IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

OCEAN SEMICONDUCTOR LLC, Plaintiff, v. HUAWEI DEVICE USA, INC., HUAWEI DEVICE CO., LTD.; and HISILICON TECHNOLOGIES CO., LTD., Defendants.	No. 4:20-cv-991 Jury Trial Demanded

DEFENDANTS' REPLY IN SUPPORT OF MOTION TO DISMISS FOR FAILURE TO STATE A CLAIM UNDER 35 U.S.C. § 271(g)

Ocean's Opposition relies on an incorrect and overly broad application of 35 U.S.C. § 271(g). A claimed process that only "involves" or "relates to" product manufacturing is not enough. According to Federal Circuit precedent, § 271(g) applies only when the patented process creates or modifies a physical product. Applying this correct standard, the claimed methods of the '402, '538, '305, and '248 patents cannot be infringed under § 271(g), and these infringement claims should be dismissed.

ARGUMENT

Ocean agrees that § 271(g) requires a patent holder to identify a product "made by" a patented process (Dkt. 14 at 2-3). But Ocean then argues, relying on a patent treatise, that "made by" is to be read expansively so that any process that "relates" to product manufacturing is "made by" that process (Dkt. 14 at 7). This expansive view of § 271(g) ignores Federal Circuit precedent that expressly limits the application of § 271(g). *See e.g.*, *Momenta Pharms., Inc. v. Teva Pharms. USA Inc.*, 809 F.3d 610, 615 (Fed. Cir. 2015). For example, in *Momenta*, the Federal Circuit hold that the products at issue were not "made by" a patented process used for quality control:

> it is more consonant with the language of the statute, as well as with this court's precedent, to limit § 271(g) to the actual "ma[king]" of a product, rather than extend its reach to methods of testing a final product or intermediate substance to ensure that the intended product or substance has in fact been made.

Momenta Pharm., 809 F.3d at 615.

The claimed process must create or transform a physical product. *Id.* at 616. Section 271(g) does not apply to processes that may be related to manufacturing but are "too far removed from the actual making of the product." *Id.* at 617. Thus, the Federal Circuit held that "made" as used in § 271(g) "extends to the creation or transformation of a product, such as by synthesizing, combining components, or giving raw materials new properties." *Id.* at 616. In *Momenta*, the claimed method fell short of this standard, despite its use as part of manufacturing. *Id.* at 618.

Similarly, in *Bayer*, the patent holder alleged that the accused infringer used a claimed research process for identifying useful drugs. 340 F.3d at 1377. The court held that because the research process was not "used in the actual synthesis of the drug product," the patent holder could not state a claim under § 271(g). *Id.* at 1377–78. Specifically, "the process ***must be used directly in the manufacture of the product***." *Id*. at 1378 (emphasis added).

In response, Ocean argues that in *Eli Lilly*, the Federal Circuit noted that Congress chose not to add the term "directly" to § 271(g). But *Eli Lilly* also observes that this was because the statute already included additional provisions that capture, for example, products made by a claimed process but altered in immaterial ways after manufacture. *Eli Lilly & Co. v. Am. Cyanamid Co.*, 82 F.3d at 1568, 1576 (Fed. Cir. 1996). So *Eli Lilly* cannot be read to extend § 271(g) to cover *any* process connected to manufacturing.

Controlling Federal Circuit authority—the holdings in *Bayer* and *Momenta*—contradicts Ocean's assertion that § 271(g) infringement includes products that are the result of the asserted method claims of the '538, '402, '305, and '248 patents. None of these claimed methods describe processes that create or transform tangible products. Accordingly, Ocean's claims based on § 271(g) should be dismissed with prejudice; granting leave to amend would be futile since Ocean cannot change the patent claims to fit Section 271(g)'s requirements.

I. The'538 and '402 Method Claims Do Not Create or Transform a Physical Product

Claim 1 of the '538 patent requires a process for detecting fault conditions during semiconductor manufacturing and adjusting the weighting of fault-related parameters in the detection algorithm. Ocean argues that the claimed method "relates" to semiconductor wafer manufacturing and refers to a product, namely, a semiconductor "workpiece" or "wafer." But Ocean does not and cannot argue that the claimed process makes a tangible product because it

merely performs and purportedly improves fault detection, producing information about faults and refining the process for finding them. It matters not whether this claimed process is connected to manufacturing generally or whether the claims refer to a workpiece or a wafer. Similar claims in *Bayer* and *Momenta*, which included references to products, were held to be insufficient under § 271(g). Here, Ocean relies on the *specification's* disclosures of wafer processing that occurs *after* the claimed process. But the *claims* are limited to fault detection and do not cover any such processing. Ocean tries to distinguish *Bayer* by alleging that a physical product is imported, rather than just information. This is irrelevant where the physical product is not "made by" the claimed process. This was also true in *Bayer*, which involved an imported product that was held to be made without using the claimed process. 340 F.3d at 1377–78.

Likewise, asserted claim 1 of the '402 patent relates to fault detection. Ocean concedes that the claimed process gathers processing tool data, looks for fault conditions, and—if such conditions are detected—adjusts by shutting down a tool or by informing a technician. These claimed steps do not create or transform a physical product.

As with the '538 Patent, Ocean asserts that the process claimed in the '402 patent can be infringed because the process "relates" to manufacturing and is performed by manufacturing equipment. But § 271(g) requires that a product be "***made by*** a process patented in the United States," which the Federal Circuit has held means that the claimed process must create or transform a tangible product. 35 U.S.C. § 271(g) (emphasis added); *Bayer*, 340 F.3d at 1368, 1377–78; *Momenta*, 809 F.3d at 615–16. Here, the claimed process detects faults and responds by performing an action. Ocean's Complaint accuses tangible products of infringement but cannot plausibly state a claim that the accused products are "made by" the claimed process. As stated above, infringement under § 271(g) is impossible for the accused products because the claimed

processes do not directly create or transform the accused semiconductor chips. Even if Ocean is correct that the process claimed in the '402 patent is "crucial" during manufacturing, it cannot establish that those products are "made by" the process. This is fatal to Ocean's claims.

Ocean's reliance on *Bio-Technology General Corp. v. Genentech, Inc.*, 80 F.3d 1553, 1561 (Fed. Cir. 1996), is misplaced. In *Bio-Tech.*, the Federal Circuit concluded that an accused protein generated by a plasmid was "made by" a claimed method for creating the plasmid. 80 F.3d at 1560–61. The process at issue in that case resulted in the "actual synthesis" of the protein. *Bayer*, 340 F.3d at 1377. In contrast, here the fault detection process claimed in the '402 patent does not create a semiconductor wafer.

II. The Processes Claimed in the '305 and '248 Patents Also Do Not Create or Transform a Physical Product

The asserted claims of the '305 and '248 patents focus on logistics, reciting a scheduling method for a manufacturing process where an action is scheduled in response to a detected event. Ocean does not and cannot assert that the claimed process creates or transforms any tangible product. Instead, Ocean alleges that scheduling is "indispensable" to semiconductor manufacturing. Dkt. 14 at 10–11. But the scheduling of actions does not mean a product is "made by" the claimed process. Accordingly, the methods claimed in the '305 and '248 patents do not meet the standard required for infringement under § 271(g), they merely schedule actions.

Ocean further argues that the specification and claims mention and relate to manufacturing. But again, the scope of the asserted claims is what matters, and these claims describe processes to detect events and respond by scheduling actions. None of the steps make or alter a product. And while Ocean also argues that the claimed events and scheduled actions could relate directly to manufacturing, the claimed processes are limited to scheduling, not performing any actions that manufactures a semiconductor device.

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