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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

CYWEE GROUP LTD.,

Plaintiff,

v.

HTC CORPORATION, et al.,

Defendants/Third-Party Plaintiffs,

v.

STMICROELECTRONICS N.V., et  
al.,

Third-Party Defendants.

CASE NO. C17-0932JLR

ORDER

**I. INTRODUCTION**

Before the court is Plaintiff CyWee Group Ltd.’s (“CyWee”) motion to preclude consideration of Defendants HTC Corporation and HTC America, Inc.’s (collectively, “HTC”) allegedly belated claim construction positions. (Mot. (Dkt. # 76).) HTC

1 opposes the motion. (Resp. (Dkt. # 80).) The court has reviewed the motion, the parties'  
2 filings in support of and in opposition to the motion, the relevant portions of the record,  
3 and the applicable law. Being fully advised,<sup>1</sup> the court DENIES CyWee's motion for the  
4 reasons discussed below.

## 5 II. BACKGROUND

6 CyWee brings this patent suit against HTC for allegedly infringing upon CyWee's  
7 U.S. Patent No. 8,441,438 ("the '438 Patent") and U.S. Patent No. 8,552,978 ("the '978  
8 Patent") (collectively, "Patents-in-suit"). (SAC (Dkt. # 61) ¶¶ 20-177.) On January 19,  
9 2018, HTC served CyWee with its Preliminary Invalidity Contentions, which contained  
10 the terms within the Patents-in-suit that HTC planned to argue were invalid. (*See* Prelim.  
11 Contentions (Dkt. ## 76-1, 81-1).)<sup>2</sup> HTC specifically identified the term "the spatial  
12 reference frame" in the '978 Patent as indefinite. (*Id.* at 42.) HTC also incorporated by  
13 reference the following:

14 [A]ny additional invalidity contentions . . . previously disclosed by any party  
15 to any other pending or prior litigation or U.S. Patent & Trademark Office  
16 proceeding involving the [Patents-in-suit] or any related patent, including  
any invalidity contentions yet to be produced by [CyWee] from prior  
litigations and proceeds.

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19 <sup>1</sup> No party requests oral argument (*see* Mot., Resp.), and the court finds that oral  
20 argument would not be helpful to its disposition of the motion, *see* Local Rules W.D. Wash.  
LCR 7(b)(4).

21 <sup>2</sup> Both parties attached different excerpts of HTC's Preliminary Invalidity Contentions to  
22 their briefing. (*See* Mot., Ex. A (CyWee attachment); Shih Decl. (Dkt. # 81) ¶ 6, Ex. A (HTC  
attachment).) To minimize confusion, the court cites to the internal page number of the  
document, located at the bottom center of the page.

1 (*Id.* at 3.) Based on HTC’s preliminary contentions, CyWee served its expert report  
 2 regarding claim construction issues and addressed indefiniteness only as to the  
 3 specifically identified term, “the spatial reference frame.” (*See Mot.* at 2.) On March 2,  
 4 2018, CyWee additionally produced the invalidity contentions that defendants made in  
 5 *CyWee Group Ltd v. Samsung Electronics Co. Ltd.*, No. 2:17-cv-00140-RWS-RSP (E.D.  
 6 Tex.) (hereinafter, “*Samsung*”).<sup>3</sup> (*See Shih Decl.* ¶ 7, Ex. B (“Samsung Invalidity  
 7 Contentions”).)

8 On March 30, 2018, HTC served its Disclosure of Preliminary Claim  
 9 Constructions, in which HTC identified three additional terms as indefinite.<sup>4</sup> (*See HTC*  
 10 *Disclosure* (Dkt. # 76-2) at 3-4.) These additional terms were also identified as indefinite  
 11 by the defendants in *Samsung*. (*See Samsung Invalidity Contentions* at 73-74.) CyWee  
 12 objected to the disclosure of the three additional terms, and the parties met and conferred  
 13 on the issue to no avail. (*Shih Decl.* ¶¶ 4-5.)

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16 <sup>3</sup> In *Samsung*, CyWee brought similar infringement claims of the ’438 Patent and the  
 17 ’978 Patent against Samsung Electronics Co., Ltd. and Samsung Electronics America, Inc.  
 (collectively, “*Samsung*”). *See CyWee Grp. Ltd. v. Samsung Electronics Co. Ltd., et al.*,  
 18 No. 2:17-cv-00140-RWS-RSP (E.D. Tex.) (“*Samsung*”), Dkt. # 9 (“Am. Compl.”) ¶¶ 17-288.  
 Indeed, CyWee’s complaint against Samsung mirrors its complaint against HTC. *Compare*  
 19 *generally id., with* (SAC.)

20 <sup>4</sup> These terms are: (1) “utilizing a comparison to compare the first signal set with the  
 second signal set” (the “First Disputed Term”); (2) comparing the second quaternion in relation  
 21 to the measured angular velocities  $\omega_x$ ,  $\omega_y$ ,  $\omega_z$  of the current state at current time T with the  
 measured axial accelerations  $A_x$ ,  $A_y$ ,  $A_z$  and the predicted axial accelerations  $A_x'$ ,  $A_y'$ ,  $A_z'$  also  
 22 at current time T” (the “Second Disputed Term”); and (3) “generating the orientation output  
 based on the first signal set, the second signal set and the rotation output or based on the first  
 signal set and the second signal set” (the “Third Disputed Term”). (*See HTC Disclosure* at 4.)

1 Subsequently, and for unrelated reasons, the court amended the scheduling order  
2 to (1) extend the joint claim chart and prehearing statement deadline from April 25, 2018,  
3 to July 27, 2018; (2) extend the opening claim construction brief deadline from May 18,  
4 2018, to August 2, 2018; and (3) move the *Markman* hearing from July 13, 2018, to  
5 September 21, 2018. (*Compare* Sched. Order (Dkt. # 42), *with* Am. Sched. Order (Dkt.  
6 # 73).)

7 CyWee moves to preclude consideration of HTC's belated identification of  
8 indefinite terms, arguing that HTC has violated the court's scheduling order and has  
9 "substantially prejudice[d] CyWee by preventing its expert from rendering an opinion  
10 applicable to this case." (Mot. at 2.) HTC maintains that it has not violated the court's  
11 scheduling order because the three additional terms were incorporated by reference in the  
12 preliminary contentions. (Resp. at 5-8.) Even if the three additional terms qualify as an  
13 amendment, HTC argues that there is no prejudice to CyWee, especially now that the  
14 court has extended the *Markman*-associated deadlines. (*Id.* at 3-5.) The court now  
15 addresses CyWee's motion.

### 16 III. ANALYSIS

17 The parties' dispute boils down to two issues: (1) whether HTC's addition of  
18 three terms constitutes an amendment or whether the additional terms were encompassed  
19 by the Preliminary Invalidation Contentions through incorporation by reference; and (2) if  
20 the additional terms constitute an amendment, whether there is good cause to allow  
21 amendment. (*See* Mot., Resp.) Because the court finds that good cause exists to

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1 allow amendment, there is no need to decide whether HTC's broad incorporation by  
2 reference properly disclosed the three additional terms.

3 Local Patent Rule 124 allows the parties to amend infringement and invalidity  
4 contentions "only by order of the [c]ourt upon a timely showing of good cause." Local  
5 Rules W.D. Wash. LPR 124. Whether a party has established good cause lies within the  
6 sound discretion of the trial court. *See MEMC Elec. Materials, Inc. v. Mitsubishi*  
7 *Materials Silicon Corp.*, 420 F.3d 1369, 1380 n.5 (Fed. Cir. 2005). This District's Local  
8 Patent Rules "requir[e] both the plaintiff and the defendant in patent cases to provide  
9 early notice of their infringement and invalidity contentions, and to proceed with  
10 diligence in amending those contentions when new information comes to light in the  
11 course of discovery. The rules thus seek to balance the right to develop new information  
12 in discovery with the need for certainty as to the legal theories." *REC Software USA, Inc.*  
13 *v. Bamboo Sols. Corp.*, No. C11-0554JLR, 2012 WL 3527891, at \*2 (W.D. Wash. Aug.  
14 15, 2012) (quoting *O2 Micro Int'l Ltd. v. Monolithic Power Sys., Inc.*, 467 F.3d 1355,  
15 1365-66 (Fed. Cir. 2006)).

16 In determining whether good cause exists to amend, courts consider (1) whether  
17 the party was diligent in amending its contentions; and (2) whether the non-amending  
18 party would suffer prejudice if the contentions were to be amended. *See id.* Regarding  
19 diligence, courts should focus on whether the amending party's "actions comport with the  
20 purpose behind the federal discovery rules in diligently . . . developing new theories of  
21 invalidity." *Id.* at \*3. The good cause inquiry "may also take into consideration the

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