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

TABLE OF CONTENTS

I. INTRODUCTION

Ocean's Opposition asks the Court to improperly expand the scope of 35 U.S.C. § 271(g). It is not enough that a claimed process merely "involve," or "relate" in some way to, product manufacturing. Under Federal Circuit precedent, § 271(g) applies only when a patented process creates or modifies a physical product. Accordingly, the claimed methods of the '402, '538, '305, and '248 patents cannot be infringed under § 271(g). Those infringement claims should be dismissed with prejudice.

II. ARGUMENT

Federal Circuit precedent holds that § 271(g) requires that the claimed process itself manufacture a physical product. *Bayer AG v. Housey Pharms., Inc.*, 340 F.3d 1367, 1377 (Fed. Cir. 2003) ("[F]or a product to have been 'made by a process patented in the United States' it must have been a physical article that was 'manufactured.'"); *Momenta Pharms., Inc. v. Teva Pharms. USA Inc.*, 809 F.3d 610, 615 (Fed. Cir. 2015) (§ 271(g) limited to "actual 'ma[king]' of a product"); *Eli Lilly & Co. v. Am. Cyanamid Co.*, 82 F.3d 1568, 1572 (Fed. Cir. 1996) (§ 271(g) concerns "direct and unaltered products of patented processes"). The claimed process must create or transform a physical product. *Momenta*, 809 F.3d at 616. In contrast, § 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.

In asking this Court to adopt a standard exceeding Federal Circuit precedent, Ocean relies on mischaracterized treatise language that cites dictum from a 1995 district court opinion. In describing the potential connection between a product and a patented process as ranging from "immediate" to "remote," the Chisum treatise states the obvious. There can be different degrees of

connection between a patented process and a resulting product. Chisum does not, and could not, alter Federal Circuit precedent.

Ocean's reliance on a passage from the *Eli Lily* opinion is similarly misplaced. There, the court noted that Congress chose not to add the term "directly" to § 271(g) because the statute includes additional provisions that capture products made by a claimed process but altered in immaterial ways post-manufacture. *Eli Lilly*, 82 F.3d at 1576. That opinion does not broaden § 271(g) to cover any process in any way connected to manufacturing without regard to whether the claimed process creates or modifies a physical product.

The Federal Circuit standard is much narrower than what Ocean proposes. In *Bayer*, the plaintiff 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 plaintiff could not state a claim under § 271(g). *Id.* at 1377–78. The court reached this conclusion even though the claimed research process identified the product "to be manufactured" and was therefore connected to manufacturing. *Id.* *Momenta* is similar. There, the plaintiff argued that methods for testing an intermediate substance in a process for making a drug were "a crucial interim step used directly [to] manufacture" the accused product. 809 F.3d at 615. Nonetheless, the court 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 other words, despite its connection to the relevant manufacturing process, the claimed method did not qualify under § 271(g). *Id.* at 618. The claims at issue here are no different.

A. The Asserted Claims of the '402 and '538 Patents Do Not Create or Transform a Physical Product.

Section 271(g) does not apply to the processes recited in the asserted claims of the '402 and '538 patents. Asserted claim 1 of the '402 patent concerns fault detection. *See* Dkt. 15 at 3-4 (reciting the entirety of claim 1 of the '402 patent).[1][2] Asserted claim 1 of the '538 patent claims a process for detecting fault conditions during semiconductor manufacturing and adjusting the weighting of fault-related parameters in the detection algorithm. *See* Dkt. 15 at 5 (reciting the entirety of claim 1 of the '538 patent).

Ocean leads its opposition by contending that a different defendant's choice not to move to dismiss Ocean's § 271(g)-based infringement claim under the '402 patent in a different case determines the outcome here. Dkt. 18 at 3-4. It does not, of course.

That aside, Ocean's arguments as to the '402 and '538 patents (and, for that matter, the '305 and '248 patents) are essentially identical – that § 271(g) requires only that the asserted claim merely "relate[] to" (Dkt. 18 at 3, 4, 5) or "involve[]" (*id*. at 6) a manufacturing process that creates or modifies a physical product. Ocean asserts that the process claimed in the '402 patent can be infringed based on § 271(g) because the process "relates" to manufacturing and is performed by manufacturing equipment. Dkt. 18 at 3-6. For asserted claim 1 of the '538 patent, Ocean argues that § 271(g) applies because the claimed method "relates" to semiconductor wafer manufacturing and refers to a product, namely, a semiconductor "workpiece" or "wafer." Dkt. 18 at 7-9. But

1 Ocean's assertion at Section III(B)(2) of its Opposition (Dkt. 18) that NXP deliberately omitted key elements of claim 1 of the '538 patent is false. The entirety of claim 1 is recited at p. 5 of NXP's motion. Ironically, Ocean incorrectly quotes claim 1 as including "workpiece comprises a semiconductor wafer"—that language appears in claim 2.

2 By ignoring NXP's answer and express denials, Ocean also incorrectly states at page 6 of its Opposition that "[t]here is no dispute that each limitation in claim 1 [of the '402 patent] is practiced in the actual manufacture of NXP's semiconductors."

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