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MOSAID Technologies Incorporated

11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN JOSE DIVISION

14 INFINEON TECHNOLOGIES NORTH
AMERICA CORP.,
15 Plaintiff,

16 v.

17 MOSAID TECHNOLOGIES
INCORPORATED,
18 Defendant,

19 _____
20 MOSAID TECHNOLOGIES
INCORPORATED,
21 Counterclaimant,

22 v.

23 INFINEON TECHNOLOGIES NORTH
AMERICA CORP.,

24 INFINEON TECHNOLOGIES AG,

25 INFINEON TECHNOLOGIES HOLDING
NORTH AMERICA CORP., and

26
27 INFINEON TECHNOLOGIES
RICHMOND LP,
28 Counterdefendants.

Civil Action No. 5:02-cv-05772 JF (RS)

**DEFENDANT MOSAID TECHNOLOGIES
INCORPORATED'S NOTICE OF MOTION
AND MOTION FOR LEAVE TO FILE
THIRD AMENDED ANSWER AND
COUNTERCLAIMS; MEMORANDUM OF
POINTS AND AUTHORITIES IN SUPPORT
THEREOF**

Hearing:

Date: September 15, 2003

Time: 9:00 a.m.

Courtroom: 3, 5th Floor

1 TO THE PARTIES AND THEIR ATTORNEYS OF RECORD:

2 PLEASE TAKE NOTICE that on September 15, 2003 at 9:00 a.m.,¹ or as soon thereafter
3 as this matter may be heard, in Courtroom 3, 5th Floor of the above-entitled Court, located at 280
4 South 1st Street, San Jose, CA 95113, Defendant and Counterclaimant MOSAID Technologies
5 Incorporated will, and hereby does, move this Court pursuant to Fed. R. Civ. P. 15(a) for leave to
6 file the Third Amended Answer and Counterclaims attached hereto as Exhibit A; specifically,
7 MOSAID seeks leave to add two additional counterclaims against the Counterdefendants for
8 infringement of United States Patent Nos. 6,580,654 B2 and 6,603,703 B2, which just recently
9 issued from the same families of patents that already are at issue in this action.

10 This motion is based on this Notice of Motion and Motion, the accompanying
11 Memorandum of Points and Authorities, all pleadings and papers on file in this action, and upon
12 such other matters as may be properly presented to the Court.

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27 ¹ For the Court's information, the Further Case Management Conference in this action
28 currently is scheduled for September 15, 2003, at 10:30 a.m.

1 **SUMMARY OF ARGUMENT**

2 Just recently, on June 17 and August 5, 2003, United States Patent Nos. 6,580,654 B2 and
3 6,603,703 B2 issued to Defendant MOSAID Technologies Incorporated ("MOSAID"). These
4 patents are from the same families of patents attacked by Plaintiff Infineon Technologies North
5 America Corp. ("Infineon North America") in its declaratory judgment Complaint and based on
6 which MOSAID counterclaimed for patent infringement.

7 Now that these new patents have issued, and claims for infringement are ripe, MOSAID
8 seeks leave to add counterclaims for infringement of these two patents. This action is in its early
9 stages and nothing justifies departure from the rule that leave to amend "shall be freely given,"
10 especially where, as here, Infineon, not MOSAID, chose to bring this action when it did.
11 Accordingly, MOSAID respectfully requests leave to file the Third Amended Answer And
12 Counterclaims attached hereto as Exhibit A.

13 **MEMORANDUM OF POINTS AND AUTHORITIES**

14 **I. FACTS**

15 **A. Pleadings**

16 This action was instituted by Infineon North America on December 11, 2002, when it
17 filed its complaint. Infineon North America sought a declaratory judgment of noninfringement,
18 invalidity and unenforceability of seven patents owned by MOSAID. Thereafter, on February 7,
19 2003, MOSAID asserted counterclaims against Infineon North America and related entities
20 Infineon Technologies AG ("Infineon AG"), Infineon Technologies Holding North America
21 Corp. ("Infineon Holding") and Infineon Technologies Richmond LP ("Infineon Richmond") for
22 infringement of the same seven patents. On March 4, 2003, Infineon North America, Infineon
23 Holding and Infineon Richmond filed a Reply and Answer to MOSAID's counterclaims,
24 incorporating the identical noninfringement, invalidity and unenforceability allegations made by
25 Infineon North America in its Complaint. Infineon AG filed its Answer to Counterclaim on
26 March 24, 2003. The Infineon entities will be referred to jointly as "Infineon."
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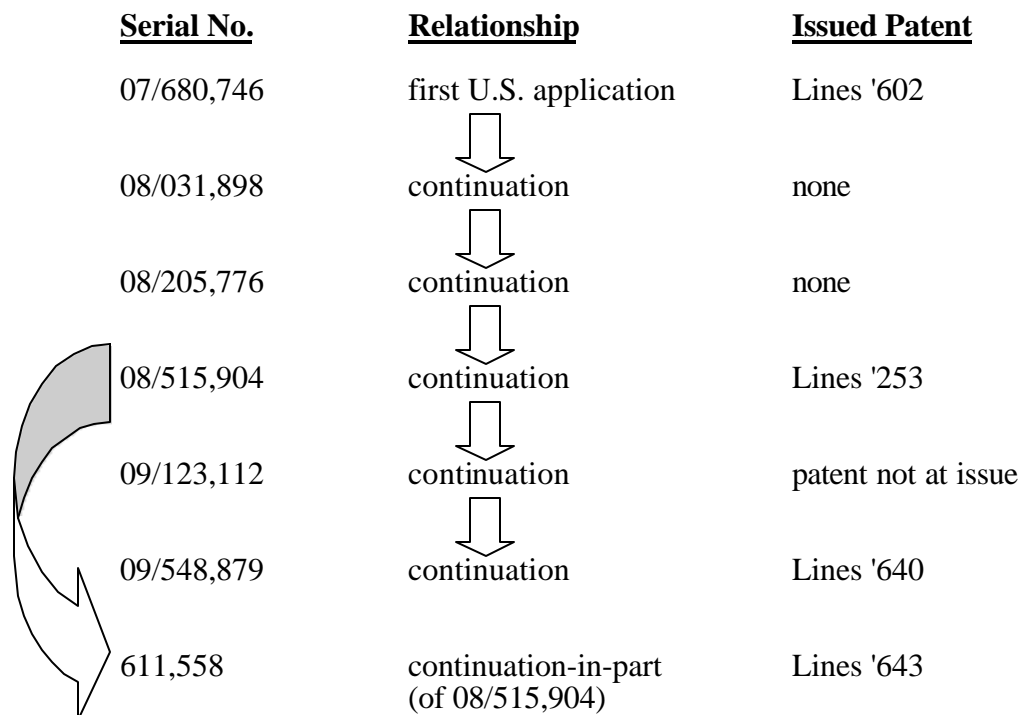
1 On June 23, 2003, Infineon filed an Amended Complaint against MOSAID in light of this
 2 Court's June 10, 2003 Order granting, in part, MOSAID's Motion for Judgment on the Pleadings.
 3 In response, MOSAID filed its Second Amended Answer and Counterclaims on July 11, 2003.²

4 **B. The Patents-At-Issue**

5 The declaratory judgment claims asserted in Infineon's Complaints pertain to seven
 6 patents owned by MOSAID. See Exhibits 1-7 attached to Exhibit A. These patents are from two
 7 families of inter-related patents named for two of the inventors: Valerie Lines and Richard Foss.

8 **1. The Lines Family Of Patents**

9 The Lines family contains the following patents-at-issue: U.S. Patent Nos. 5,214,602
 10 ("the '602 patent" or "Lines '602"), 5,822,253 ("the '253 patent" or "Lines '253"), 5,751,643 ("the
 11 '643 patent" or "Lines '643"), 6,278,640 B1 ("the '640 patent" or "Lines '640). See Exhibits 1-4
 12 attached to Exhibit A. The following diagram illustrates the relationships among the Lines family
 13 of patents:



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 28 ² On May 30, 2003, MOSAID filed an Amended Answer and Counterclaims to add a counterclaim against Infineon for infringement of U.S. Patent No. 6,067,272.

1 On August 5, 2003, the United States Patent and Trademark Office ("PTO") issued
 2 another patent to MOSAID in the Lines family. This patent, United States Patent No. 6,603,703
 3 B2 ("the '703 patent" or "Lines '703"), is a continuation of application serial number 09/548,879,
 4 the Lines '640 identified above and at issue in this lawsuit. See Exhibit 9 attached to Exhibit A.
 5 The PTO granted the '703 patent in view of additional prior art of which MOSAID became aware
 6 while litigating other patents in the Lines family.

7 **2. The Foss Family Of Patents**

8 The Foss family contains the following patents-at-issue: U.S. Patent Nos. 5,828,620 ("the
 9 '620 patent" or "Foss '620"), 6,055,201 ("the '201 patent" or "Foss '201"), and 6,236,581 B1 ("the
 10 '581 patent" or "Foss '581"). See Exhibits 5-7 attached to Exhibit A. The following diagram
 11 illustrates the relationships among the Foss family of patents:

<u>Serial No.</u>	<u>Relationship</u>	<u>Issued Patent</u>
07/680,994	first U.S. application ↓	patent not at issue
08/134,621	divisional ↓	patent not at issue
08/418,430	continuation ↓	none
08/921,579	continuation ↓	Foss '620
09/178,977	continuation ↓	Foss '201
09/483,626	divisional	Foss '581

22 On June 17, 2003, the PTO issued another patent to MOSAID in the Foss family. This
 23 patent, United States Patent No. 6,580,654 B2 ("the '654 patent" or "Foss '654"), is a continuation
 24 of application serial number 09/819,488, which is a continuation of application serial number
 25 09/483,626, the Foss '581 identified above and at issue in this lawsuit. See Exhibit 10 attached to
 26 Exhibit A. The PTO granted the '654 patent in view of additional prior art of which MOSAID
 27 became aware while litigating other patents in the Foss family.

1 **C. Case Schedule**

2 On June 23, 2003, this Court entered the following Initial Case Schedule:

- 3 July 9, 2003 MOSAID shall serve its disclosures of Asserted Claims and
4 Preliminary Infringement Contentions and any accompanying
5 materials (Patent LR 3-1);
- 6 August 27, 2003 The Infineon entities shall serve their Preliminary Invalidity
7 Contentions and any accompanying materials (Patent LR 3-3);
- 8 September 8, 2003 The parties shall exchange their Proposed Terms and Claim
9 Elements for Construction and any accompanying materials
10 (Patent LR 4-1);
- 11 September 26, 2003 The parties shall exchange their Preliminary Claim Construction
12 and any accompanying materials (Patent LR 4-2);
- 13 November 10, 2003 The parties shall file their Joint Claim Construction and
14 Prehearing Statement (Patent LR 4-3);
- 15 December 22, 2003 MOSAID shall file and serve its opening brief on claim
16 construction and any supporting evidence (Patent LR 4-5);
- 17 December 23, 2003 The parties shall conclude all claim construction discovery
18 (Patent LR 4-4);
- 19 January 5, 2004 The Infineon entities shall file and serve their responsive brief
20 on claim construction and supporting evidence (Patent LR 4-5);
- 21 January 12, 2004 MOSAID shall file and serve its reply brief on claim
22 construction and evidence directly rebutting that submitted with
23 the Infineon entities' responsive brief (Patent LR 4-5); and
- 24 January 26, 2004 Claim construction hearing and tutorial.

25 Pursuant to the schedule, on July 9, 2003, MOSAID served its Patent Local Rule 3-1
26 disclosures with respect to the eight patents currently at issue in this action.

1 **II. LEGAL STANDARD AND ARGUMENT**

2 **A. Leave To Amend Shall Be Freely Given.**

3 Pursuant to Rule 15 of the Federal Rules of Civil Procedure, a party may amend its
4 pleadings by leave of court. Although the grant or denial of an opportunity to amend a pleading
5 is within the sound discretion of the district court, both the Rules and well-established case law
6 requires that "leave shall be freely given when justice so requires." *Foman v. Davis*, 371 U.S.
7 178, 182 (1962) (unless "undue delay, bad faith or dilatory motive on the part of the movant,
8 repeated failure to cure deficiencies by amendment previously allowed, undue prejudice to the
9 opposing party by virtue of allowance of the amendment, futility of the amendment, etc." can be
10 shown, leave to amend should be "freely given"). Indeed, the Ninth Circuit has stated that "[t]his
11 policy is 'to be applied with extreme liberality'" and that "[a]bsent prejudice, or a strong showing
12 of any of the remaining *Foman* factors, there exists a *presumption* under Rule 15(a) in favor of
13 granting leave to amend." *Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1051, 1052
14 (9th Cir. 2003) (reversing district court's denial of leave to amend) (emphasis in original).
15 Accordingly, "the nonmoving party bears the burden of demonstrating why leave to amend
16 should not be granted." *Genentech, Inc. v. Abbott Labs.*, 127 F.R.D. 529, 530-31 (N.D. Cal.
17 1989) (granting motion for leave to amend in patent action). None of the justifications for
18 denying leave to amend are present here.

19 **B. MOSAID Is Timely Filing Its Motion.**

20 MOSAID is timely filing its motion for leave to amend to add claims for infringement of
21 the '703 and '654 patents. Indeed, both patents just recently issued; the '703 patent issued on
22 August 5, 2003 and the '654 patent issued on June 17, 2003.

23 Infineon decided when to initiate this action by filing its declaratory judgment Complaint.
24 While MOSAID initially was able to assert counterclaims against Infineon for infringement of the
25 Lines and Foss patents that already had issued, MOSAID could not, until now, assert
26 counterclaims against Infineon for infringement of the newly-issued Lines and Foss patents. Now
27 that those patents have issued, and claims for infringement of those patents are ripe, MOSAID is
28 timely filing the present motion.

1 **C. There Is No Prejudice To Infineon.**

2 There is no prejudice to Infineon in allowing MOSAID to add the additional two patents
3 to this action. This case is in its early stages; no trial date has been set, no depositions have been
4 taken or even scheduled, and just recently, on July 9, 2003, MOSAID served its disclosure of
5 Asserted Claims and Preliminary Infringement Contentions (Patent Local Rule 3-1 disclosures).

6 While some minor modifications may need to be made to the current disclosure schedule,
7 because the '703 and '654 patents are part of the same families of patents already at issue in this
8 action, there should be no need for any significant changes to the case schedule as a whole.

9 Indeed, the newly-issued patents generally relate to the same inventions claimed in the patents at
10 issue in this action and name the same inventors. Consequently, discovery (and trial) of the new
11 patents will involve virtually identical witnesses and infringement analyses.

12 MOSAID proposes the following modified disclosure schedule to accommodate the
13 inclusion of the new patents:

14 September 26, 2003 MOSAID shall supplement its disclosures of Asserted Claims
15 and Preliminary Infringement Contentions and any
16 accompanying materials (Patent LR 3-1) as to the two "new"
17 patents;

18 October 10, 2003 The Infineon entities shall serve their Preliminary Invalidity
19 Contentions and any accompanying materials (Patent LR 3-3);

20 October 22, 2003 The parties shall exchange their Proposed Terms and Claim
21 Elements for Construction and any accompanying materials
22 (Patent LR 4-1) as to the two "new" patents;

23 November 7, 2003 The parties shall exchange their Preliminary Claim
24 Constructions and any accompanying materials (Patent LR 4-2)
25 as to all patents; and

26 November 25, 2003 The parties shall file their Joint Claim Construction and
27 Prehearing Statement (Patent LR 4-3) as to all patents.

28 This schedule would not require any postponement of the claim construction hearing.

1 Infineon, thus, would not be prejudiced by the addition of the two new patents to this
2 action, and MOSAID's motion should be granted.³ *See Genentech*, 127 F.R.D. at 531 (granting
3 motion for leave to amend in patent case and finding that defendant would not suffer undue
4 prejudice simply because amendment may require defendant to engage in significant additional
5 discovery resulting in a postponement of the trial date).

6 **D. MOSAID Is Acting In Good Faith.**

7 MOSAID is acting in good faith in asserting two additional patents from the same families
8 of patents at issue in this action. Indeed, Infineon, not MOSAID, chose when to file this action.
9 So it was not MOSAID who filed suit before all the patents MOSAID wanted to assert were
10 issued.

11 Further, the inclusion of the '703 and '654 patents in this action, instead of in another
12 action, will be in the interest of judicial economy and serve the convenience of the parties. The
13 discovery, claim construction, infringement and prior art analyses will be similar for these patents
14 and the other patents already in suit because they are from the same families of patents.
15 Moreover, because additional prior art was before the PTO during the prosecution of the '703 and
16 '654 patents (prior art that Infineon likely may assert against the other patents in the Lines and
17 Foss families), efficiencies would be gained by analyzing these patents along with the patents
18 already at issue in this action. *See Space Systems/Loral, Inc. v. Lockheed Martin Corp.*, 1998 WL
19 1045304, at *10 (N.D. Cal. 1998) (granting motion for leave to amend to add claim for
20 infringement of an additional patent stating that the inclusion of the patent claim involving similar
21 technology and issues would increase judicial efficiency).

22 In sum, MOSAID is acting in good faith and nothing in this case justifies a departure from
23 the general rule that leave to amend the pleadings is to be "freely given."

24 **III. CONCLUSION**

25 For the reasons stated above, MOSAID respectfully requests that this Court grant its
26 Motion For Leave To File Third Amended Answer And Counterclaims.

27 ³ Infineon should not be heard to argue it would be prejudiced by any delay in the disclosure
28 schedule, as Infineon itself has sought to delay the schedule in this action on a number of occasions.
See, e.g., Joint Case Management Statement, filed April 14, 2003.

1 Dated: August 11, 2003

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Respectfully submitted,

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11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
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14 INFINEON TECHNOLOGIES NORTH
AMERICA CORP.,
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17 MOSAID TECHNOLOGIES
INCORPORATED,
18 Defendant,

19 _____
20 MOSAID TECHNOLOGIES
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23 INFINEON TECHNOLOGIES NORTH
AMERICA CORP.,

24 INFINEON TECHNOLOGIES AG,

25 INFINEON TECHNOLOGIES HOLDING
NORTH AMERICA CORP., and

26 INFINEON TECHNOLOGIES
27 RICHMOND LP,
28 Counterdefendants.

Civil Action No. 5:02-cv-05772 JF (RS)

**[PROPOSED] ORDER GRANTING
DEFENDANT MOSAID TECHNOLOGIES
INCORPORATED'S MOTION FOR LEAVE
TO FILE THIRD AMENDED ANSWER AND
COUNTERCLAIMS**

Hearing:

Date: September 15, 2003

Time: 9:00 a.m.

Courtroom: 3, 5th Floor

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The Motion of Defendant and Counterclaimant MOSAID Technologies Incorporated ("MOSAID") for Leave to File Third Amended Answer and Counterclaims has been filed with this Court. Having considered the motion, the pleadings and papers on file, and the arguments of the parties, and good cause being shown, IT IS HEREBY ORDERED THAT:

The Motion of MOSAID for Leave to File Third Amended Answer and Counterclaims is GRANTED.

IT IS SO ORDERED.

Dated: _____

HON. JEREMY FOGEL
UNITED STATES DISTRICT JUDGE