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

OCEAN SEMICONDUCTORS LLC, Plaintiff, v. NXP SEMICONDUCTORS N.V., et al., Defendants.	Civil Action No. 6:20-CV-1212-ADA **JURY TRIAL DEMANDED**

NXP USA, INC.'S MOTION TO DISMISS
FOR FAILURE TO STATE A CLAIM UNDER 35 U.S.C. § 271(g)

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I. INTRODUCTION

Defendant NXP USA, Inc. ("NXP" or "Defendant") moves to dismiss with prejudice certain of Plaintiff Ocean Semiconductor LLC's ("Ocean" or "Plaintiff") Section 271(g) infringement claims for failure to state a claim. Infringement under 35 U.S.C. § 271(g) is limited to importation of "a product which is made by a process patented in the United States." It applies to process claims that result in a manufactured good when implemented. Section 271(g) does not encompass method claims whose implementation result in the mere generation of information Yet, for at least four[1] of the asserted patents, Plaintiff has pleaded Section 271(g) infringement of claims that generate information rather than result in a manufactured good.

Specifically, U.S. Patent No. 6,725,402 ("'402 patent") concerns the receipt and processing of "operational state data of a processing tool." U.S. Patent No. 8,676,538 ("'538 patent") concerns "fault detection." And U.S. Patent Nos. 6,907,305 ("'305 patent") and 6,968,248 ("'248 patent") claim "scheduling an action" in response to "detecting an occurrence of a predetermined event." These claims cover generation or detection of information about a processing environment, not, as the law requires, processes "used directly in the manufacture of the product." *See, e.g.*, *Bayer AG v. Housey Pharm., Inc.*, 340 F.3d 1367, 1378 (Fed. Cir. 2003) ("[T]he process must be used directly in the manufacture of the product . . .").

II. LEGAL STANDARD

35 U.S.C. § 271(g) creates a cause of action for infringement for the importation, sale, or use of a product manufactured according to a patented method, but only where (1) there is no

1 Given the stage of the case and associated burdens, this motion focuses on the four most egregious patents. Defendant reserves the right to challenge Plaintiff's Section 271(g) claims as to other asserted patents as the case progresses.

infringement under Section 271(a); (2) the product produced by the claimed method is not substantially changed before importation; and (3) the product produced according to a claimed process is not a trivial component of something else. See 35 U.S.C. 271(g).

Infringement claims under § 271(g) are "limited to physical goods that were manufactured" using a patented process and do not extend to "information generated by a patented process." *Bayer*, 340 F.3d at 1368. Section 271(g) applies to "the actual 'ma[king]' of a product," not "methods of testing a final product or an intermediate substance." *Momenta Pharms., Inc. v. Teva Pharms. USA Inc.*, 809 F.3d 610, 615 (Fed. Cir. 2015) (alteration in original). A product is "made by" a process when that process "create[s] or give[s] new properties" to the product. *Id*. at 616–17. "[T]he Supreme Court [has] defined the verb form of 'manufacture' as '***the production of articles*** for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand-labor or by machinery." *Bayer*, 340 F.3d at fn.4 (quoting *American Fruit Growers, Inc. v. Brogdex Co.*, 283 U.S. 1, 11 (1931)) (emphasis in original).

Method claims that concern only the testing of a product or intermediate substance do not constitute the manufacture of that product and are not enforceable under Section 271(g). *See Momenta Pharm.*, 809 F.3d at 615 ("[I]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." (alteration in original)); *id.* at 616 ("'[M]a[king]' does not extend to testing to determine whether an already-synthesized drug substance possesses existing qualities or properties." (second alteration in original)).

Similarly, claims that concern the mere generation of information—such as "the

identification and characterization of" a product—cannot support a cause of action for infringement under Section 271(g). *See Bayer*, 340 F.3d at 1370, 1377; *id* at 1367 ("[W]e conclude that infringement under 35 U.S.C. § 271(g) is limited to physical goods that were manufactured and does not include information generated by a patented process."). Deficient Section 271(g) claims may be dismissed at the Rule 12(b) stage. *Id.* at 1378 (affirming dismissal at the Rule 12(b) stage where the asserted claim covered the generation of information, not the manufacture of a product).

III. ARGUMENT

Infringement under 35 U.S.C. § 271(g) requires that the practiced method result in the manufacture of a physical article. *See Bayer*, 340 F.3d at 1370; *id* at 1367 ("[W]e conclude that infringement under 35 U.S.C. § 271(g) is limited to physical goods that were manufactured and does not include information generated by a patented process."). The Federal Circuit has "equated the word 'made' in § 271(g) with 'manufacture,'" which entails "'the production of articles for use from raw or prepared materials by giving to these materials new forms, qualities, properties, or combinations, whether by hand-labor or by machinery.'" *See Momenta Pharm.*, 809 F.3d at 616; *Bayer*, 340 F.3d at 1371, fn.4 (quoting *American Fruit Growers*, 283 U.S. at 11) (emphasis in original).

A. Plaintiff's Fault Detection Patents Output Information, Not A Physical Article

1. '402 Patent, Claim 1

Plaintiff alleges that NXP infringes claim 1 of the '402 patent under Section 271(g). Dkt. 1 ¶ 104. Claim 1 of the '402 patent reads:

> 1. A method comprising:

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