

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION**

MAXELL LTD.,

Plaintiff,

v.

APPLE INC,

Defendant.

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CIVIL ACTION NO. 5:19-CV-00036-RWS

ORDER

Before the Court is Defendant Apple’s Motion for Leave to Amend Invalidation Contentions. Docket No. 130. For the reasons discussed below, the motion is **GRANTED**.

BACKGROUND

Maxell filed this suit asserting that Apple infringes 10 patents, including U.S. Patent No. 8,339,493. Docket No. 1. On August 14, 2019, Apple served Maxell with its initial P.R. 3-3 Invalidation Contentions in accordance with the scheduling order deadline. Docket No. 130-2 ¶ 2. On November 14, 2019, Apple moved for leave to amend its invalidity contentions to add additional prior art—the Casio QV-8000SX Digital Camera (“Casio Camera”)—as invalidating the asserted claims of the ’493 Patent.

Apple asserts that, both before and after its deadline to serve its initial invalidity contentions, it engaged in extensive efforts to locate relevant prior art. Docket No. 130 at 2. To supplement the prior art searches conducted by Apple’s litigation counsel, Apple retained an intellectual property law firm that specializes in patent matters and engaged a prior art search firm to search for prior art. *Id.*

On October 16, 2019, a technical analyst working under Apple’s direction discovered a German website published by an individual camera enthusiast which contained information relating to old models of digital cameras. *Id.* at 3. Within a few days the analyst identified the Casio Camera as potentially relevant and, after searching for available technical information and product literature, identified a product manual describing the Casio Camera’s technical features. *Id.*

On October 25, 2019, Apple’s counsel prepared a supplemental invalidity claim chart. Apple shared the chart with Maxell on November 4, 2019 and moved for leave to amend its invalidity contentions ten days later on November 14. *Id.* at 4.

LEGAL STANDARD

Under the Local Rules of the Eastern District of Texas, Appendix B Patent Rules, leave to amend invalidity contentions “may be made only by order of the court, which shall be entered only upon a showing of good cause.” P.R. 3-6(b). “Good cause,” according to the Federal Circuit, “requires a showing of diligence.” *O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 1366 (Fed Cir. 2006).

The Court weighs multiple factors in determining whether good cause exists, including but not limited to:

1. The length of the delay and its potential impact on judicial proceedings;
2. The reason for the delay, including whether it was within the reasonable control of the movant;
3. Whether the offending party was diligent in seeking an extension of time;
4. The importance of the particular matter; and
5. The danger of unfair prejudice to the non-movant.

Allure Energy, Inc. v. Nest Labs, Inc., 84 F. Supp. 3d 538, 540-41 (E.D. Tex. 2015) (quoting *Comput. Acceleration Corp. v. Microsoft Corp.*, 481 F. Supp. 2d 620, 625 (E.D. Tex. 2007)).

ANALYSIS

A. The Length of the Delay and the Impact on the Proceedings

Apple filed this motion to amend on November 14, 2019, three months after serving the initial invalidity contentions. Such a delay weighs against granting leave to amend. *Allure Energy*, 84 F. Supp. 3d at 541–42. As in *Allure Energy*, during that three-month interval “[Maxell] was required by the Scheduling Order to: propose terms for construction; file amended pleadings without leave; exchange proposed claim constructions and extrinsic evidence; serve a preliminary election of asserted claims; [and] complete discovery on claim construction.” *Id.* Further, Maxell’s deadline to serve its opening claim construction brief was November 14, 2019, ten days after Apple shared its supplemental invalidity chart and four days after Apple moved for leave to amend. This first factor weighs against granting leave to amend.

B. The Reason for the Delay and Exercise of Diligence

Apple asserts that it has been diligent in searching for prior art and that the delay in discovering the Casio Camera is excusable. Docket No. 130 at 2. With regard to diligence, Apple asserts that its litigation counsel, an additional intellectual property law firm and a prior art search firm all conducted extensive prior art searches. *Id.* Apple further argues that its delay in discovering and identifying the Casio Camera is excusable “because of the significant difficulty associated with locating technical information about prior art products sold twenty years ago.” *Id.* To Apple, “[u]nlike patents and technical publications, physical prior art products, such as the Casio Camera, are difficult to find” because “there is no centralized database cataloging such products and their characteristics.” *Id.* at 3. Finally, Apple asserts that it promptly notified Maxell

of the discovery of the Casio Camera and provided a supplemental invalidity claim chart “within six business days of confirming the relevance of the Casio Camera’s product manual.” *Id.* at 3.

Maxell argues that Apple’s motion is “nothing more than an effort to correct for its own lack of diligence.” Docket No. 148 at 3. For support, Maxell states that, on July 10, 2019, it disclosed screenshots of the German website that Apple alleges to have first discovered on October 16, 2019. *Id.* The screenshots identified the Casio Camera. Maxell thus asserts that Apple could have, through reasonable diligence, discovered the Casio Camera before its deadline to serve the initial infringement contentions. *Id.* Apple responds that the disclosure was buried in 17 pages of screenshots comprising a list of 390 cameras produced without accompanying explanation along with 3,773 other documents totaling 193,586 pages. Docket No. 159 at 2.

“The Court . . . appreciates the difficulty of discovering all relevant prior art and supplemental materials.” *Tech. Pharmacy Serv. v. Alixa Rx LLC*, No. 4:15-cv-766, 2017 WL 2833460, at *4 (E.D. Tex. Jan. 19, 2017). The delay in identifying and recognizing the Casio Camera as relevant prior art can be expected even by a party conducting a proper investigation, particularly when the prior art is disclosed in the manner it was here. *Hearing Components, Inc. v. Shure, Inc.*, No. 0:07-cv-104 , 2008 WL 11348009, at *2 (E.D. Tex. June 5, 2008) (finding a three-month delay between plaintiff’s disclosure and defendant’s discovery of prior art reference “can be expected when a party conducts a proper investigation into the merits of its potential defenses).

Under the conditions described, the delay in discovering the Casio Camera is excusable. The timeline Apple laid out evidences that it worked quickly to prepare the proposed supplemental invalidity contentions and that Apple communicated with Maxell less than three weeks after discovering the prior art. *Seven Networks, LLC v. Google LLC*, No. 2:17-cv-00442-JRG, 2018

WL 3327927, at *1 (E.D. Tex. July 6, 2018) (finding diligence was “greatly bolstered by the relative speed with which [the defendant] passed along the production of [prior art information]”); *Tech. Pharmacy Servs.*, 2017 WL 2833460, at *4 (considering defendant’s lack of communication relevant to the diligence analysis). These factors weigh in favor of granting leave to amend.

C. The Importance of the Matter

In determining whether a prior art reference is important, courts consider whether the prior art discloses features not present in the previously disclosed prior art are necessary or whether it is merely cumulative in light of the references already asserted. *MacroSolve, Inc. v. Antenna Software, Inc.*, No. 6:11-cv-287, 2013 WL 3833079, at *3 (E.D. Tex. July 23, 2013); *Tech. Pharmacy Servs.*, 2017 WL 2833460, at *4 (“If the amendment merely ‘further proves’ Defendants’ contentions, it follows that the amendment is not necessary, if not completely unimportant, in presenting Defendant’s case.”).

Apple asserts that the Casio Camera is important because it anticipates several asserted claims of the ’493 patent and, in combination with other references already disclosed, renders the remaining claims obvious. Docket No. 130 at 5. Apple further asserts that the importance of the prior art is “shown by the fact that Apple plans to select this prior art among the small number of references it will pick for its preliminary election of prior art.” *Id.* During the hearing on this motion, Apple’s counsel added that the camera was important because it would “give the jury a plain and understandable explanation of Apple’s invalidity defense.” Docket No. 189 at 8:16–17. Specifically, the manual gives “the specifics of the pixel specification and none of the other manuals include that information. To get there, [Apple would] have to kind of piece together prior art in a manner that would be very . . . confusing to the jurors.” *Id.* at 18:7–10. Maxell asserts that the amendment is not important because Apple has failed to identify a feature of the Casio Camera that is not present in the previously asserted references. Docket No. 148 at 7.

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