeted disclosures (Dkt. 118) so that it can ascertain the full scope of Applied's infringement.

Applied's Statement

Applied's Proposal

Respectfully submitted,

/s/

C Maclain Wells
of Irell and Manella LLP

Counsel for Defendant
Demaray LLC

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