UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

OCEAN SEMICONDUCTOR LLC,	§	Civil Action No.: 6:20-cv-1211
	§	
Plaintiff	§	
	§	
v.	§	JURY TRIAL DEMANDED
	§	
NVIDIA CORPORATION,	§	
	§	
Defendant	§	PATENT CASE

NVIDIA'S RULE 12(b)(6) MOTION TO DISMISS CLAIMS UNDER THE '538, '305, AND '248 PATENTS BECAUSE THEY ARE NOT COGNIZABLE UNDER 35 U.S.C. § 271(g)

I. INTRODUCTION

35 U.S.C. § 271(g) applies only where a product is used, sold, offered for sale in, or imported into, the U.S. and was "made by" a process patented in the U.S. The "made by" element covers "the creation or transformation of a product, such as by synthesizing, combining components, or giving raw materials new properties." *Momenta Pharms., Inc. v. Teva Pharms. USA, Inc.*, 809 F.3d 610, 616 (Fed. Cir. 2015). "Made by" does not extend to "testing to determine whether an already [manufactured product] possesses existing qualities or properties," quality control processes, or generating data. *Id.*

Here, three of the nine patents asserted so clearly fail to satisfy the "made by" element that they cannot state a plausible claim for infringement under § 271(g): U.S. Patent Nos. 8,676,538; 6,907,305; and 6,968,248 (the "271(g) Patents"). The claimed methods do not create or transform any product and thus do not meet the "made by" requirement. There is therefore no way for Plaintiff Ocean Semiconductor LLC ("Ocean Semiconductor") to cure these shortcomings with additional pleading, amendment, discovery, or case development. The 271(g) Patents must be dismissed with prejudice.

II. LEGAL STANDARD

In deciding a Rule 12(b)(6) motion to dismiss for failure to state a claim, the court accepts all well-pleaded facts as true, viewing them in the light most favorable to the non-movant. *In re Katrina Canal Breaches Litig.*, 495 F. 3d 191, 205 (5th Cir. 2007). A court need not, however, blindly accept each and every allegation of fact, particularly where an allegation is conclusory or comprises a legal conclusion

"masquerading as a factual conclusion." *Taylor v. Books A Million, Inc.*, 296 F. 3d 376, 378 (5th Cir. 2002); *Bell Atlantic Corp v. Twombly*, 550 U.S. 544, 555 (2007); *Ashcroft v. Iqbal*, 56 U.S. 652, 678 (2009). To avoid dismissal, the complaint must plead enough facts to state a claim for relief that is plausible on its face, *Twombly*, 550 U.S. at 570, and the factual allegations must be enough to raise a right to relief above the level of speculation. *Id.* at 555.

III. ARGUMENT

Infringement under 35 U.S.C. § 271(g) occurs when a party sells, offers, or uses in the United States (or imports into the U.S.) "a product which is *made by* a process patented in the United States." 35 U.S.C. § 271(g) (emphasis added). A "product" must be a physical product, and it is "made" by a patented process only when "manufactured" by that process. *Bayer AG v. Housey Pharms., Inc.*, 340 F.3d 1367, 1377 (Fed. Cir. 2003). Manufacturing covers the "creation or transformation" of the product, such as by "synthesizing, combining components, or giving raw materials new properties." *Momenta*, 809 F.3d at 616. Making or manufacturing does not, however, "extend to testing" to determine whether an already-manufactured product possesses certain qualities. *Id.*; *Phillip M. Adams & Assocs., LLC v. Dell Comput. Corp.*, 519 F.App'x 998, 1005 (Fed. Cir. 2013) (unpublished) ("[E]ven assuming the certification testing constituted infringement …, the motherboards where not 'made by' the certification testing pursuant to 35 U.S.C. § 271(g).").

The production of information, as opposed to a physical product, is also outside the scope of § 271(g) and cannot be the basis for an infringement allegation under

that section. *Bayer*, 340 F.3d at 1372. Thus, to state a cognizable claim under § 271(g), Ocean Semiconductor must plausibly plead that the tangible NVIDIA products accused here—not *information* about them or about the process by which they were made—were "created or transformed" by the processes claimed in the 271(g) Patents.

Ocean Semiconductor must also show that the accused NVIDIA products were manufactured "by" the patented processes. To meet this requirement, "the process must be used *directly* in the manufacture of the product, and not merely as a predicate process to identify the product to be manufactured." *Id.* at 1378 (emphasis added). Here again, "methods of *testing* a final product or an intermediate substance" are insufficient. *Momenta*, 809 F.3d at 615 (emphasis added).

In sum, a product is "made by" a patented process when that process "create[s] or give[s] new properties" to the product. *Id.* at 616–17. Here, because of the nature of the claims in 271(g) Patents, Ocean Semiconductor has not pled—and cannot plead—a plausible claim of infringement under § 271(g). The claims under those patents should therefore be dismissed with prejudice as legally implausible and infirm. Any attempt to replead would be futile.

A. The '538 patent cannot ground a 271(g) claim because it addresses "fault detection," not the creation or transformation of the accused products.

Ocean Semiconductor asserts only claim 1 of the '538 patent, and the only theory of infringement for that claim is § 271(g). Complaint (Dkt. 1), at ¶ 77. Claim 1 reads:

> 1. A method, comprising:

> performing in a computer a fault detection analysis relating to processing of a workpiece;
>
> determining in a said computer a relationship of a parameter relating to said fault detection analysis to a detected fault;
>
> adjusting in said computer a weighting of said parameter based upon said relationship of said parameter to said detected fault; and
>
> performing in said computer the fault detection analysis relating to processing of a subsequent workpiece using said adjusted weighting.

Dkt. 1-7, Ex. G, 13:27–39.

The claim recites a process for detecting faults that arise during a manufacturing process and then tuning the ongoing fault detection process. The claimed method generates information about the "relationship" between a parameter and a detected fault, uses that data to adjust parameter "weighting" in the fault-detection algorithm, and applies the adjusted weighting when performing subsequent fault detection analysis. Complaint (Dkt. 1), at ¶¶ 71, 247.

This claimed process does not directly result in the "creation or transformation" of any product let alone the accused NVIDIA products. *Momenta*, 809 F.3d at 616. Rather, the claim addresses the fault-detection process itself, monitoring and adjusting that process on an ongoing basis. The claim says nothing about making changes to the products being manufactured. Thus, claim 1 of the '538 patent fits squarely in the "testing" category and is thus outside the scope of § 271(g). *Momenta*, 809 F.3d at 616; *Philip M. Adams*, 519 F.App'x at 1005.

Indeed, the process claimed in the '538 patent resembles the method in *Bayer* that the Federal Circuit found insufficient to sustain infringement under § 271(g). In

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