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**VIA CM/ECF & HAND DELIVERY**

The Honorable Leonard P. Stark  
United States District Court  
District of Delaware  
844 King Street  
Wilmington, DE 19801

**Re: *Elm 3DS Innovations v. Micron Tech. Inc. et al*, C.A. No. 1:14-1431-LPS-CJB**

Dear Chief Judge Stark:

Five and a half years after filing this lawsuit, Elm now seeks to amend its Complaint to add conclusory willful infringement allegations. The Court should deny Elm's Motion.<sup>1</sup>

First, Elm provides no good cause, let alone diligence, for its five-plus year delay. During its delay, all twelve asserted patents expired. Elm's founder, the sole alleged inventor of all asserted patents, died. Elm's delay is particularly unwarranted given Elm's own admission that its willfulness claim is not based on any new facts learned in discovery. Rather, Elm bases its claim on the same information already in Elm's possession when it first filed this litigation.

Elm's unjustified delay prejudices Defendants in at least three ways. First, Defendants are unable to depose Mr. Leedy about his alleged disclosure to Defendants because he died during Elm's delay. Second, because the RFP deadline has passed, Defendants are unable to seek documents allegedly supporting Elm's proposed willful infringement claim. Third, Elm's delay limits Defendants' ability to obtain opinions of counsel.

Finally, the amendment is futile because Elm's willfulness claim is based on Elm's unsupported assertion of a meeting between Leedy and Micron.<sup>2</sup> Elm had nothing to support this allegation before bringing suit. Now, over five years later, and despite numerous requests from Micron, Elm still lacks any evidence showing this meeting occurred. The only other alleged basis for pre-filing knowledge is Micron's citations to Elm's patents in its Information Disclosure Statements during patent prosecution. This, too, fails to show Micron's knowledge.

**I. Elm Has No Good Cause For Its 5-Plus Years Delay, Which Prejudices Defendants**

**A. Elm's Undue Delay**

Amendments should be denied where "denial [can] be grounded in bad faith or dilatory motive, *truly undue or unexpected* delay, [or] repeated failure to cure deficiency by amendments previously allowed. . . ." *Lundy v. Adamar of N.J., Inc.*, 34 F.3d 1173, 1196 (3d Cir. 1994).

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<sup>1</sup> Elm's May 13, 2020 letter (DI 252) also sought "two other substantive changes:" (1) removing U.S. Patent No. 8,035,233, based on a PTAB decision that the asserted '233 Patent claims are invalid; and (2) revisions "to reflect the fact that [Mr. Leedy] passed away in 2017." Mot. at 2. Defendants do not object to these two amendments.

<sup>2</sup> Each Defendant will write separately as to its specific facts regarding futility.

Elm's motion should be denied because it has failed to provide any explanation for its over five year delay. *See Del. Display Grp. LLC v. Lenovo Grp. Ltd.*, Civil Action No. 13-2108-RGA, 2016 WL 720977 (D. Del. Feb. 23, 2016). In *Lenovo*, the court denied the plaintiff's motion to add willfulness claims due to its "nearly two years" of delay despite having possession of the relevant information. The court reasoned: "Plaintiffs...offer nothing as to why they waited until nearly two years after filing the complaint to assert willfulness. This is particularly hard to understand, since it seems that the only legitimate basis for the willfulness assertion was something that Plaintiffs undoubtedly knew before ever filing the original complaint." *Id.* at \*8.

Elm argues that its amendment is timely because it is within the Court's schedule to file amended pleadings. The *Lenovo* court, however, rejected an identical argument: "The question of whether a motion for leave to amend is timely under the scheduling order is certainly relevant to the question of whether there has been undue delay. They are not, however, the same question. Just as a motion filed after the deadline could be filed without undue delay, **so too could undue delay exist when a motion is filed before the deadline.**" *Id.* (emphasis added).

The *Lenovo* court also reasoned that plaintiff's amendment should be denied because plaintiff previously amended the complaint:

When 'a party fails to take advantage of previous opportunities to amend, without adequate explanation, leave to amend is properly denied.' ... Plaintiffs provide no explanation for why they did not seek leave earlier or why the allegations of willfulness were not included in earlier amendments. Plaintiffs' only 'reason[] for not amending sooner' appears to be that the scheduling order's deadline had not yet elapsed. Given that this motion was filed on the last possible day, which was also the date that fact discovery was scheduled to close, and the delay in filing appears to have been an intentional effort to wait until the last moment, that does not suffice. I find that there was undue delay....

*Id.* at \*9 (emphasis added; citations omitted).

Like *Lenovo*, Elm's proposed amendment does not add a single new factual allegation, and is based on facts Elm knew since 2014. *See* Mot. at 2 ("Elm 3DS is not adding any factual allegations to the complaints."). It is not based on any new document, new testimony, or new discovery responses. This demonstrates that Elm could have alleged willfulness when it filed its original complaint or its FAC. Where the *Lenovo* court found a "nearly two years" delay "hard to understand," that delay pales in comparison to Elm's five-plus years delay.

Also like *Lenovo*, Elm fails to explain why it did not or could not assert willfulness in 2014. Elm also fails to explain why it did not amend the Complaint to allege willfulness in the five-plus year course of the lawsuit, despite opportunities to do so. Elm filed an amended Complaint on March 27, 2015, but did not allege willful infringement.<sup>3</sup>

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<sup>3</sup> This is not the first case in which Elm's counsel has failed to act diligently in seeking leave to amend to assert willful infringement. *See E.I. DuPont De Nemours & Co. v. Unifrax I LLC*, No. 14-1250-RGA, 2017 U.S. Dist. LEXIS 68842, at \*5 (D. Del. May 5, 2017) (denying motion, filed by Elm's counsel more than a year after the deadline to amend pleadings, for leave to amend to plead willfulness, noting that plaintiff "seems to have been in possession of the facts essential to bring a willfulness claim well prior to the amendment deadline established by the scheduling order").

Elm's argument that its motion to amend is "timely under the Court's Scheduling Order" does not justify its five-plus year delay. "[U]ndue delay [can] exist when a motion is filed before the deadline." 2016 WL 720977 at \*8. And, like in *Lenovo*, Elm sought amendment "on the last possible day." *Id.* Moreover, the scheduling order contemplated that the claim construction order may change the scope of the claims asserted, which might warrant amendment. It did not contemplate giving the parties an expansive amount of time to assert claims which it had all facts about years ago.

### **B. Elm's Delay Prejudices Micron By Preventing Discovery On Willfulness**

Elm's undue delay is highly prejudicial which is a basis to deny the amendment. *Cureton v. Nat'l Collegiate Athletic Ass'n*, 252 F.3d 267, 273 (3d Cir. 2001). During Elm's delay, Mr. Leedy died. Mr. Leedy is central to Elm's willfulness allegations—not only was he the founder of Elm and sole alleged inventor of the asserted patents, he is the only Elm individual with direct knowledge of alleged meetings with Defendants. No one from Micron recalls the alleged meeting. No document (Micron's or Elm's) supports the contention that the meeting ever took place. But due to Elm's undue delay, Defendants cannot depose Mr. Leedy.

The absence of a willfulness allegation affected Defendants' litigation strategy. For example, had Elm asserted willfulness in its initial 2014 Complaint, Defendants would have conducted discovery on Elm's alleged evidence of pre-filing notice of the asserted patents. But the deadline for service of document requests ("RFPs") has now passed (February 9, 2020). DI 214. Defendants would also have sought opinions of counsel, but the delay and inability to obtain discovery on this issue limits that option.

## **II. Elm's Amendment Is Futile Because It Fails To State A Claim For Willfulness**

Amendment is futile "when the complaint, as amended, does not state a claim upon which relief can be granted. If the proposed amendment 'is frivolous or advances a claim or defense that is legally insufficient on its face, the court may deny leave to amend.'" *Koken v. GPC Int'l, Inc.*, 443 F. Supp. 2d 631, 634 (D. Del. 2006) (internal citations omitted).

Elm must allege facts that "are sufficient to show that the plaintiff has a 'plausible claim for relief.'" *Chalumeau Power Sys. LLC v. Alcatel-Lucent*, 2012 WL 6968938 (D. Del. Jul. 18, 2012) (dismissing willful infringement). Amendments should be denied when the "factual allegations do not plausibly support the conclusion that each defendant 'acted despite an objectively high likelihood that its actions constituted infringement...', and that defendants knew or should have known that their actions constituted infringement of a valid patent." *Id.* at \*2.

Elm's amendment to add willfulness claims is futile. Elm's Motion indicates that its willful infringement claims are based on Micron's conduct before Elm filed its Complaint.<sup>4</sup> In order to plead willfulness, Elm makes two allegations: (1) that a purported meeting between Mr. Leedy and Micron occurred "[i]n 2000 or 2001," in which Mr. Leedy allegedly provided a presentation and a copy of the '167 Patent (which is not asserted in this case), as alleged in ¶ 31 of the Amended Complaint; and (2) that Micron cited Elm's patents during prosecution of Micron's

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<sup>4</sup> To the extent Elm alleges that Micron willfully infringed Elm's patents post-filing, each of Elm's asserted patents have expired in the 5-year period of Elm's delay. Elm cannot accuse Micron of infringing—willfully or otherwise—patents after they have expired.

patent applications, as alleged in ¶¶ 51-60. Each of these allegations is insufficient on its face.

**A. Elm Fails To Identify Facts That Show Micron Ever Met With Mr. Leedy**

Despite multiple requests from Micron, Elm never produced any documentary evidence that a meeting between Micron and Leedy actually took place. Five and a half years into the litigation—during which the parties produced 7,500 documents totaling over 138,000 pages—Elm has yet to provide a shred of evidence that the alleged meeting occurred.

In Micron’s Interrogatory No. 1, Micron asked Elm to “[i]dentify and describe all evidence—including but not limited to documents, communications, and expected witness testimony—of a meeting between Glenn Leedy and Micron as alleged in paragraph 50 of the First Amended Complaint.” In its April 24, 2020 response (**Ex. A**), Elm identified only two documents, ELM3DS00041228 (**Ex. B**) and ELM3DS00041225 (**Ex. C**). Neither document, however, supports Elm’s contention, and both are inadmissible hearsay because the author is now dead. The documents fail to show any meeting, or even any reference to a meeting. They are not even communications with Micron, but emails from Leedy to third parties.

The first document is Glenn Leedy’s funding solicitation email to a contact at Hyundai, in which Mr. Leedy encourages him to invest in “Elm’s licensee Tachyon Semiconductor,” and tells him that “Micron and Infineon have pledged investment,” suggesting that he “take a good look at Tachyon as soon as possible.” The email has nothing to do with Elm’s allegation of a meeting between Micron and Leedy. To date, none of the documents produced by either party evidence that Micron ever “pledged investment” in any of Leedy’s technology. Leedy’s statement appears to be unsubstantiated puffery hoping to entice a potential investor.

The second email is also not relevant. In a message to Bob Patti of Tezzaron, Leedy states: “I told him you expected to have a demonstration circuit by December with Micron and Infineon on record to work with you once they receive the demo circuit, and that Tachyon was currently trying to close [sic] a second round of financing.” This email likewise fails to demonstrate a Micron-Leedy meeting. Moreover, to the extent “you” refers to Mr. Patti and Tezzaron, Mr. Leedy’s statement does not refer to his own alleged dealings with Micron, but dealings between Micron and third party Tezzaron.

After thorough investigation, Micron has not located any document that shows a meeting between Mr. Leedy and Micron ever took place. The only document in Micron’s possession that even mentions Mr. Leedy is a single file folder labeled “Glenn Leedy,” which had no contents, and no reference to any meeting or discussion (MICRON-ELM-00011208, **Ex. D**).

Even if Elm could substantiate that a meeting took place in 2000 or 2001 (which Elm cannot), that would not suffice to show Micron’s knowledge of the asserted patents, because Mr. Leedy allegedly presented the ’167 Patent during that meeting—which is not asserted in this case. A conclusion that Micron had knowledge would be based on an absurd premise that a company that had one meeting regarding one patent is presumed to have knowledge of all the other patents in the same family, no matter how large the patent family or the span of filing dates.

**B. Citations To Elm’s Patents Is Insufficient To Show Pre-Suit Knowledge**

Elm alleges that Micron had pre-suit knowledge of the asserted patents because Micron cited to Elm’s patents during prosecution of Micron’s patent applications. As alleged support, Elm

identifies examples from Micron's Information Disclosure Statement ("IDS") submissions dating 2000, 2005, 2008, and 2009. FAC at ¶ 51. Elm's claim fails because disclosures to the Patent Office citing documents are insufficient to show pre-suit knowledge of infringement.

Delaware courts have rejected arguments similar to Elm's.<sup>5</sup> In *Chalumeau Power Sys.*, patentee alleged willfulness because the asserted patent was cited during prosecution of defendants' three patent applications. *Chalumeau*, 2012 WL 6968938. The court rejected that argument, stating that the alleged facts "do not...make actual knowledge of the [asserted] patent's existence by the two moving defendants plausible. The connection between the moving defendants and the patent applications from nearly a decade ago are not explained sufficiently to make plausible that either of the defendants had actual knowledge...." *Id.* at \*1. The court concluded: "The factual support for the allegation of willfulness made in the Amended Complaint is insufficient. The factual allegations do not plausibly support the conclusion that each defendant 'acted despite an objectively high likelihood that its actions constituted infringement of a valid patent,' and that defendants knew or should have known that their actions constituted infringement...." *Id.* at \*2.

Similarly, in *DermaFocus*, the defendant's founder was listed as an inventor on a patent application, and the plaintiff alleged defendant had pre-suit knowledge of infringement because an IDS was filed in connection with that application that listed the asserted patent as "one of seven listed 'material references' for determining patentability." *DermaFocus LLC v. Ulthera Inc.*, 201 F.Supp.3d 465, 467-468 (D. Del. 2016). The court held that "given the implausible inferences related to presuit knowledge, the court grants the motion to dismiss the FAC as it relates to pre-complaint willfulness." *Id.* at 473. The court reasoned that while the asserted patent was cited on an IDS, "[t]here is no indication...that the [asserted] patent was mentioned again during prosecution...or otherwise by defendant before the instant litigation was filed.... Although it is certainly conceivable that [the inventor] took note of the [asserted] patent a decade ago and shared his knowledge thereafter with others at his company, the court concludes that the allegations are neither likely nor reasonable; i.e., no plausible inference arises from the alleged facts that **defendant** had knowledge of the [asserted] patent in 2005." *Id.* at 471.

Elm's allegations of Micron's pre-suit knowledge are based on even more tenuous facts than the above cases. As an initial matter, many of the patents Elm alleges were included on an IDS are not asserted in this case. Elm makes the implausible argument that, when a patent applicant's outside counsel lists a patent on an IDS, the patent owner has knowledge of not only the patent itself, but also other related patents in the family or naming the same inventor. Even if the argument were limited to only the asserted patents, Elm's argument still fails. In several of the disclosures, the asserted patents are a small fraction of dozens, if not hundreds, of cited prior art references. That is different from situations where the Examiner applied a prior art patent that the applicant then needed to study and distinguish to overcome. Moreover, at any given time Micron has over 6,000 pending applications. As of August 2019, Micron owned over 13,000 U.S. patents and over 5,000 active foreign patents. It would be unreasonable to expect Micron to "have knowledge" regarding all of the references cited in all of those patents and applications.

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<sup>5</sup> While one earlier Delaware case found notice of the asserted patent based on an IDS submission to the PTO, *Mallinckrodt Inc. v. E-Z-EM Inc.*, 671 F. Supp. 2d 563, 569 (D. Del. 2009), the more recent Delaware cases *Chalumeau* and *DermaFocus* rejected this argument.

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