IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

INVENSAS CORPORATION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 11-448-GMS-CJB
	)	
RENESAS ELECTRONICS CORPORATION,	)	
	)	
	)	
Defendant.	)	

MEMORANDUM ORDER

Pending before the Court in this patent infringement action is Plaintiff Invensas Corporation's ("Plaintiff" or "Invensas") Motion for Leave to File First Amended Complaint ("Motion"). (D.I. 69) Defendant Renesas Electronics Corporation ("Defendant" or "Renesas") opposes the Motion. For the reasons discussed below, the Court will GRANT the Motion.

I. BACKGROUND

On May 23, 2011, Plaintiff filed its Complaint in this action, asserting that Defendant infringes four of its patents: U.S. Patent No. 6,777,802 ("the '802 Patent"), U.S. Patent No. 6,825,554 ("the '554 Patent"), U.S. Patent No. 6,566,167 ("the '167 Patent"), and U.S. Patent No. 6,396,140 ("the '140 Patent") (collectively, the "patents-in-suit"). (D.I. 1) Plaintiff alleges in the Complaint that Defendant infringes each of the patents-in-suit "by, among other things, making, using, selling, offering to sell, and/or importing infringing devices, including, by way of example and without limitation, infringing semiconductor assemblies." (D.I. 1 at ¶¶ 7, 13, 19, 25)[1] On

[1] The Complaint also alleges that Defendant has engaged in indirect infringement of the patents-in-suit. (D.I. 1 at ¶¶ 7, 13, 19, 25)

October 28, 2011, Defendant filed its Answer and Counterclaims. (D.I. 7) The case was referred to the Court by Chief Judge Gregory M. Sleet on May 1, 2012, for the Court to conduct all proceedings relating to discovery disputes, alternate dispute resolution, and dispositive and nondispositive motions, excluding claim construction, up to the pretrial conference. (D.I. 10)

As discovery began, the parties encountered a dispute regarding Plaintiff's request for discovery as to certain unaccused products of Defendant. On July 18, 2012, Plaintiff moved to compel production of such documents (the "Motion to Compel"). (D.I. 32) In a Memorandum Order entered in November 2012, the Court granted-in-part the Motion to Compel, ordering that Defendant produce "samples of all of its [Ball Grid Array, or "BGA"] packaged products that it currently makes, uses, offers to sell or sells within the United States or imports into the United States." (D.I. 53 at 27)

Additionally, a Scheduling Order was entered by the Court on June 4, 2012. (D.I. 17) The Scheduling Order, *inter alia*, stated that "[a]ll motions to join other parties, and to amend or supplement the pleadings shall be filed on or before February 1, 2013." (*Id.* at ¶ 2 (emphasis omitted)) On February 1, 2013, Plaintiff filed the instant Motion pursuant to Federal Rule of Civil Procedure 15(a), seeking the Court's approval to file an Amended Complaint naming Renesas Electronics America Inc. ("REA"), a wholly owned subsidiary of Renesas, as an additional defendant (but otherwise leaving the substance of the Complaint largely unchanged). (D.I. 69) The instant Motion was fully briefed as of March 1, 2013. (D.I. 69, 72, 74)

II. STANDARD OF REVIEW

Rule 15(a) provides that, other than in certain circumstances where a party may amend a pleading as a matter of course, a party may do so "only with the opposing party's written consent

or the court's leave." Fed. R. Civ. P. 15(a)(2). The rule further explains that a court should "freely give leave [to amend the pleadings] when justice so requires." *Id.* In line with the requirements of the rule, the Third Circuit has adopted a liberal approach in allowing amendments under Rule 15, in order to ensure that "claim[s] will be decided on the merits rather than on technicalities." *Dole v. Arco Chem. Co.*, 921 F.2d 484, 487 (3d Cir. 1990); *see also Aerocrine AB v. Apieron Inc.*, Civ. No. 08-787-LPS, 2010 WL 1225090, at *7 (D. Del. Mar. 30, 2010). In that regard, delay alone is not sufficient to deny a motion to amend; instead, a district court has discretion to deny such a motion "only if the plaintiff's delay in seeking to amend is undue, motivated by bad faith, or prejudicial to the opposing party." *Bjorgung v. Whitetail Resort, LP*, 550 F.3d 263, 266 (3d Cir. 2008); *see also Asahi Glass Co., Ltd. v. Guardian Indus. Corp.*, 276 F.R.D. 417, 419 (D. Del. 2011).

In line with the considerations set forth above, the "factors [that a court should] consider in weighing a motion for leave to amend are well-settled: (1) whether the amendment has been unduly delayed; (2) whether the amendment would unfairly prejudice the non-moving party; (3) whether the amendment is brought for some improper purpose; and (4) whether the amendment is futile." *Butamax Advanced Biofuels LLC v. Gevo, Inc.*, Civ. No. 11-54-SLR, 2012 WL 2365905, at *2 (D. Del. June 21, 2012) (citing *Foman v. Davis*, 371 U.S. 178, 182 (1962)); *see also Grayson v. Mayview State Hosp.*, 293 F.3d 103, 108 (3d Cir. 2002). The nonmovant bears the burden to demonstrate that actual prejudice will result from the amendment of the complaint. *Dole*, 921 F.2d at 488; *Kiser v. Gen. Elec. Corp.*, 831 F.2d 423, 427-28 (3d Cir. 1987); *Aerocrine AB*, 2010 WL 1225090, at *7.

III. DISCUSSION

In opposing the Motion, Renesas raises only the first two factors set out above—undue delay and prejudice. (D.I. 72) In making its arguments, Renesas has acknowledged that REA is its wholly owned subsidiary, and that certain products Plaintiff has accused of infringement are found on REA's website. (*Id.* at 1-2) It had previously agreed that it (and REA) would not oppose the Motion, but only if Plaintiff agreed to a modification of the Scheduling Order in the case, to allow for REA to have a "full and fair opportunity to participate in the litigation." (*Id.* at 2) No such agreement was reached, and in the absence of an agreement, Renesas opposed the Motion, primarily on the grounds that Plaintiff unduly delayed in adding REA to the action. (*Id.* at 3-4)[2]

As to undue delay, Renesas argues that "REA has been a readily identifiable party and its role related to the accused products has never been hidden" since the inception of the litigation. (*Id.* at 3) It asserts that Plaintiff has been and should have been aware of REA and its role long ago, and thus that Plaintiff's Motion—coming right at the deadline for amendment of pleadings—is unduly delayed. (*Id.* at 3-4) Renesas argues that if the Court is not inclined to modify the case schedule as it proposes (*id.*, ex. E) to allow REA a "proper opportunity to participate in this action," then the Court should deny the Motion due to this delay. (*Id.* at 4) It asserts that were the schedule not so amended, it would be prejudiced. (*Id.* at 5)

However, Renesas's brief does not explicitly acknowledge Plaintiff's expressed rationale

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[2] In light of the pending motion, and the existence of other discovery disputes between the parties, the parties recently agreed to extend certain deadlines in the Scheduling Order. (D.I. 103) For example, the current deadline for completion of fact discovery was moved from May 31, 2013 to July 31, 2013. (*Id.*)

for moving to amend at the time it did. Plaintiff does not argue that REA's existence or its role in the sale of certain accused products was unknowable earlier. Instead, Plaintiff argues that until very close to the deadline for amendment, there had not been a *reason or motivation* for it to seek to add REA as a defendant. (D.I. 74 at 3-4) Plaintiff explains that prior to that time, it felt that it would be uncontested that any sales-related activity conducted by REA as to Renesas' products in the United States would be activity attributable to Renesas, such that it "was not necessary for Invensas to add [REA]." (*Id.*; *see also* D.I. 69 at 2) Plaintiff argues that this changed in December 2012, when Renesas: (1) in complying with the Court's Order regarding the Motion to Compel, represented that REA is Renesas' U.S.-based distributor; but (2) further asserted that, in submitting a list of samples shipped or subject to a purchase order from or to REA in the applicable time frame, this did not "constitute an admission that any of the listed products have been, will be, or are sold or offered for sale in the United States under 35 U.S.C. § 271." (D.I. 58, ex. A at 1; *see also* D.I. 69 at 2) Plaintiff asserts that these statements could be interpreted as an assertion of the legal theory that REA is a separate entity from Renesas, and that any sales-related activity of REA may not be attributed to its parent, Renesas. (D.I. 74 at 3-4 (citing *Cephalon, Inc. v. Watson Pharms., Inc.*, 629 F. Supp. 2d 338, 348 (D. Del. 2009)) Plaintiff states that it attempted to get Renesas to clarify its position on this point (as to whether Renesas would contest that U.S.-based REA sales activity occurs "on behalf of Renesas") in late December 2012, but that Renesas did not provide such clarification. (D.I. 69 at 2-3 & ex. 3 at 1-2; D.I. 74 at 3-4) Therefore, in an "abundance of caution" and "to ensure that the proper Renesas entities are named in the action," Plaintiff moved thereafter to add REA as a defendant. (D.I. 69 at 2-3 & ex. 3 at 1-2; D.I. 74 at 3-4)

"The 'question of undue delay requires [that the court] focus on the movant's reasons for not amending sooner.'" *Jang v. Boston Scientific Scimed, Inc.*, Civ. No. 10-681-SLR, 2012 WL 3106753, at *3 (D. Del. July 31, 2012) (quoting *Cureton v. Nat'l Collegiate Athletic Ass'n*, 252 F.3d 267, 273 (3d Cir. 2001)); *see also Asahi Glass Co., Ltd.*, 276 F.R.D. at 420 (examining merits of moving party's explanation as to reason for timing of proposed amended complaint, in assessing issues of delay and prejudice). "Delay is 'undue' when an unwarranted burden is placed on the court or when the requesting party has had previous opportunities to amend." *Asahi Glass Co., Ltd.*, 276 F.R.D. at 419-20 (citation omitted). As to unfair or undue prejudice, this exists when an unfair burden has been placed on the opposing party; in examining that issue, a court considers factors including "'whether allowing an amendment would result in additional discovery, costs, and preparation to defend against new facts or new theories.'" *Jang*, 2012 WL 3106753, at *2 (quoting *Cureton*, 252 F.3d at 273).

Here, Plaintiff's explanation of the motivation behind the timing of its Motion provides sufficient context for the Court to conclude that the Motion was not the product of undue delay. It is not entirely clear from the December 2012 and January 2013 correspondence between the parties whether Renesas was, in fact, attempting to assert that no REA U.S.-based sales activity could be attributable to Renesas (or whether Renesas was, more broadly, simply refusing to admit that any of its—or REA's—actions in fact amounted to infringing activity). (D.I. 72 at 3 n.1; D.I. 74 at 4 n.1) However, based on the record, it is at least understandable why these exchanges could have caused concern as to this point on Plaintiff's part, thus motivating it to file the Motion in an abundance of caution.

Additionally, as Plaintiff notes, its Motion was filed on February 1, 2013, the last day set

by the Scheduling Order for the filing of proposed amendments to pleadings. (D.I. 69 at 4) The fact that the Motion was filed within this deadline, one agreed to by both parties, strongly supports a conclusion that the amendment was not untimely filed (and, relatedly, that its filing will not work to unfairly prejudice Renesas). *See, e.g., Butamax*, 2012 WL 2365905, at *2 (finding that motion to amend filed on day of deadline for amended pleadings as set out in scheduling order was "filed timely and, therefore, there can be no unfair prejudice to defendant"); *cf. Trueposition, Inc. v. Allen Telecom, Inc.*, No. Civ. A. 01-823 GMS, 2002 WL 1558531, at *2 (D. Del. July 16, 2002) (finding no evidence that motion to amend was filed with bad faith or a dilatory motive, in significant part because motion was filed on the deadline set by the Court for motions to amend pleadings).

As to whether the timing of the filing might demonstrate prejudice, a number of factors suggest that any prejudice to Renesas will be minimal. The discovery period in the case is still ongoing, with no trial date is currently scheduled. As of early March 2013, no depositions had taken place, (D.I. 74 at 3), and fact discovery has recently been extended at the parties' joint request to conclude on July 31, 2013 (D.I. 103). Moreover, here the proposed amendment adds no new theories of liability, and relates to an entity (REA) that is a wholly owned subsidiary of Renesas, which will be represented by the same outside counsel as is Renesas, and whose connection to this litigation was (it is undisputed) known throughout this case. Under these circumstances, granting the motion would not unfairly prejudice the non-moving party, as it is reasonable to expect that REA can be integrated into the case without creating significant additional harm to the parties' pre-trial preparations. *Asahi Glass Co., Ltd.*, 276 F.R.D. at 420 (noting that "[d]efendant's request came six months after the August 15, 2010 deadline to amend

the pleadings and after the close of fact discovery . . . therefore, certain prejudice to plaintiff is inherent on this timeline" in denying motion to amend complaint, and noting that granting motion would require re-opening of discovery and moving trial date.).

Lastly, as to whether the case schedule should be further amended, the Court finds that Renesas has not, on the current record, sufficiently demonstrated the need for such amendment. The Court has not been referred the case as to claim construction, and cannot alter claim construction-related deadlines. But as to the other relevant deadlines, Renesas seeks an extension of six months from the current schedule if amendment is granted. (D.I. 72, ex. E; D.I. 103) As a proffered basis for the extension, Renesas explains that REA is a separate corporate entity, with its own management and its own in-house counsel, and that it has not participated in discovery to date. (D.I. 72 at 3-4) However, aside from these general statements, Renesas has not explained with any greater specificity how REA's inclusion in the suit will necessitate the need for further extension of the discovery period (i.e., what additional discovery will be required), or an extension to deadlines for expert reports. *See, e.g.*, *Butcher & Singer, Inc. v. Kellam*, 105 F.R.D. 450, 453 (D. Del. 1984) ("Plaintiff suggests additional discovery will be required [if amendment is permitted] . . . but it fails to explain precisely the additional discovery that it will need."); *cf. E.I. duPont de Nemours & Co. v. Phillips Petroleum Co.*, 621 F. Supp. 310, 315 (D. Del. 1985) (finding no prejudice to allowing amended pleading and denying request to re-open discovery where "no new facts are alleged in [the] proposed amended complaint" and plaintiff sought only to "add another wholly owned subsidiary [of defendant] to the existing cause of action" where the subsidiary had "constructive notice of the pending action"). That is not to say that Renesas (or REA) could not make such a showing, only that one has not yet been

made. The Court thus denies this request, without prejudice to Renesas' (or REA's) ability to re-raise it, along with more specific justifications as to why the case schedule should be further extended.

IV. CONCLUSION

For the reasons set forth above, it is hereby ORDERED that Plaintiff's Motion is GRANTED.

Dated: April 24, 2013

Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE