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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

MULTIMEDIA PATENT TRUST,

Plaintiff,

vs.

APPLE INC., et al.,

Defendants.

CASE NO. 10-CV-2618-H (KSC)

**ORDER DENYING PLAINTIFF’S
MOTION FOR LEAVE TO FILE
FIRST AMENDED COMPLAINT**

On December 20, 2010, Plaintiff Multimedia Patent Trust (“MPT”) filed suit against a number of Defendants alleging infringement of one or more of U.S. Patent Nos. 4,958,226 (“the ‘226 patent”), 5,136,377 (“the ‘377 patent”), 5,227,878 (“the ‘878 patent”), and 5,500,678 (“the ‘678 patent”). (Doc. No. 1.) MPT’s complaint only asserted the ‘226, ‘377, and ‘878 patents against Defendant Apple Inc. (*Id.* at 6-8.) MPT did not assert the ‘678 patent against Apple.¹ (*Id.*)

On June 7, 2012, over one and a half years after initiating this litigation, MPT filed a motion for leave to amend its complaint to accuse Apple of infringing the ‘678 patent. (Doc. No. 181.) On June 25, 2012, Apple filed a response in opposition to the motion. (Doc. No. 192.) On July 2, 2012, MPT filed a reply. (Doc. No. 206.)

¹ In related litigation, MPT has alleged infringement of the ‘678 patent against more than 60 other defendants. *See, e.g., MPT v. DirecTV, Inc., et al.*, No. 09-cv-0278 (S.D. Cal., filed Feb. 13, 2009); *MPT v. The Walt Disney Co., et al.*, No. 10-cv-0146 (S.D. Cal., filed Jan. 19, 2010).

1 On July 7, 2012, the Court held a hearing on MPT's motion. Christopher Mathews
2 appeared for MPT; and Justin Barnes, Lara Garner, Alex Eaton-Salners, and Sarita Venkat
3 appeared for Apple. For the following reasons, the Court denies MPT's motion for leave to
4 amend its complaint.

5 **Background**

6 MPT initiated this case against Apple and several other defendants on December 20,
7 2010, over one and a half years ago. (Doc. No. 1.) This case is currently set for trial in less
8 than five months on November 27, 2012. (Doc. No. 184 at 11.) Now, MPT seeks to amend
9 its complaint at this late date to accuse Apple of infringing a previously unasserted patent, the
10 '678 patent. (Doc. No. 181.) The record indicates that MPT waited over six months from
11 when it determined that Apple "likely" infringed the '678 patent to bring the present motion
12 to amend the complaint. (Doc. No. 181-1 at 5.) Specifically, MPT had access to Apple's
13 source code and developed a theory that the code infringes the '678 patent on November 29,
14 2011. (Id.) Yet, MPT did not include an allegation that Apple infringes the '678 patent in its
15 preliminary infringement contentions on December 8, 2011. (Id.) After waiting over five
16 months from when it developed its theory that Apple infringes the '678 patent, MPT served
17 supplemental infringement contentions on Apple alleging infringement of the '678 patent on
18 May 1, 2012. (Id. at 6.) MPT then waited over one additional month to file the present motion
19 to amend its complaint on June 7, 2012.² (Doc. No. 181.) The total delay between MPT
20 developing its theory of infringement and seeking leave to amend its complaint spans more
21 than six months. Apple opposes MPT's delayed motion under the Federal Rules of Civil
22 Procedure and the Patent Local Rules. (Doc. No. 192.)

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27 ² The Court appreciates MPT's verbal notice during the May 30, 2012 scheduling
28 conference that it planned to move for leave to amend. Nevertheless, MPT's papers fail to
adequately account for the six month delay between when it developed its theory that Apple
infringed the '678 patent and when it formally moved to amend the complaint.

1 I. Legal Standard for Leave to Amend a Complaint

2 Once a responsive pleading has been filed, a party may amend its complaint only with
3 leave of the court. Fed. R. Civ. P. 15(a). Leave to amend should be freely given “when justice
4 so requires.” Id. “[T]he grant or denial of an opportunity to amend is within the discretion of
5 the District Court.” Foman v. Davis, 371 U.S. 178, 182 (1962); see also Leadsinger, Inc. v.
6 BMG Music Pub., 512 F.3d 522, 532 (9th Cir. 2008). The district court “may deny leave to
7 amend due to ‘undue delay, bad faith or dilatory motive on the part of the movant, repeated
8 failure to cure deficiencies by amendments previously allowed, undue prejudice to the
9 opposing party by virtue of allowance of the amendment, [and] futility of amendment.’”
10 Leadsinger, 512 F.3d at 532 (quoting Foman, 371 U.S. at 182); accord Johnson v. Buckley,
11 356 F.3d 1067, 1077 (9th Cir. 2004). Prejudice to the opposing party is the most important
12 consideration in deciding a motion for leave to amend. Jackson v. Bank of Hawaii, 902 F.2d
13 1385, 1387 (9th Cir. 1990) (citing Zenith Radio Corp. v. Hazeltine Res., Inc., 401 U.S. 321,
14 330-31 (1971)).

15 II. Analysis

16 MPT waited for over one and a half years to seek leave to amend its complaint. (Doc.
17 No. 181.) MPT seeks to amend the complaint to assert that Apple’s QuickTime codec
18 infringes the ‘678 patent. (Doc. No. 181-1 at 6.) But Apple’s QuickTime codec is the same
19 code that MPT accused Apple of infringing the ‘226, ‘377 and ‘878 patents in the original
20 complaint filed in December of 2010. (Id. at 9-10.) Now, within six months of the trial date,
21 MPT seeks leave to file an amended complaint asserting that Apple products using the
22 QuickTime codec also infringe the ‘678 patent. (Id. at 6.) MPT argues that it could not have
23 accused Apple of infringing the ‘678 patent when the original complaint was filed because
24 MPT did not have access to the confidential QuickTime codec source code until November of
25 2011. (Id. at 12.) As the Court previously stated, developing infringement contentions and
26 theories “is the responsibility of the patentee and this District’s local rules do not contemplate
27 discovery from the accused parties to assist in the preparation of such contentions.” (Doc. No.
28 122 at 2.) Furthermore, MPT was able to accuse Apple products using the QuickTime codec

1 of infringing the ‘226, ‘377, and ‘878 patents in the original complaint. MPT fails to
2 adequately articulate why its infringement theory regarding the ‘678 patent could not be based
3 on the information available when it filed its original complaint. MPT demonstrated its ability
4 to accuse Defendant Canon of infringing the ‘678 patent with information available when it
5 filed its original complaint in December of 2010. (Doc. No. 1 at 9.) Whether MPT should have
6 known of facts and theories relating to Apple’s potential infringement of the ‘678 patent at the
7 time the original complaint was filed is relevant to denying MPT’s motion for leave to amend.
8 See Jackson, 902 at 1388 (“Relevant to evaluating the delay issue is whether the moving party
9 knew or should have known the facts and theories raised by the amendment in the original
10 pleading.”).

11 In addition, MPT’s late request to amend its complaint would prejudice Apple by
12 increasing Apple’s burden to defend itself within five months of trial. Jackson, 902 at 1388
13 (“Prejudice to the opposing party is the most important factor.”) (citing Zenith Radio, 401 U.S.
14 at 330-31). In particular, Apple would be unduly prejudiced if MPT’s motion were granted
15 at this late date because MPT has been preparing its infringement case against Apple since at
16 least November of 2011. Expert reports are due on September 14, 2012, and rebuttal expert
17 reports are due shortly thereafter on October 5, 2012. (Doc. No. 184 at 8.) If the Court were
18 to grant MPT leave to amend, MPT and its experts would have more than nine months to
19 prepare their opening expert report on infringement of the ‘678 patent. In contrast, Apple
20 would have less than four months to prepare its non-infringement defenses before its rebuttal
21 expert reports are due in October. As a result, Apple would likely be disadvantaged and
22 unduly prejudiced in preparing its defenses against MPT’s new allegation of infringement of
23 the ‘678 patent. See e.g., Jackson, 902 F.2d at 1387-88 (affirming district court’s finding “that
24 the [defendants] would be unduly prejudiced by permitting the [plaintiffs] to file an amended
25 complaint”).

26 Moreover, MPT developed its opinion that Apple’s source code infringed the ‘678
27 patent on November 29, 2011. (Doc. No. 181-1 at 5.) Yet, MPT waited more than six months
28 to file the present motion to amend its complaint on June 7, 2012. MPT’s motion lacks an

1 adequate justification or explanation for the extended six month delay in filing its motion to
2 amend the complaint. See Leadsinger, 512 F.3d at 532 (stating that a court “may deny leave
3 to amend due to ‘undue delay . . . on the part of the movant’”) (quoting Foman, 371 U.S. at
4 182).³

5 Furthermore, the deadline for service of invalidity contentions, preliminary and
6 responsive claim construction proposals, and the joint claim construction worksheets have all
7 passed. (Doc. No. 184.) This case is scheduled for trial in less than five months on November
8 27, 2012. (Id. at 11.) If MPT’s request to amend its complaint were granted, the Court would
9 also need to grant Apple leave to amend its invalidity contentions and extend other pretrial
10 deadlines set forth in the case management scheduling order. As a result, permitting MPT
11 leave to amend at this late date would result in undue delay of this case. See, e.g., Parker v.
12 Joe Lujan Enters., Inc. 848 F.2d 118, 121 (9th Cir. 1988) (affirming district court’s denial of
13 motion to amend in part on ground of undue delay).

14 The Court concludes that allowing MPT to file an amended complaint would result in
15 prejudice to Apple and cause undue delay to this case.⁴ Any arguments raised by MPT
16 concerning the judicial efficiency that might be gained by including the ‘678 patent in the
17 present suit are significantly outweighed by the prejudice Apple would suffer in having to
18 defend against an additional patent within five months of trial. As a result, the Court denies
19 MPT’s motion for leave to file an amended complaint. See Jackson, 902 F.2d at 1387 (“A trial
20 court may deny such a motion [to amend the pleadings] if permitting an amendment would
21 prejudice the opposing party, produce an undue delay in the litigation, or result in futility for
22 lack of merit.”) (citing Zenith, 401 U.S. at 330-31). MPT may pursue its ‘678 infringement

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24 ³ Although “delay alone is not sufficient to justify the denial of a motion requesting
25 leave to amend” DCD Programs, Ltd. v. Leighton, 833 F.2d 183, 187 (9th Cir. 1987), the Court
26 concludes that Apple would be unduly prejudiced if MPT’s motion to amend were granted.
Jackson, 902 at 1388 (“Prejudice to the opposing party is the most important factor.”) (citing
Zenith Radio, 401 U.S. at 330-31).

27 ⁴ Apple further contends that assertion of the ‘678 patent is futile because Apple already
28 licensed the ‘678 patent pursuant to the MPEG LA patent pool. (Doc. No. 192 at 10-11.) The
Court need not reach Apple’s futility argument because the Court denies MPT’s motion on
other grounds. See Jackson, 902 F.2d at 1388 n.4.

1 claims in a separate suit, to the extent permitted by law, as it informed the Court that it would
2 during oral argument and as it has previously done in several other cases.⁵

3 **III. Patent Local Rules**

4 The content and timing of preliminary infringement contentions are governed by the
5 Patent Local Rules. See Patent L.R. 3.1, 3.2, 3.6 & 3.7. In particular, infringement contentions
6 must contain “each claim of each patent in suit that is allegedly infringed by each opposing
7 party.” Patent L.R. 3.1(a). “Amendment or modification of the Preliminary . . . Infringement
8 Contentions . . . may be made only by order of the court, which will be entered only upon a
9 showing of good cause.” Patent L.R. 3.7.⁶ Good cause requires a showing that the party
10 seeking leave to amend acted with diligence in moving to amend its infringement contentions.
11 O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc., 467 F.3d 1355, 1366 (Fed. Cir. 2006)
12 (analyzing an analogous “good cause” provision in the N.D. Cal. Patent Local Rules). “The
13 burden is on the movant to establish diligence.” Id.

14 On May 31, 2011, the Court ordered MPT to serve preliminary infringement
15 contentions by December 8, 2011. (Doc. No. 65.) The Court’s order permitted MPT to
16 propound discovery requests for documents from Defendants so that MPT could formulate
17 detailed infringement contentions. (Id.) In accordance with the Court’s deadline, MPT served
18 its preliminary infringement contentions on December 8, 2011. But MPT “acknowledged that
19 the [preliminary infringement contentions] were not as detailed as they might of been if the
20 defendants had been more responsive to MPT’s document requests.” (Doc. No. 122 at 2.)
21 Therefore, the Court provided MPT with an extended deadline of May 1, 2012 to supplement
22 its preliminary infringement contentions due to “both parties’ interests in further narrowing and
23 refining the infringement contentions.” (Doc. No. 122 at 3.)

24 ⁵ See, e.g., MPT v. DirecTV, Inc., et al., No. 09-cv-0278 (S.D. Cal., filed Feb. 13,
25 2009); MPT v. The Walt Disney Co., et al., No. 10-cv-0146 (S.D. Cal., filed Jan. 19, 2010).

26 ⁶ The Patent Local Rules also permit amendment of preliminary infringement
27 contentions in response to the Court’s claim construction ruling or documents produced in
28 connection with preliminary invalidity contentions. Patent L.R. 3.6(a). Rule 3.6 does not
apply because the Court has not issued a claim construction order and MPT did not seek to
amend its infringement contentions in response to Apple’s invalidity contentions.

1 In partial compliance with the Court's extended deadline, MPT served Apple with
2 supplemental preliminary infringement contentions on May 1, 2012. (Doc. No. 181-1 at 6.)
3 But MPT did not comply with the Court's direction to narrow and refine its infringement
4 contentions. Instead, MPT expanded and extended its preliminary contentions by amending
5 the contentions to include infringement allegations of the previously unasserted '678 patent.

6 Not only does MPT's broadening amendment to the preliminary infringement
7 contentions run contrary to the Court's order to narrow and refine the infringement
8 contentions, but MPT's expanded infringement contentions run afoul of the Patent Local
9 Rules. Specifically, the Patent Local Rules permit amendments to preliminary infringement
10 contentions "only upon a showing of good cause." Patent L.R. 3.7. To shown good cause,
11 MPT is required to demonstrate that it acted with diligence in moving to amend its preliminary
12 infringement contentions. O2 Micro, 467 F.3d at 1366. The record indicates that MPT waited
13 over five months from when it developed its theory that Apple infringed the '678 patent to
14 when it filed amended infringement contentions. (Doc. No. 181-1 at 5.) MPT has not shown
15 that it acted diligently throughout the five month period at issue. O2 Micro, 467 F.3d at 1366
16 ("The burden is on the movant to establish diligence."). As a result, MPT's amended
17 infringement contentions violate Patent Local Rule 3.7 and contradict the Court's order
18 directing MPT to narrow its contentions.

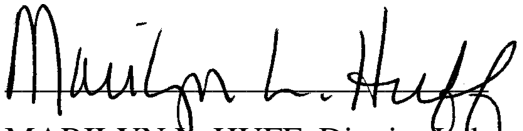
19 Furthermore, MPT's amended preliminary infringement contentions contravene Patent
20 Local Rule 3.1(a). This rule only permits infringement contentions concerning "patents in
21 suit." Patent L.R. 3.1(a). The pleadings establish that the '678 patent is not a patent in suit
22 against Apple. (Doc. Nos. 1, 39, 46.) Therefore, MPT's amended infringement contentions
23 conflict with Rule 3.1(a) because the contentions allege infringement of the '678 patent, which
24 is not a patent in suit against Apple.

25 In order to comply with Rule 3.1(a), MPT was required to establish that the '678 patent
26 was in suit against Apple by, for example, amending its complaint prior to May 1, 2012. None
27 of the parties' pleadings establish that the '678 patent is in suit against Apple. (Doc. Nos. 1,
28 39, 46.) Now, MPT seeks to amend its complaint to bring the '678 patent in suit against Apple

1 Jackson, 902 F.2d at 1387 (“A trial court may deny such a motion [to amend the pleadings] if
2 permitting an amendment would prejudice the opposing party, produce an undue delay in the
3 litigation, or result in futility for lack of merit.”) (citing Zenith, 401 U.S. at 330-31); see also
4 O2 Micro, 467 at 1367-68 (affirming the district court’s finding that “a lack of diligence and
5 therefore a lack of ‘good cause’” justifies denying leave to amend infringement contentions).
6 Accordingly, the Court denies MPT’s motion to amend its complaint. MPT will not be
7 prejudiced by this Order because MPT may pursue its ‘678 infringement claims in a separate
8 suit, to the extent permitted by law, as it has previously done in several other cases.⁷

9 **IT IS SO ORDERED.**

10 DATED: July 11, 2012

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12 MARILYN L. HUFF, District Judge
13 UNITED STATES DISTRICT COURT
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28 ⁷ See, e.g., MPT v. DirecTV, Inc., et al., No. 09-cv-0278 (S.D. Cal., filed Feb. 13, 2009); MPT v. The Walt Disney Co., et al., No. 10-cv-0146 (S.D. Cal., filed Jan. 19, 2010).